



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 18<sup>th</sup> April 2017

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Projections

	Today	Week ending 21 <sup>st</sup> April 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-1,255	401
Estimated Excess Reserves before OMO	1,314	1,985
Estimated Excess Reserves after OMO	0	0
Required Reserves	56,932	56,932

#### ii. Known Projected Transactions

	Week ending 21 <sup>st</sup> April 2017	Week ending 28 <sup>th</sup> April 2017	Week ending 5 <sup>th</sup> May 2017	April 2017	May 2017
Maturity of normal TBs/TNs/PNs	5,430	4,937	3,526	31,244	23,045
Maturity of OMO Repos	21,860	4,853	3,580	55,529	16,843

#### Commentary:

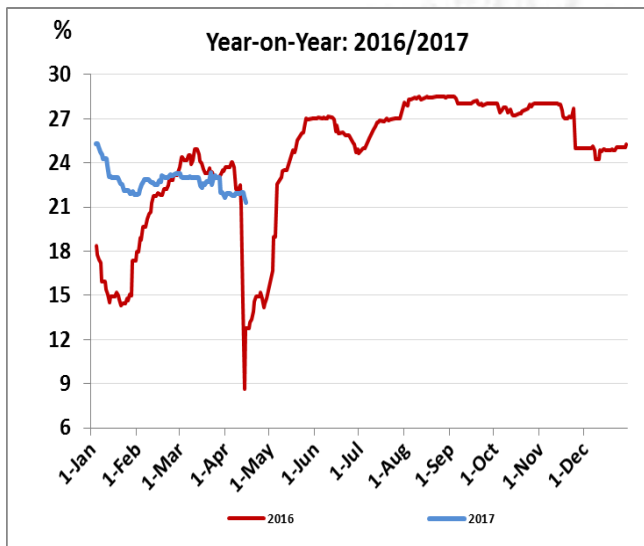
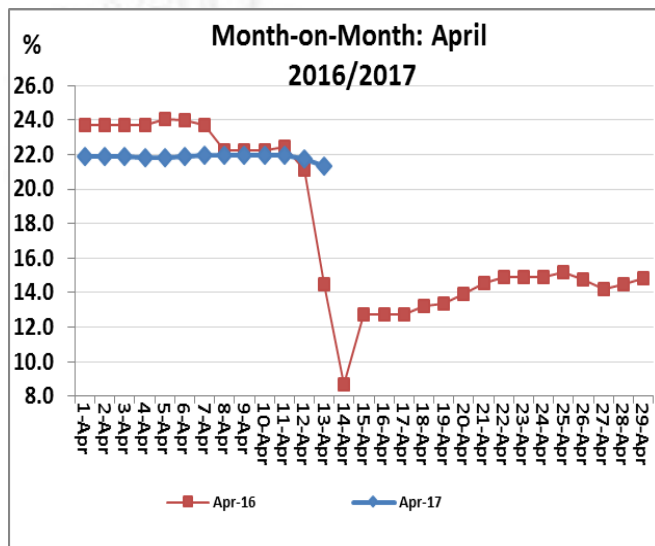
- Excess reserves dropped to K2.57 billion on Thursday, 13<sup>th</sup> April 2017 from K5.37 billion recorded on Wednesday, 12<sup>th</sup> April 2017.

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	5,260	21.31
07 days	-	-
14 days	-	-
28 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
07 days	10,064	20.00
14 days	-	-
30 days	64	20.00
63 days	-	-
90 days	-	-
364 days	3,355	23.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	1,100	24.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased to K5.26 billion on Thursday, 13<sup>th</sup> April 2017 from K2.21 billion recorded on Wednesday, 12<sup>th</sup> April 2017.
- The overnight interbank market rate (IBR) dropped to 21.31 percent from 21.74 percent recorded on Wednesday, 12<sup>th</sup> April 2017.
- About K10.06 billion was withdrawn from the banking system through OMO repos on Thursday, 13<sup>th</sup> April 2017.
- K1.10 billion was accessed on the Lombard Facility on Thursday, 13<sup>th</sup> April 2017.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

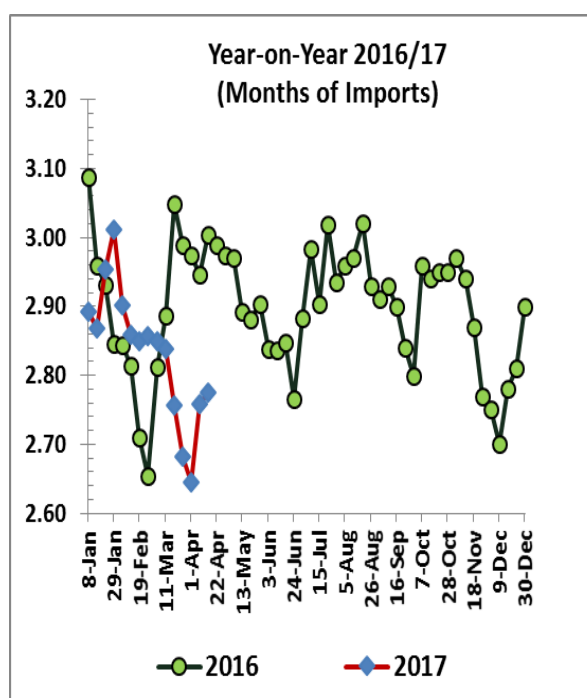
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
24 <sup>th</sup> March 2017	560.65	2.68
31 <sup>st</sup> March 2017	552.85	2.65
7 <sup>th</sup> April 2017	576.57	2.76
12 <sup>th</sup> April 2017	579.84	2.77

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

### Commentary:

- Gross official reserves increased during the week ending 7<sup>th</sup> April 2017 compared to the previous week. As at 12<sup>th</sup> April 2017, the gross official reserves increased further and stood at US\$579.84 million (2.77 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)
24 <sup>th</sup> March 2017	-5.78	328.83	323.05	1.55
31 <sup>st</sup> March 2017	2.91	330.10	333.01	1.59
7 <sup>th</sup> April 2017	-4.76	326.46	321.70	1.54
11 <sup>th</sup> April 2017	-7.20	332.91	325.71	1.56

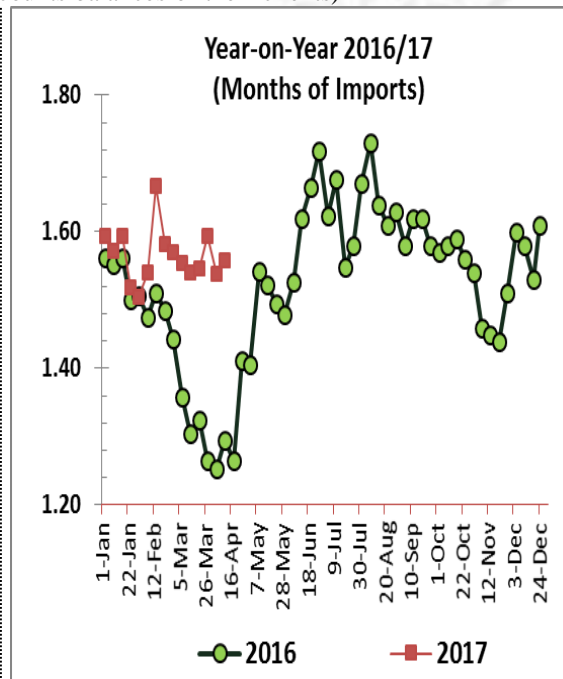
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
7 <sup>th</sup> April 2017	56.55	60.96
14 <sup>th</sup> April 2017	26.39	44.31
On 13 <sup>th</sup> April 2017	6.12	15.10

### Commentary:

- ADB's purchased US\$26.39 million from the market and monetary authorities during the week ending 14<sup>th</sup> April 2017 against sales to the market at US\$44.31 million. On Thursday, 13<sup>th</sup> April 2017, ADB's purchased US\$6.12 million from the market and sold US\$15.10 million.

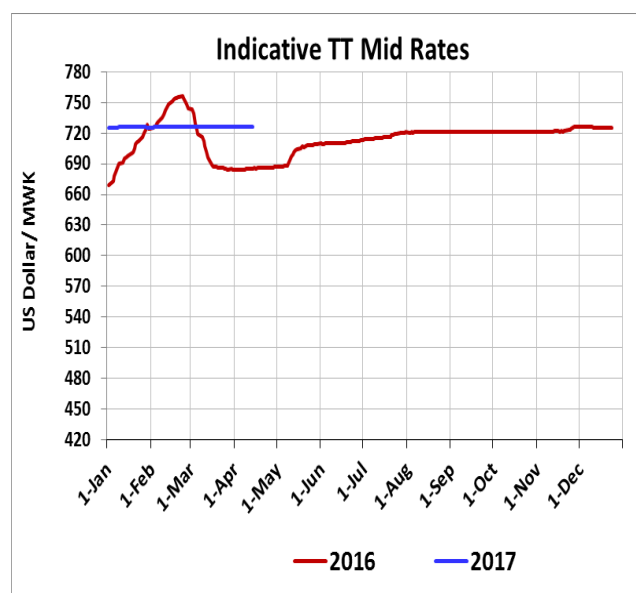
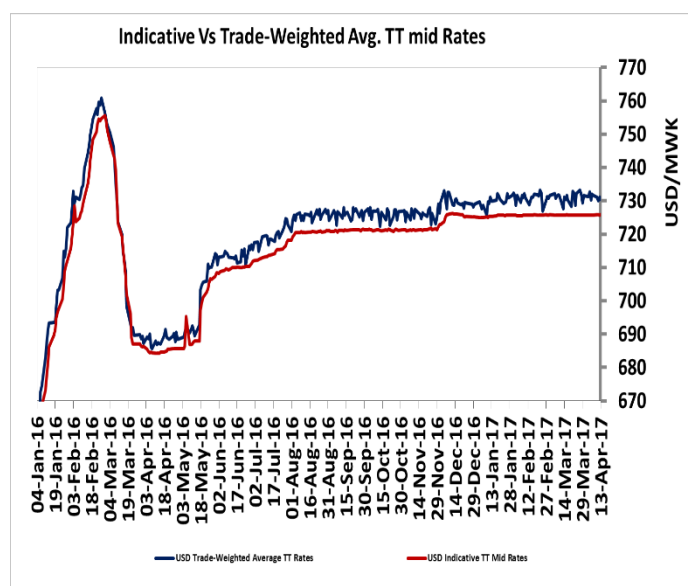


## iii. Exchange Rate Developments

	7 <sup>th</sup> April 2017	10 <sup>th</sup> April 2017	11 <sup>th</sup> April 2017	12 <sup>th</sup> April 2017	13 <sup>th</sup> April 2017	Today's Indicative Rates
MWK/USD	730.3784	732.5137	729.3288	728.7532	731.2164	726.2125
MWK/GBP	910.3066	903.7393	904.7134	916.2250	915.8662	912.6312
MWK/EUR	776.9307	775.1979	771.7097	772.7685	779.7108	773.0532
MWK/ZAR	52.9640	52.5600	52.5247	52.9553	54.1161	54.3641

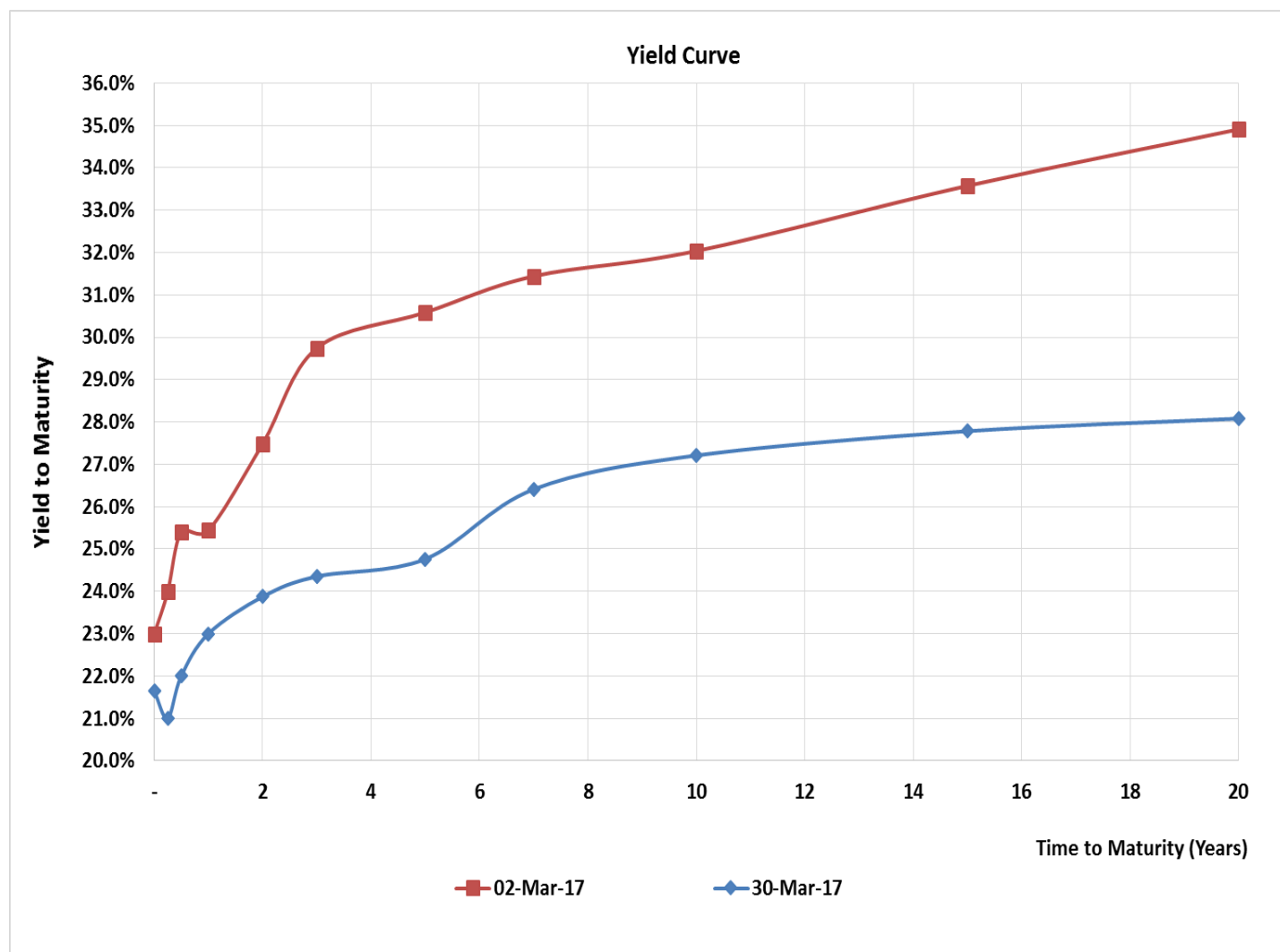
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** On Thursday, 13<sup>th</sup> April 2017, the Kwacha appreciated against the GBP but lost value versus the USD, the EUR and the ZAR. Indicatively, the local currency is expected to trade around K726.2125 against the USD today, 18<sup>th</sup> April 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
24 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>nd</sup> February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	29.57%
16 <sup>th</sup> February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	25.73%
2 <sup>nd</sup> March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	34.91%
30 <sup>th</sup> March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	28.08%
30 March 2017-02 March 2017 Change in Yield (Bp)	-136	-299	-340	-244	-361	-539	-582	-503	-483	-579	-683



**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.