



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 18 January 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 20 th January 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-1,769	10,207
Estimated Excess Reserves before OMO	4,748	24,249
Estimated Excess Reserves after OMO	0	0
Required Reserves	55,115	55,115

ii. Known Projected Transactions

	Week ending 20 th January 2017	Week ending 27 th January 2017	Week ending 3 rd February 2017	January 2017	February 2017
Maturity of normal TBs/TNs/PNs	16,754	11,648	5,266	42,324	30,581
Maturity of OMO Repos	24,189	6,940	1,493	95,398	33,053

Commentary:

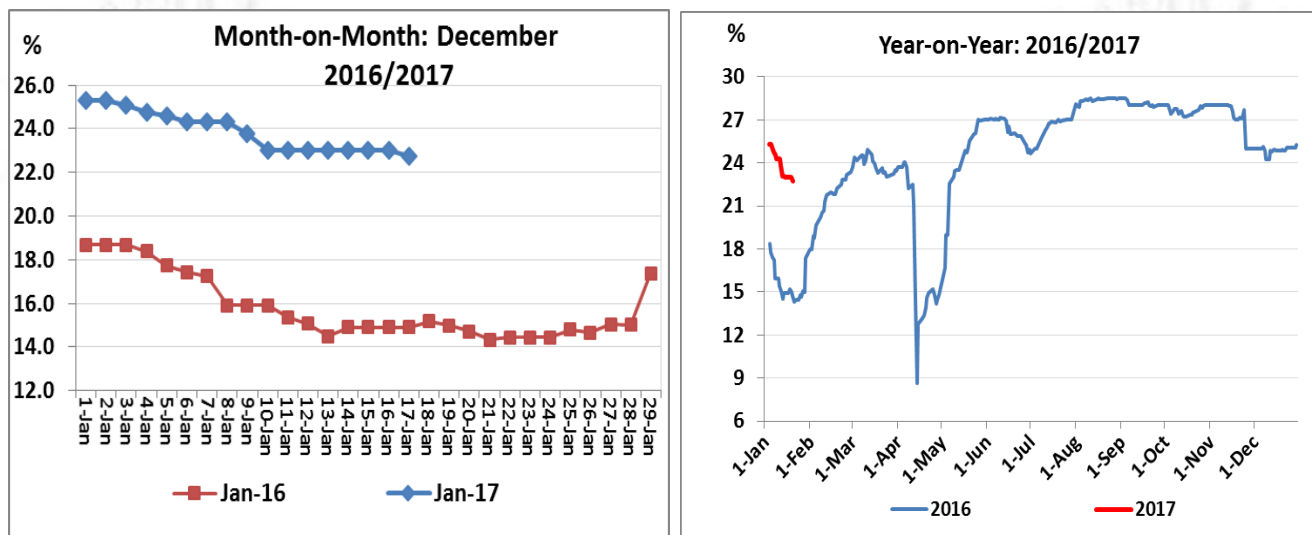
- Excess reserves increased to K6.52 billion yesterday from K2.79 billion recorded on Friday, 13th January 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,750	22.75
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	300	24.00
14 days	-	-
32 days	-	-
60 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K8.75 billion yesterday from K2.25 billion recorded on Friday, 13th January 2017.
- The overnight interbank market rate (IBR) dropped by 25 basis points and closed at 22.75 percent from 23.00 percent recorded on Friday, 13th January 2017.
- A total of K300 million was withdrawn from the banking system through OMO repos yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

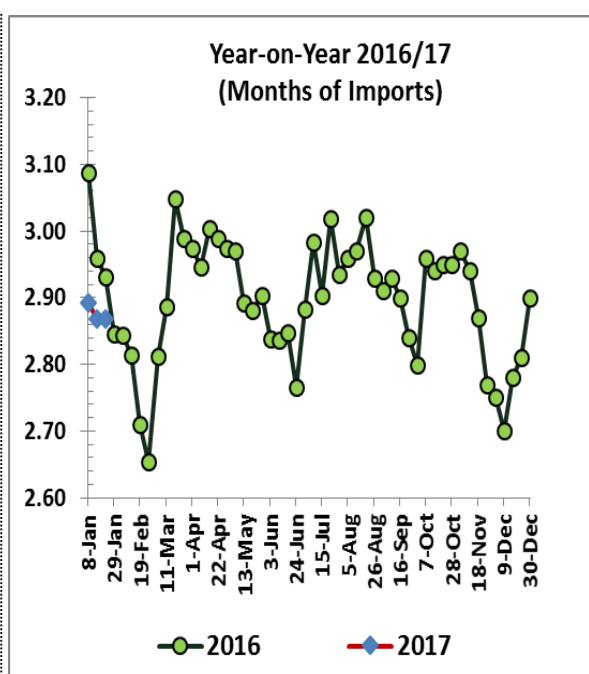
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
30 th December 2016	606.93	2.90
6 th January 2017	604.55	2.89
13 th January 2017	599.54	2.87
On 16 th January 2017	599.54	2.87

* US\$209.0 million per month is used in this calculation

Commentary:

- Gross official reserves decreased during the week ending 13th January 2017 compared to the previous week. As at 16th January 2017, the gross official reserves stood at US\$599.54 million (2.87 months of imports).



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 (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
30 th December 2016	-0.78	336.79	336.61	1.61
6 th January 2017	4.08	333.40	337.48	1.61
13 th January 2017	-0.82	329.29	328.47	1.57
On 17 th January 2017	1.43	331.22	332.65	1.59

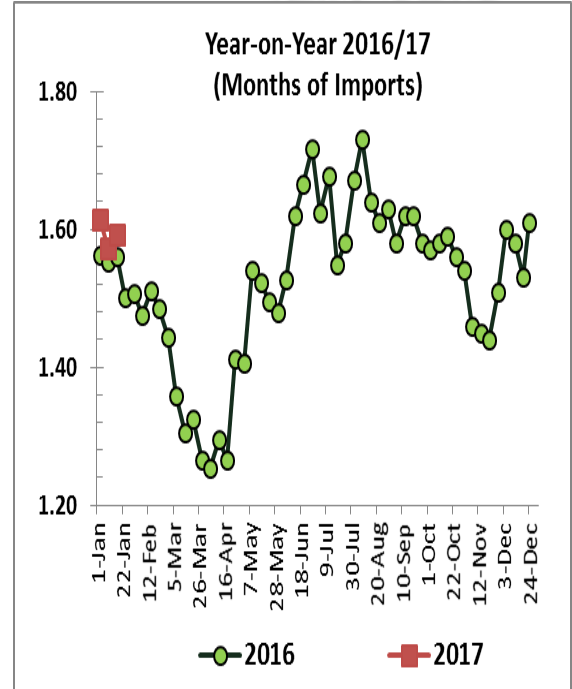
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
30 th December 2016	26.07	34.11
6 th January 2017	44.59	46.77
13 th January 2017	39.54	45.12
On 17 th January 2017	20.26	18.63

Commentary:

- ADB's purchased US\$39.54 million from the market and monetary authorities during the week ending 13th January 2017 against sales to the market at US\$45.12 million. Yesterday, 17th January 2017, ADB's purchased US\$20.26 million from the market and sold US\$18.63 million.

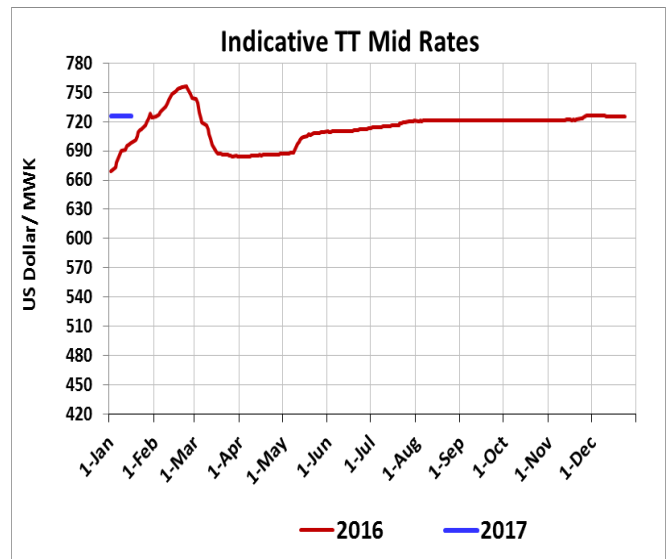
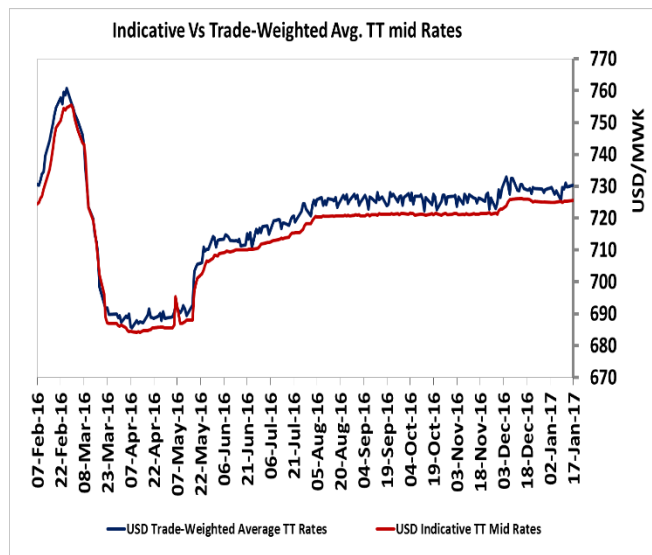


iii. Exchange Rate Developments

	9 th Jan 2017	10 th Jan 2017	11 th Jan 2017	12 th Jan 2017	13 th Jan 2017	17 th Jan 2017	Today's Indicative Rates
MWK/USD	729.8355	730.3011	732.1530	731.3842	730.4646	729.1901	725.5897
MWK/GBP	889.8487	886.9347	885.2366	892.8021	893.0222	886.4120	895.7405
MWK/EUR	767.4474	772.0290	769.5188	770.5952	772.3751	775.9000	776.3084
MWK/ZAR	52.9661	53.5063	52.8847	53.2526	53.7835	53.4588	53.8287

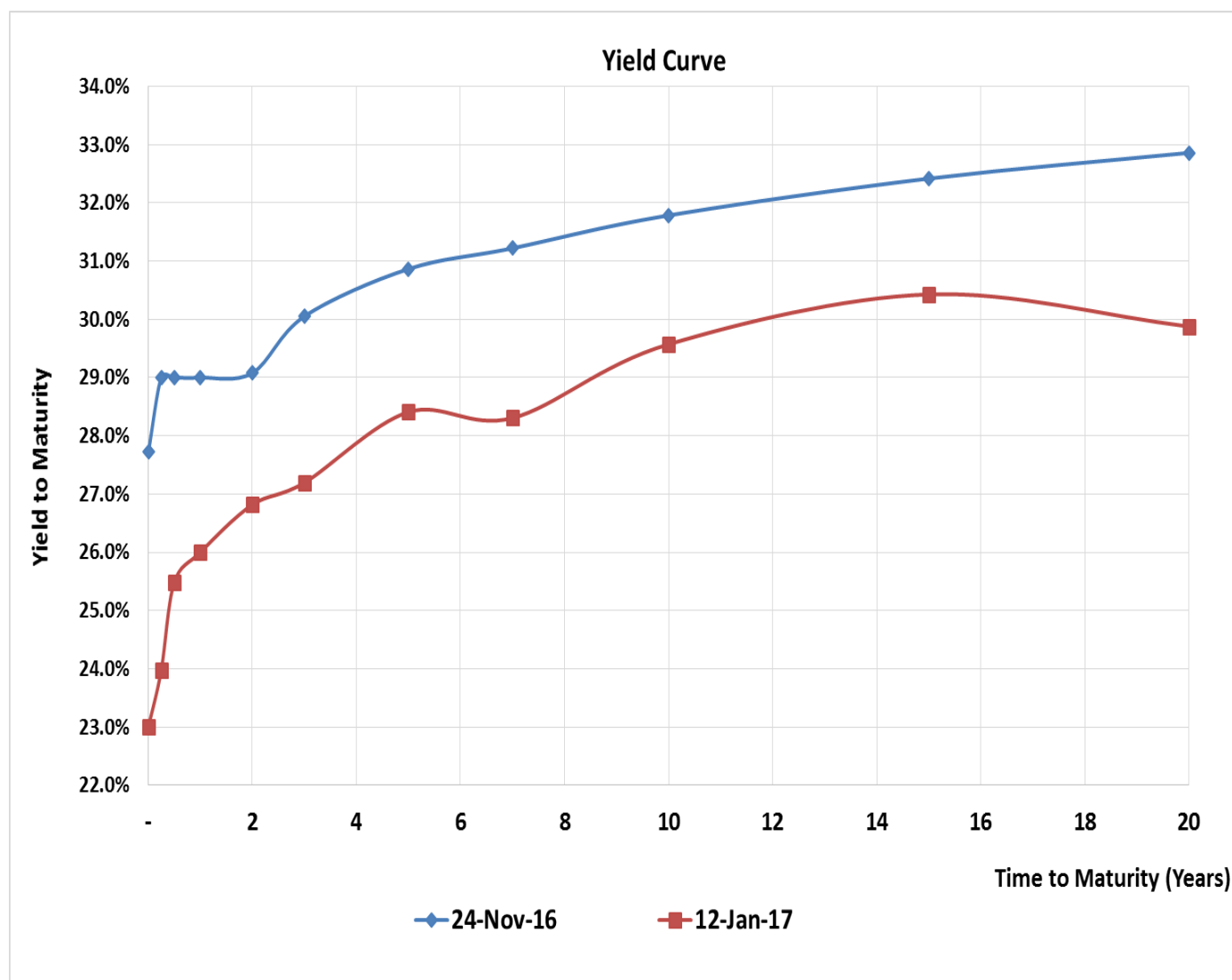
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 17th January 2017, the Kwacha appreciated against the USD, the GBP and the ZAR but depreciated versus the EUR. Indicatively, the Malawi Kwacha is expected to trade around K725.5897 against the USD today.



D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
01 st September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 th September 2016	28.00%	29.00%	29.00%	29.00%	28.84%	29.87%	32.91%	32.43%	32.93%	40.28%	41.63%
15 th September 2016	28.00%	29.00%	29.00%	29.00%	28.16%	28.35%	27.70%	27.57%	29.21%	29.67%	29.84%
29 th September 2016	28.00%	29.00%	29.00%	29.00%	29.51%	29.77%	30.05%	30.48%	30.51%	31.23%	31.57%
20 th October 2016	27.49%	29.00%	29.00%	29.00%	29.50%	30.27%	31.78%	31.57%	32.21%	32.67%	33.34%
3 rd November 2016	28.00%	29.00%	29.00%	29.00%	29.34%	29.96%	30.34%	30.00%	30.55%	31.37%	31.21%
24 th November 2016	27.72%	27.74%	27.88%	28.18%	29.08%	30.05%	30.86%	31.22%	31.78%	32.42%	32.86%
12 th January 2017	23.00%	25.01%	25.98%	26.36%	26.82%	27.19%	28.41%	28.31%	29.57%	30.43%	29.88%
12 January 2017-24 November 2016 Change in Yield (Bp)	-472	-273	-190	-182	-226	-286	-246	-291	-221	-199	-298



DISCLAIMER: This information 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 that may arise from reliance on the information contained herein.