



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 25 July 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 28 th July 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-6,657	10,036
Estimated Excess Reserves before OMO	-2,996	10,228
Estimated Excess Reserves after OMO	0	0
Required Reserves	66,910	66,910

ii. Known Projected Transactions

	Week ending 28 th July 2017	Week ending 4 th August 2017	Week ending 11 th August 2017	July 2017	August 2017
+ Maturity of normal TBs/TNs/PNs	3,746	3,060	3,498	20,887	18,541
Maturity of OMO Repos	14,422	16,751	26	78,244	17,125

Commentary:

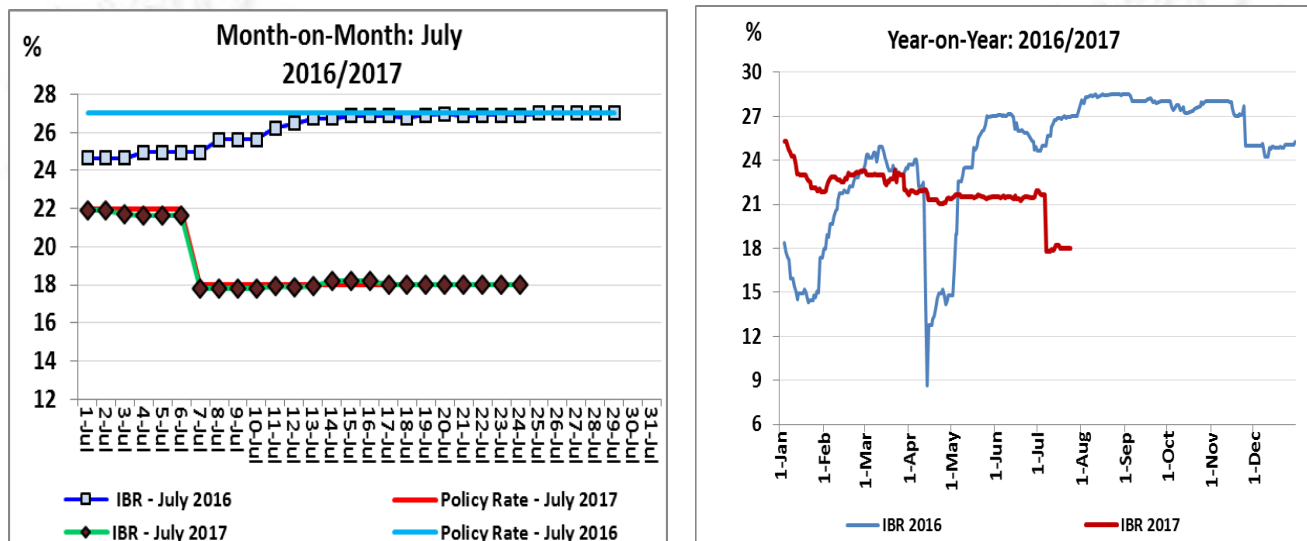
- Excess reserves increased to K3.66 billion yesterday, 24th July 2017 from K1.17 billion recorded on Friday, 21st July 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	10,335	18.00
07 days	-	-
14 days	-	-
21 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
273 days	-	-
364 days	1,093	19.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	17,245	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K10.34 billion yesterday, 24th July 2017 from K12.77 billion recorded on Friday, 21st July 2017.
- The overnight interbank market rate (IBR) remained unchanged at 18.00 percent.
- About K1.09 billion was withdrawn from the banking system through OMO repos yesterday, 24th July 2017.
- A total of K17.25 billion was accessed on the Lombard Facility yesterday, 24th July 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

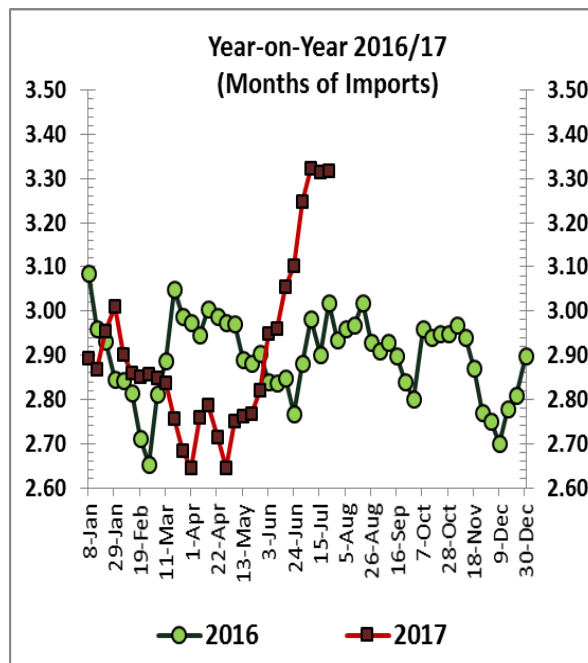
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
30 th June 2017	678.70	3.25
7 th July 2017	694.58	3.32
14 th July 2017	692.68	3.31
21 st July 2017	693.30	3.32

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

Commentary:

- Gross official reserves increased during the week ending 21st July 2017 compared to the previous week. As at 21st July 2017, gross official reserves stood at US\$693.30 million (3.32 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 June 2017	-3.51	359.91	356.40	1.71
7 th July 2017	-7.84	384.10	376.26	1.80
14 th July 2017	-9.34	372.79	363.44	1.74
21 st July 2017	-1.98	364.00	362.03	1.73

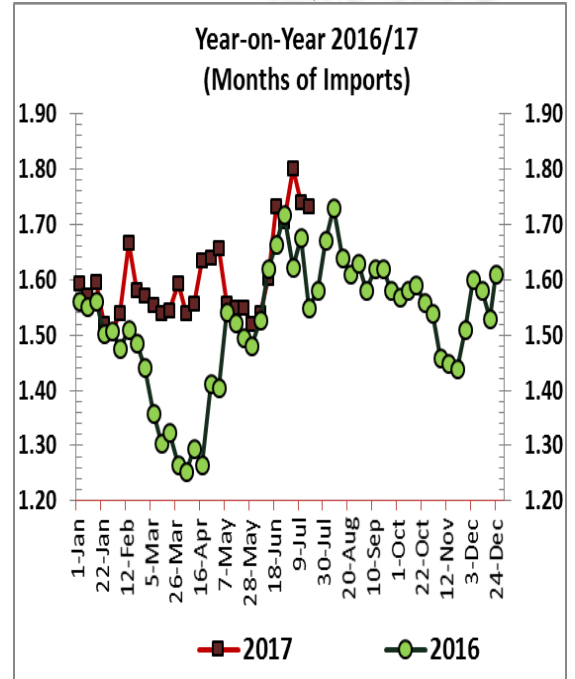
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
14 th July 2017	47.79	51.37
21 st July 2017	65.13	58.66
On 24 th July 2017	9.73	8.04

Commentary:

- ADB's purchased US\$65.13 million from the market and monetary authorities and sold US\$58.66 million during the week ending 21st July 2017. Yesterday, 24th July 2017, ADB's purchased US\$9.73 million from the market and sold US\$8.04 million.

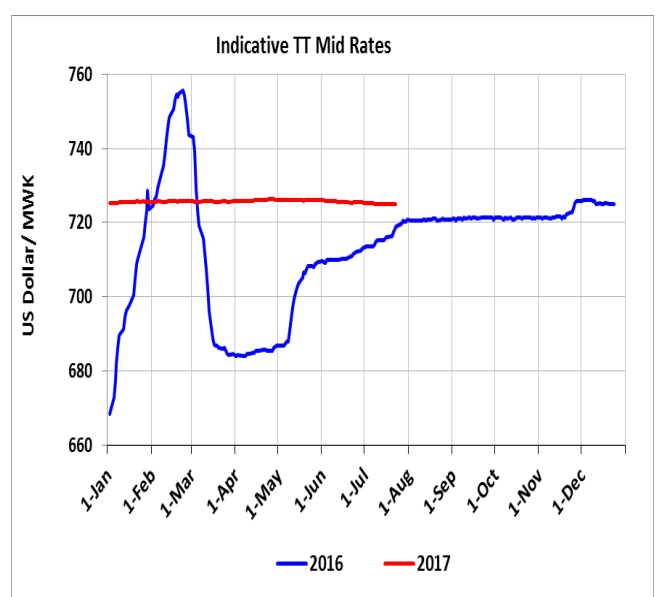
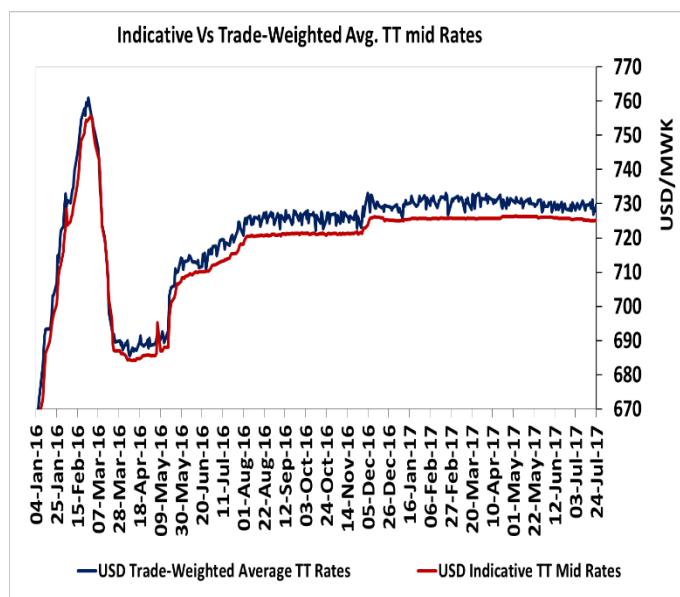


iii. Exchange Rate Developments

	18 th July 2017	19 th July 2017	20 th July 2017	21 st July 2017	24 th July 2017	Today's Indicative Rates
MWK/USD	729.7625	729.1533	730.6302	728.9712	730.0841	725.1397
MWK/GBP	956.6679	951.1433	945.3444	951.7106	953.4838	944.7120
MWK/EUR	838.7554	840.7527	839.1406	850.0047	849.1772	845.5129
MWK/ZAR	56.4316	56.4133	56.2147	56.3685	56.6394	56.0503

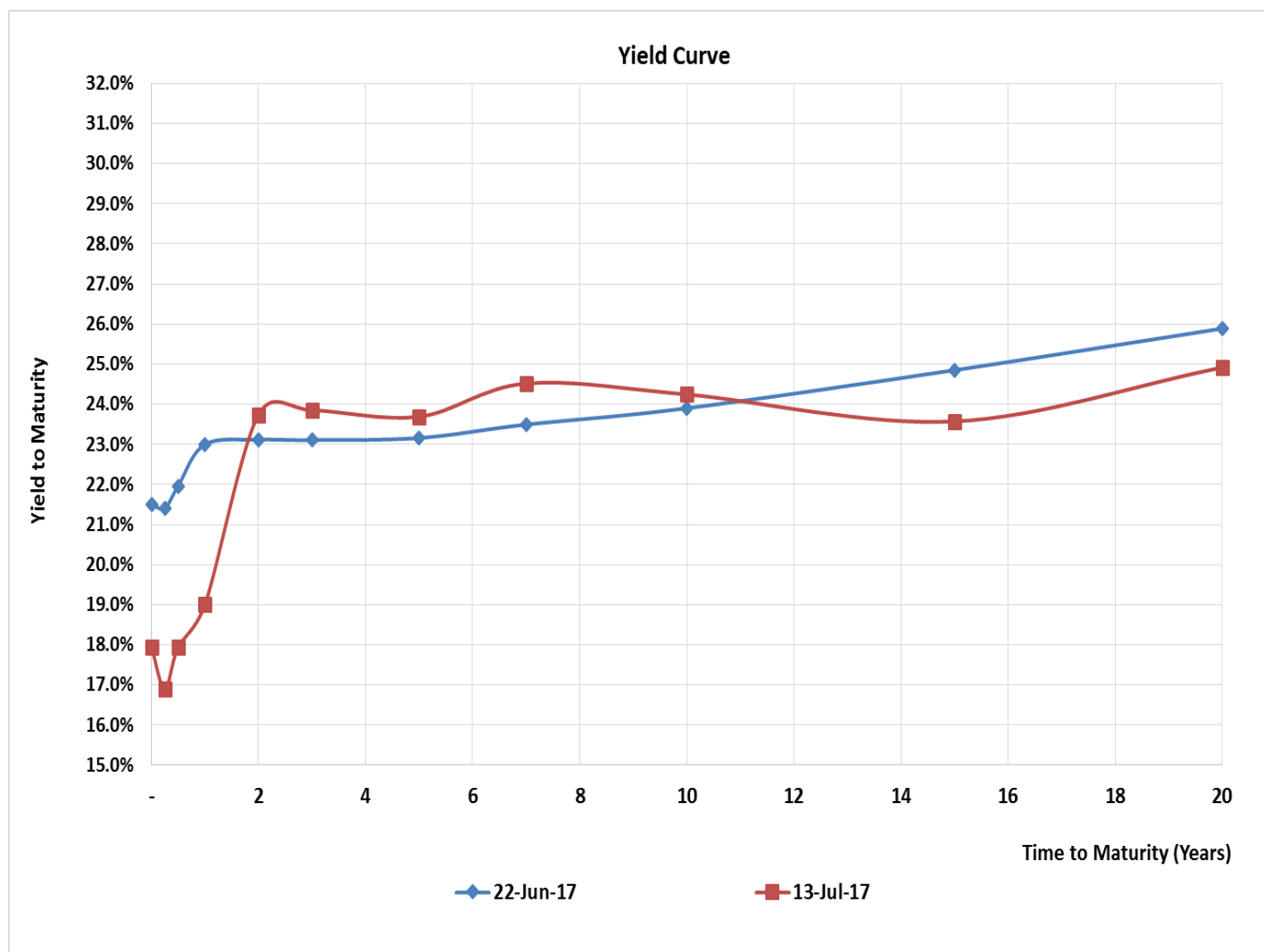
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 24th July 2017, the Kwacha appreciated marginally against the EUR but depreciated against the USD, the GBP and the ZAR. Indicatively, the local currency is expected to trade around K725.1397 against the USD today, 25th July 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
16th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	29.57%
2 nd March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	25.73%
30 th March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	34.91%
27 April 2017	21.46%	21.50%	22.47%	23.47%	24.81%	23.67%	23.24%	25.08%	23.91%	23.64%	28.08%
11 th May 2017	21.51%	21.48%	22.08%	23.30%	25.28%	25.32%	25.69%	27.14%	27.36%	28.46%	25.14%
1 st June 2017	21.50%	21.49%	21.97%	23.00%	24.81%	24.75%	24.83%	26.70%	26.43%	26.98%	29.47%
22 nd June 2017	21.50%	21.41%	21.96%	23.00%	23.11%	23.11%	23.16%	23.49%	23.90%	24.85%	25.89%
13 th July 2017	17.93%	16.89%	-	19.00%	23.74%	23.85%	23.69%	24.52%	24.25%	23.57%	24.92%
13 July 2017-22 June 2017 Change in Yield (Bp)	-357	-452	-	-400	63	75	53	102	34	-128	-97



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