



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 16 February 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 17 th February 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-4,011	-563
Estimated Excess Reserves before OMO	-2,098	6,194
Estimated Excess Reserves after OMO	0	0
Required Reserves	55,472	55,472

ii. Known Projected Transactions

	Week ending 17 th February 2017	Week ending 24 th February 2017	Week ending 3 rd March 2017	February 2017	March 2017
Maturity of normal TBs/TNs/PNs	16,168,	5,869	6,745	30,581	60,720
Maturity of OMO Repos	20,170	12,021	6,696	78,139	22,741

Commentary:

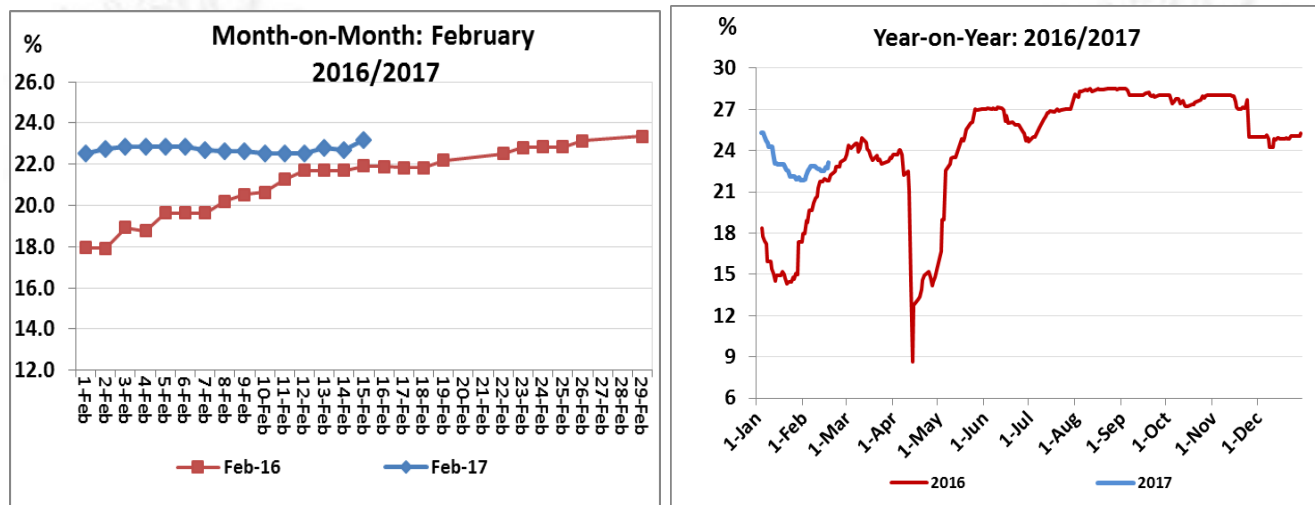
- Excess reserves decreased to K1.91 billion yesterday, 15th February 2017 from K3.81 billion recorded on Tuesday, 14th February 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	3,850	23.16
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	700	24.00
14 days	5	24.00
30 days	-	-
60 days	597	24.00
273 days	-	-
364 days	275	26.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	9,570	26.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K3.85 billion yesterday, 15th February 2017 from K3.40 billion recorded on Tuesday, 14th February 2017.
- The overnight interbank market rate (IBR) increased to 23.16 percent from 22.71 percent recorded on Tuesday, 14th February 2017.
- About K1.58 billion was withdrawn from the banking system through OMO repos yesterday, 15th February 2017.
- A total of K9.57 billion was accessed on the Lombard Facility yesterday, 15th February 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

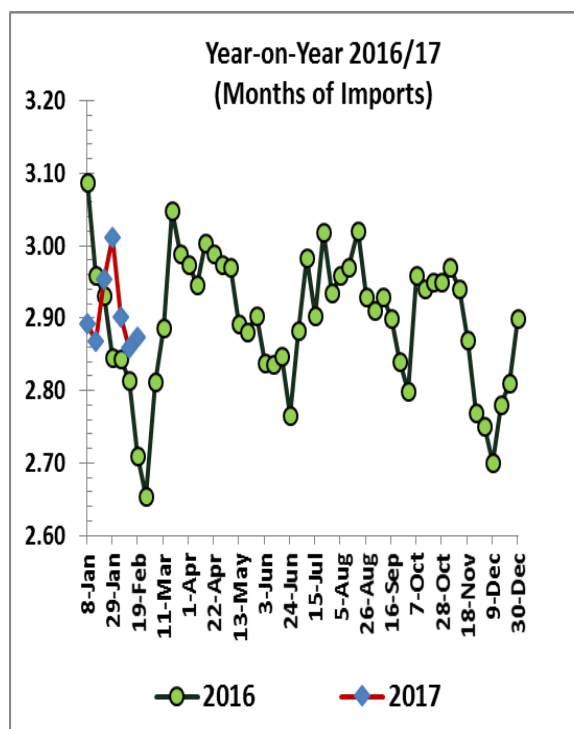
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
27 th January 2017	629.37	3.01
3 rd February 2017	606.48	2.90
10 th February 2017	597.42	2.86
14 th February 2017	599.29	2.87

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

Commentary:

- Gross official reserves went down during the week ending 10th February 2017 compared to the previous week. As at 14th February 2017, the gross official reserves improved a little bit and stood at US\$599.29 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)
27 th January 2017	2.56	315.03	317.59	1.52
3 rd February 2017	2.63	311.92	314.55	1.51
10 th February 2017	3.10	318.89	322.00	1.54
14 th February 2017	-6.92	322.57	315.66	1.51

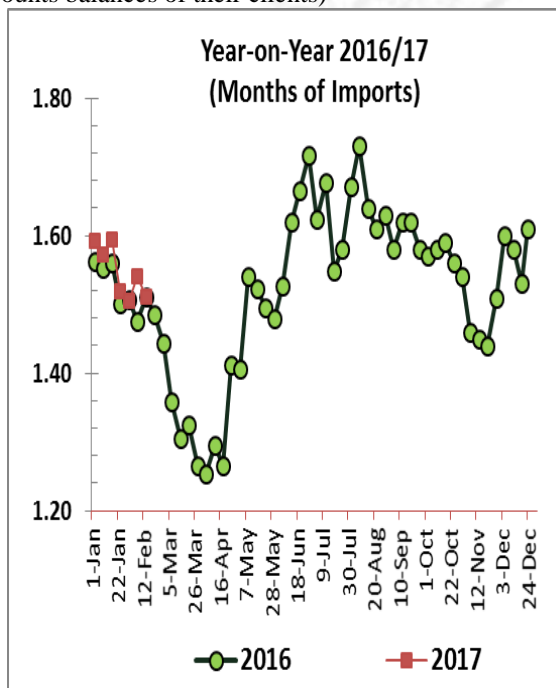
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
27 th January 2017	48.61	55.11
3 rd February 2017	48.32	48.03
10 th February 2017	49.74	56.05
On 15 th February 2017	4.34	4.68

Commentary:

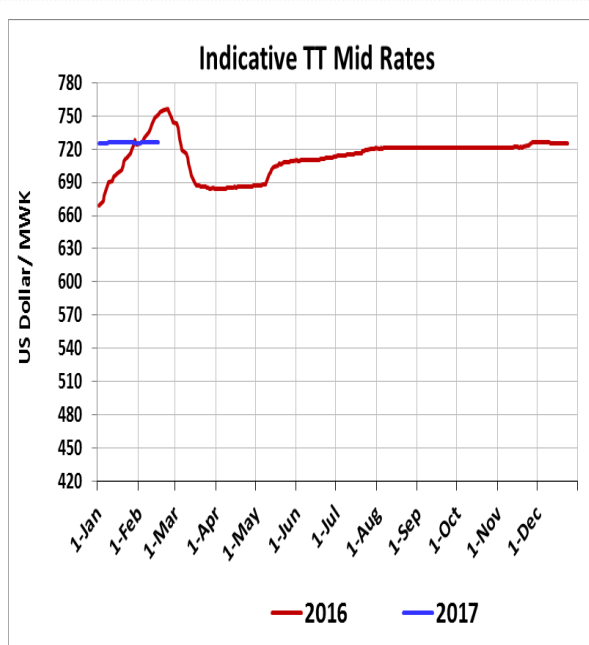
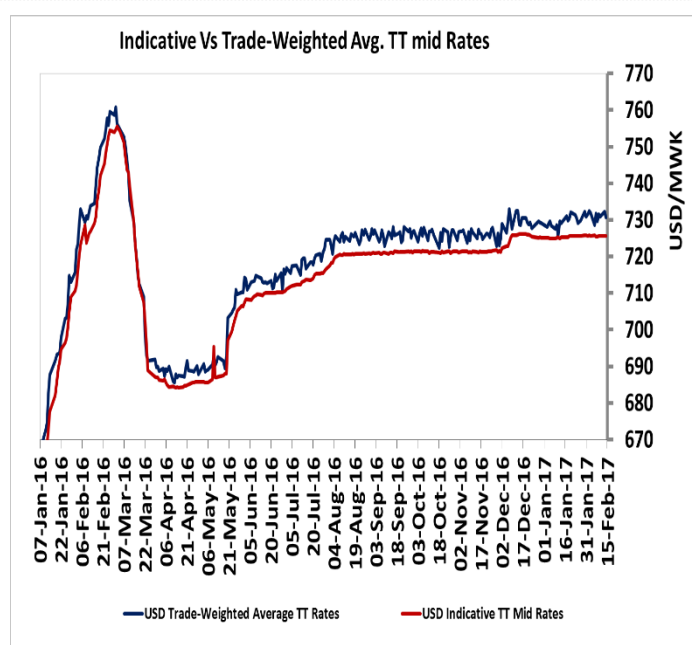
- ADB's purchased US\$49.74 million from the market and monetary authorities during the week ending 10th February 2017 against sales to the market at US\$56.05 million. Yesterday, 15th February 2017, ADB's purchased US\$4.34 million from the market and sold US\$4.68 million.



	8 th Feb 2017	9 th Feb 2017	10 th Feb 2017	13 th Feb 2017	14 th Feb 2017	15 th Feb 2017	Today's Indicative Rates
MWK/USD	729.7672	731.0135	731.1149	732.0038	731.8503	731.3918	725.7073
MWK/GBP	911.4205	910.7638	907.8314	911.5515	905.2041	908.9308	904.5941
MWK/EUR	776.6986	778.1542	773.0479	775.0443	774.1783	772.6894	770.2657
MWK/ZAR	53.7571	54.2862	54.5869	54.5327	54.6274	55.2461	56.0933

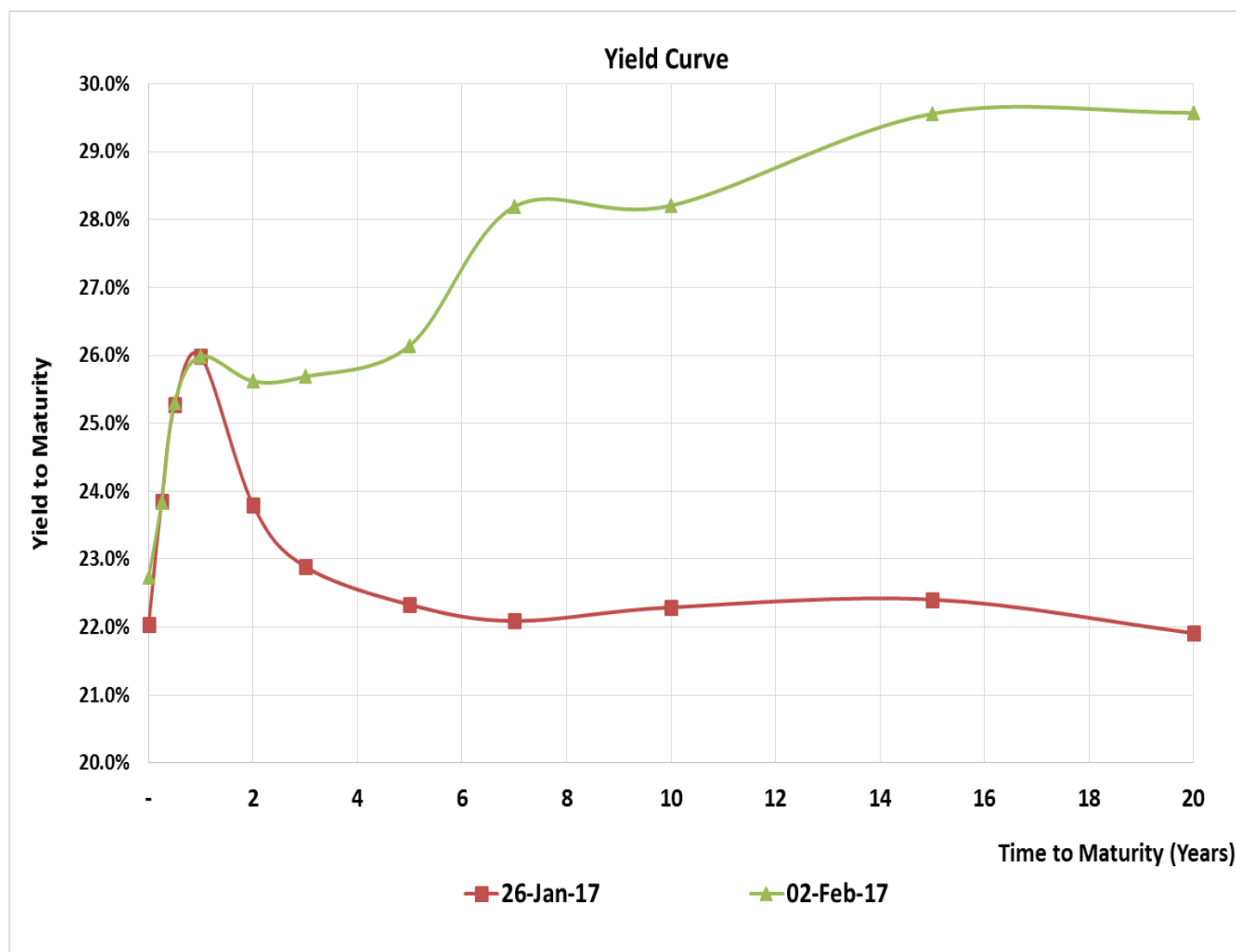
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 15th February 2017, the Kwacha appreciated against the USD and the EUR. The local currency, however, depreciated against the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K725.7073 against the USD today, 16th February 2017.



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
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%	23.98%	25.47%	26.00%	26.82%	27.19%	28.41%	28.31%	29.57%	30.43%	29.88%
19 th January 2017	22.51%	23.80%	25.19%	25.84%	30.00%	30.50%	32.00%	32.50%	33.00%	34.00%	35.00%
26 th January 2017	22.04%	23.85%	25.27%	25.99%	23.80%	22.89%	22.33%	22.09%	22.31%	22.41%	21.91%
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	29.57%
02 February-26 January 2017 Change in Yield (Bp)	69	-1	3	0	187	292	471	502	590	753	771



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