



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 27th January 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	27 Jan 2021	Week ending 29 January 2021	26 Jan 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	12,622	23,372	
Excess Reserves before Open Market Operations	63,438	43,899	
Excess Reserves after Central Bank Operations			50,816
Required Reserves	52,682	52,682	52,682

ii. Known Projected Transactions

	Weekending				Month of		
	29-Jan-21	05-Feb-21	12-Feb-21	19-Feb-21	Jan-21	Feb-21	Mar-21
Maturity of Normal Treasury Securities	15,550	34,981	7,613	4,727	82,573	58,719	52,961
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	7,028	0	18,800	9,781	64,370	28,582	59,085

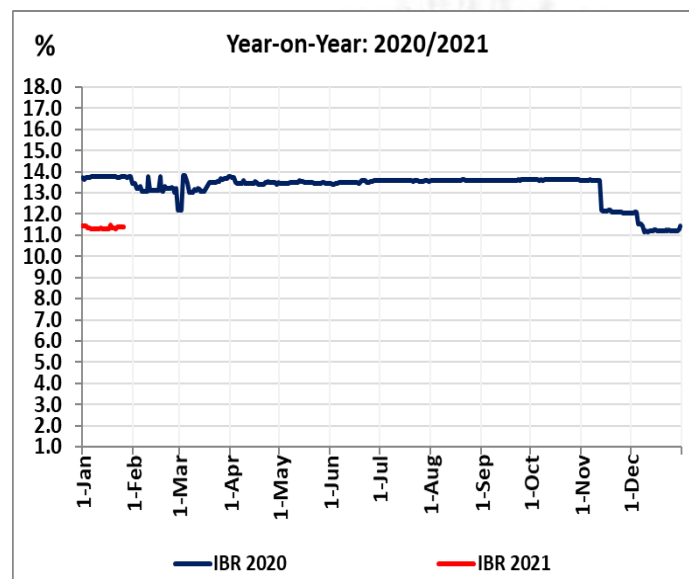
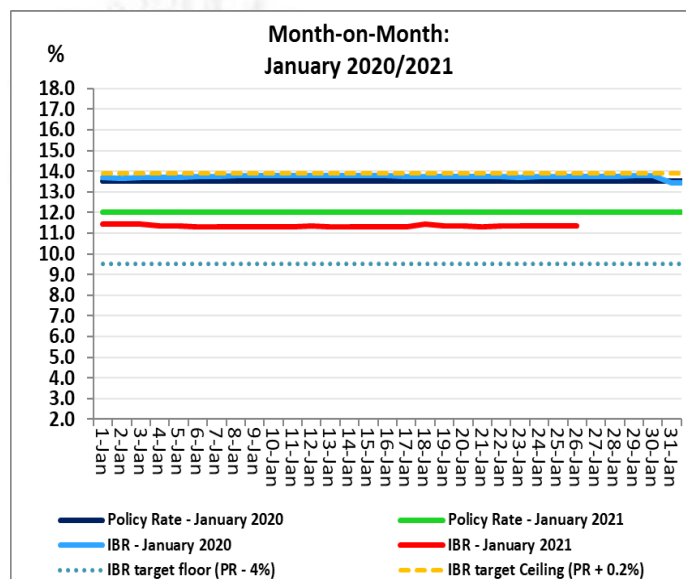
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	21.60	11.37	6
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(b) RBM Open Market Operations			
(i) Repos	-	-	-
(ii) Reverse Repos			
30 days	-	-	-
60 days	-	-	-
90 days	-	-	-
(iii) Outright Sale of Securities	-	-	-
(iv) Outright Purchase of Securities	-	-	-
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility¹	1.85	12.20	1

¹ The number of trades in this item refers to number of banks that accessed the Lombard facility.

ii. Weighted Average Interbank Market Rates

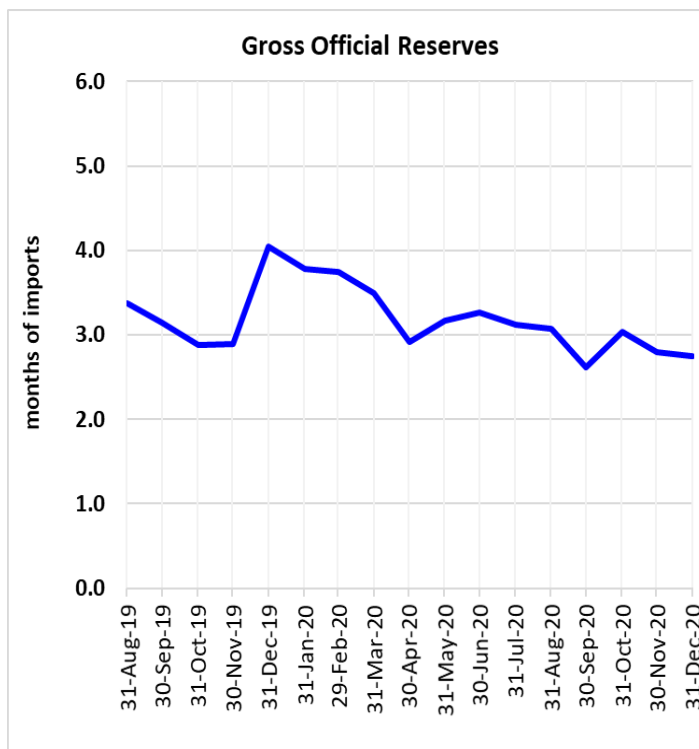


C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Exchange Reserves Position (Foreign exchange reserves under the direct control of the Central Bank)

Date	Reserves (US\$ mn)	Import Cover * (Months)
30 Nov 2019	603.82	2.89
31 Dec 2019	846.55	4.05
31 Jan 2020	786.71	3.76
29 Feb 2020	785.31	3.76
31 Mar 2020	730.17	3.49
30 Apr 2020	610.13	2.92
31 May 2020	662.98	3.17
30 Jun 2020	682.66	3.27
31 Jul 2020	651.41	3.12
31 Aug 2020	642.86	3.08
30 Sep 2020	546.99	2.62
31 Oct 2020	635.05	3.04
30 Nov 2020	584.89	2.80
31 Dec 2020	574.26	2.75

* US\$209.0 million import requirement per month is used in the calculations



ii. Private Sector Foreign Exchange Reserves

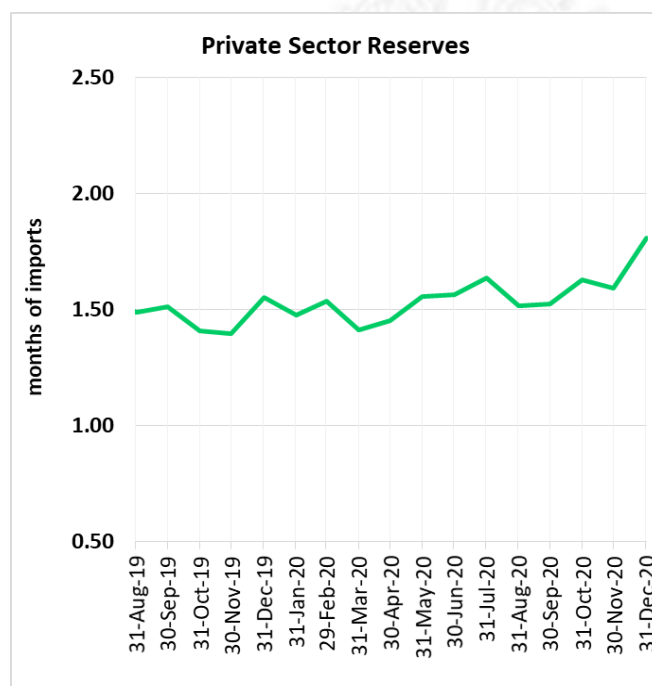
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total Reserves (US\$ mn)	Import Cover * (Months)
30 Sep 2020	4.38	314.09	318.47	1.52
31 Oct 2020	6.48	333.74	340.22	1.63
30 Nov 2020	7.23	325.27	332.51	1.59
31 Dec 2020	8.29	369.68	377.97	1.81

* US\$209.0 million import requirement per month is used in the calculations

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
04 Jan – 08 Jan 2021	23.18	27.15
11 Jan – 15 Jan 2021	14.02	24.98
18 Jan – 22 Jan 2021	22.05	23.30
26 – 26 Jan 2021	2.43	2.84

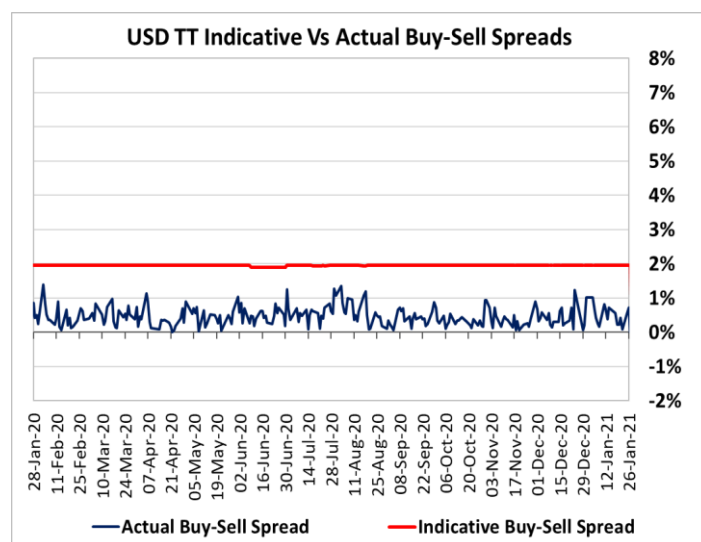
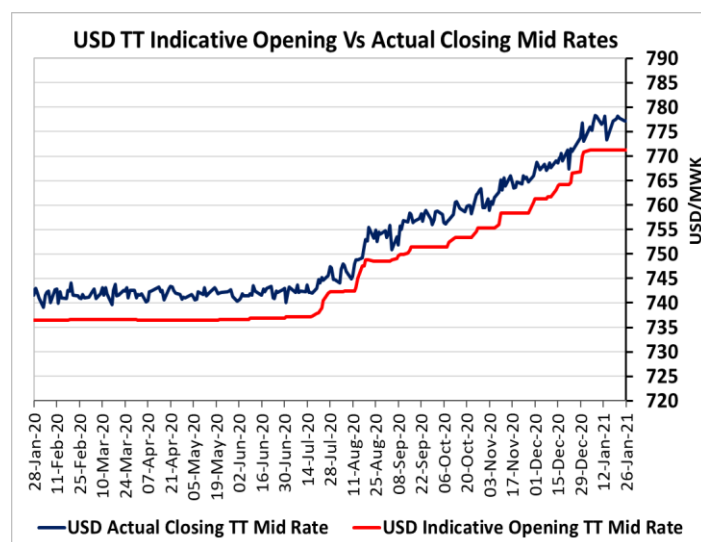


iii. Kwacha Exchange Rate Developments

	26 January 2021 (Opening Rates)			26 January 2021 (Closing Rates)			27 Jan 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	771.2035	763.5686	778.8384	777.1748	774.3497	780.0000	771.2035
MWK/GBP	1,051.8445	1,041.4312	1,062.2577	1,105.5188	1,097.8002	1,113.2373	1,059.1709
MWK/EUR	935.2385	925.9796	944.4973	986.3495	980.4517	992.2472	937.7835
MWK/ZAR	50.3541	49.8556	50.8526	54.0741	53.5320	54.6163	51.2013

Note: The reported opening rates are indicative market average TT rates.

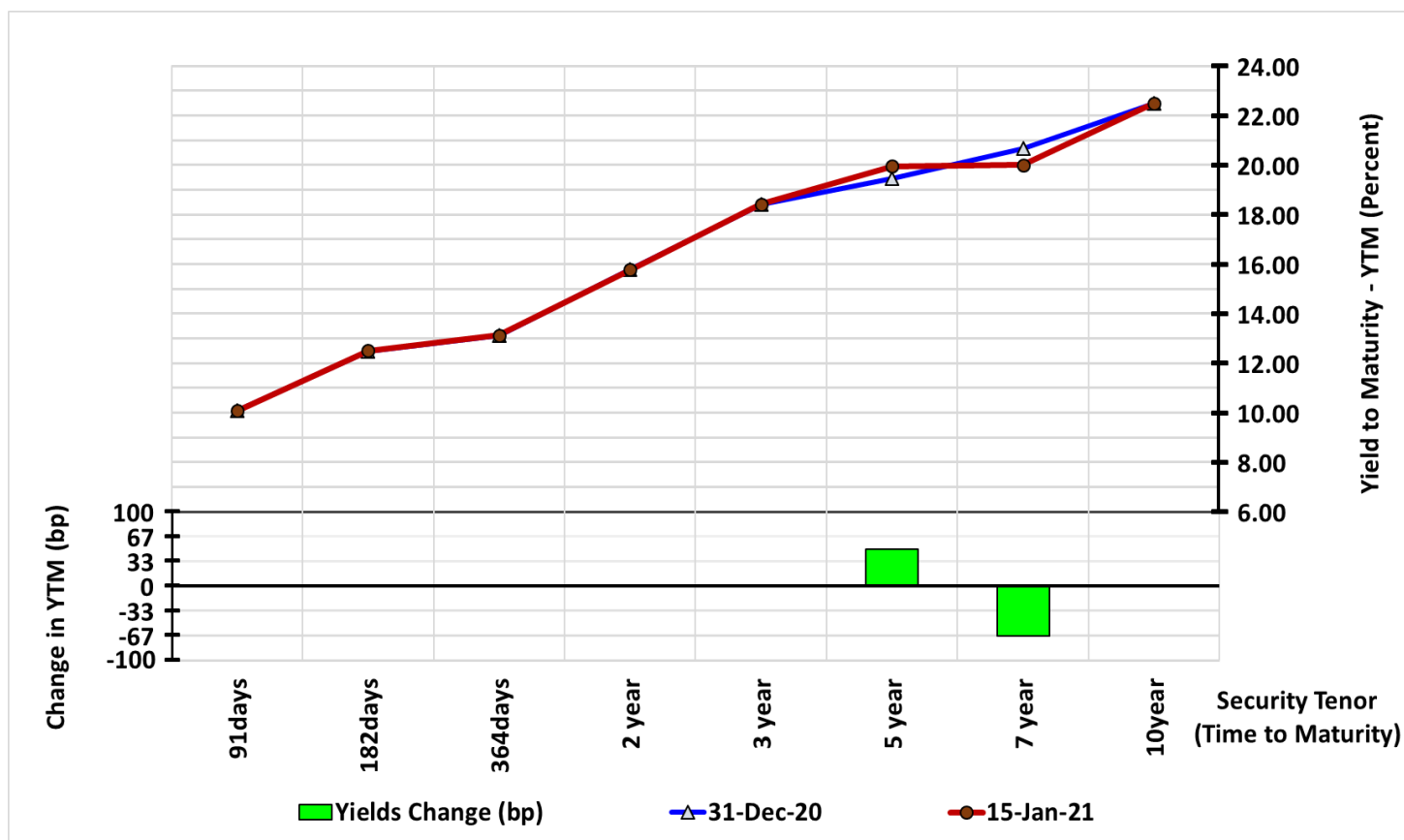
The reported closing rates are actual trade-weighted market average TT rates.



D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
31 December 2020	10.07	12.50	13.13	15.62	18.10	19.92	20.00	22.50
15 January 2021	10.07	12.49	13.12	15.77	18.43	19.45	20.67	22.50
31 Dec 2020 - 15 Jan 2021 Change in Yield (Bp)	0	-1	-1	16	33	-47	67	0

NOTE: The 91-day, 182-day and 364-day Treasury bill yields converted to semi-annual bond basis. Bp means basis points.



DISCLAIMER: All information in this report is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss or gain that may arise from reliance on the information contained herein.