



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 9th November 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 10 th November 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-25,739	-26,090
Estimated Excess Reserves before OMO	-23,523	-23,186
Estimated Excess Reserves after OMO	0	0
Required Reserves	69,573	69,573

ii. Known Projected Transactions

	Week ending 10 th November 2017	Week ending 17 th November 2017	Week ending 24 th November 2017	November 2017	December 2017
Maturity of normal TBs/TNs/PNs	2,125	1,912	636	6,636	11,354
Maturity of OMO Repos	2,937	12,361	8,135	45,436	34,732

Commentary:

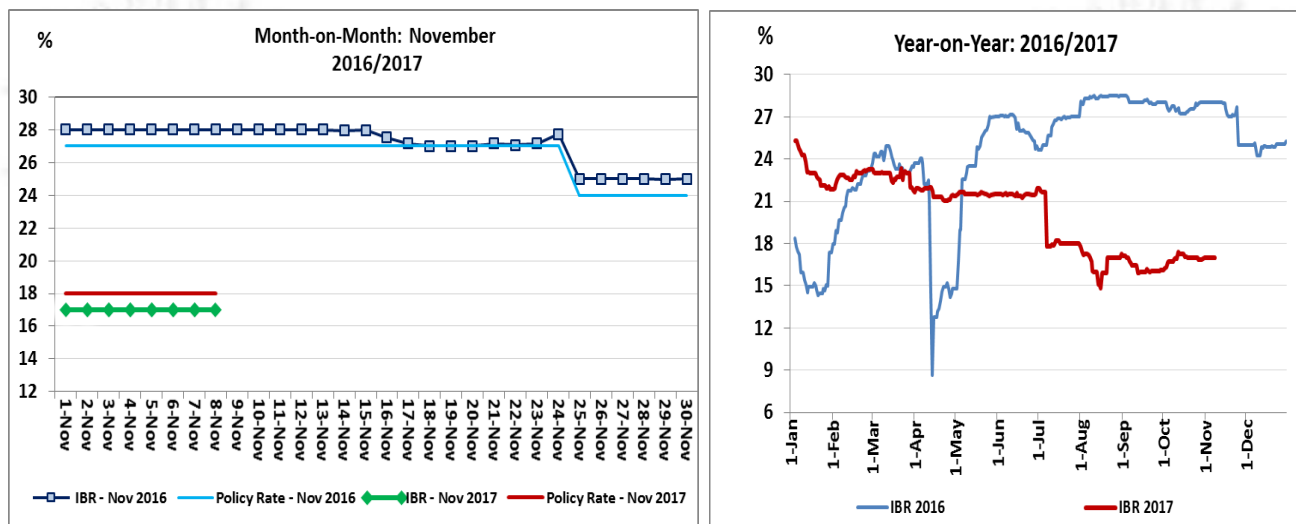
- Excess reserves dropped to K2.20 billion on Wednesday, 8th November 2017 from K2.40 billion recorded on Tuesday, 7th November 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	3,860	17.00
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	-	-
63 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	26,050	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K3.86 billion on 8th November 2017, from K6.19 billion recorded on Tuesday, 7th November 2017.
- The weighted average overnight interbank market rate (IBR) remained unchanged at 17.00 percent.
- A total of K26.05 billion was accessed on the Lombard Facility on 8th November 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

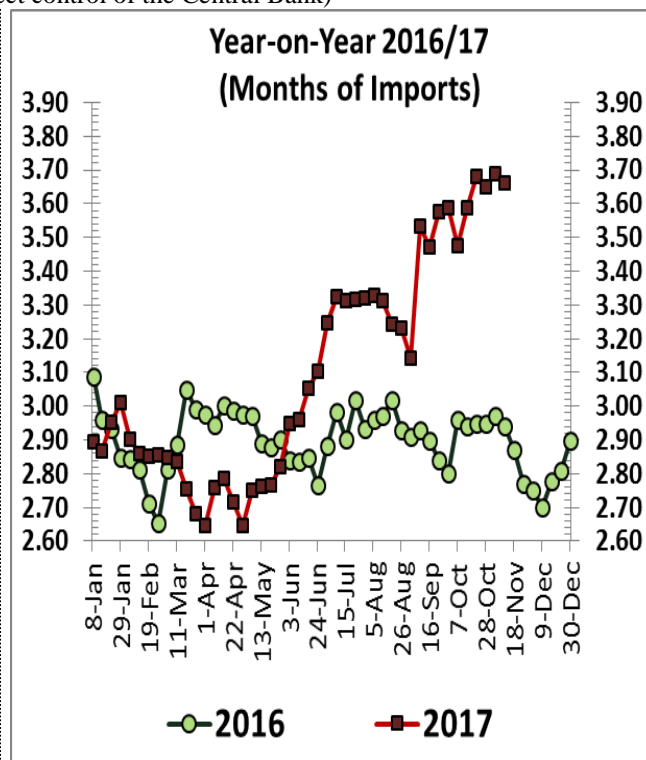
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
13 th October 2017	749.75	3.59
20 th October 2017	769.61	3.68
27 th October 2017	763.05	3.65
3 rd November 2017	771.85	3.69
On 7 th November 2017	763.92	3.66

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

Commentary:

- Gross official reserves increased during the week ending 3rd November 2017 compared to the preceding week. The official reserves closed at US\$771.85 million (3.69 months of imports) on 3rd November 2017 compared to US\$763.05 million (3.65 months of imports) recorded on 27th October 2017. On the 7th November 2017, Official Reserves stood at US\$763.92 million (3.66 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)
20 th October 2017	-1.51	334.10	332.59	1.59
27 th October 2017	-0.20	338.27	338.07	1.62
3 rd November 2017	1.76	353.65	355.41	1.70
On 6 th November 2017	7.20	351.62	358.83	1.72

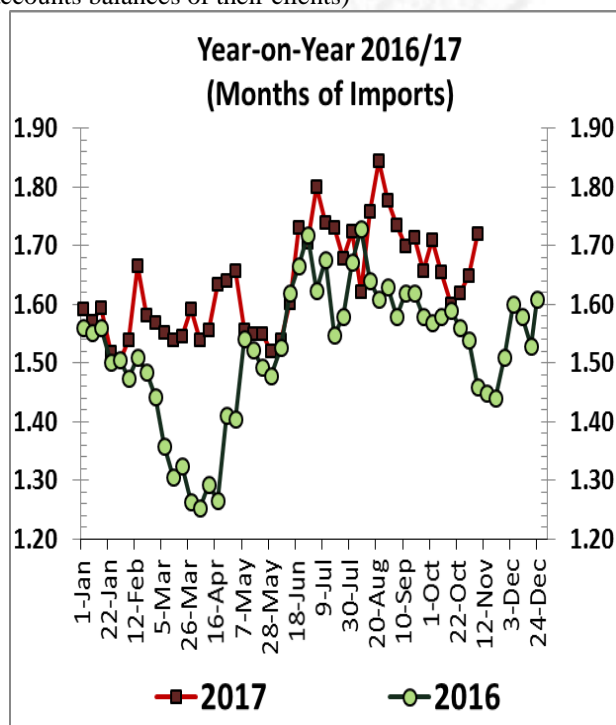
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
27 th October 2017	36.38	41.07
3 rd November 2017	48.19	52.15
On 8 th November 2017	4.00	5.65

Commentary:

- ADB's FX trading increased during the week ending 3rd November 2017 compared to the previous week. ADBs purchased US\$48.19 million from the market and sold US\$52.15 million during the week. On Wednesday, 8th November 2017, ADBs purchased US\$4.00 million and sold US\$5.65 million.

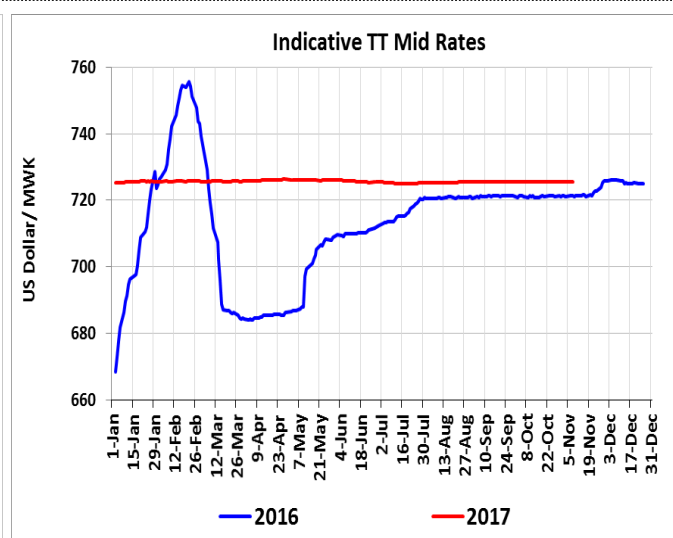
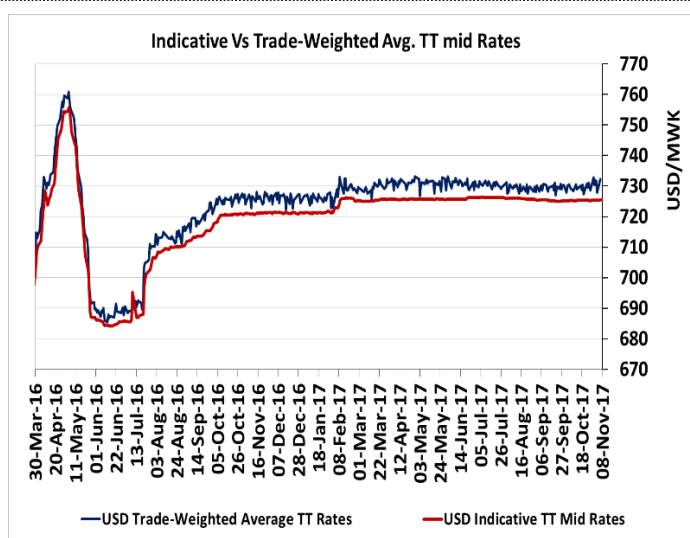


iii. Exchange Rate Developments

	2 nd November 2017	3 rd November 2017	6 th November 2017	7 th November 2017	8 th November 2017	Today's Indicative Rates
MWK/USD	728.8580	731.4671	729.2961	730.2575	731.2225	725.6283
MWK/GBP	967.8054	949.6707	954.9486	957.7841	959.2461	952.4597
MWK/EUR	846.8657	849.1579	848.7292	843.0274	845.5689	841.3660
MWK/ZAR	52.3406	52.0355	51.2820	51.3834	51.4376	51.2591

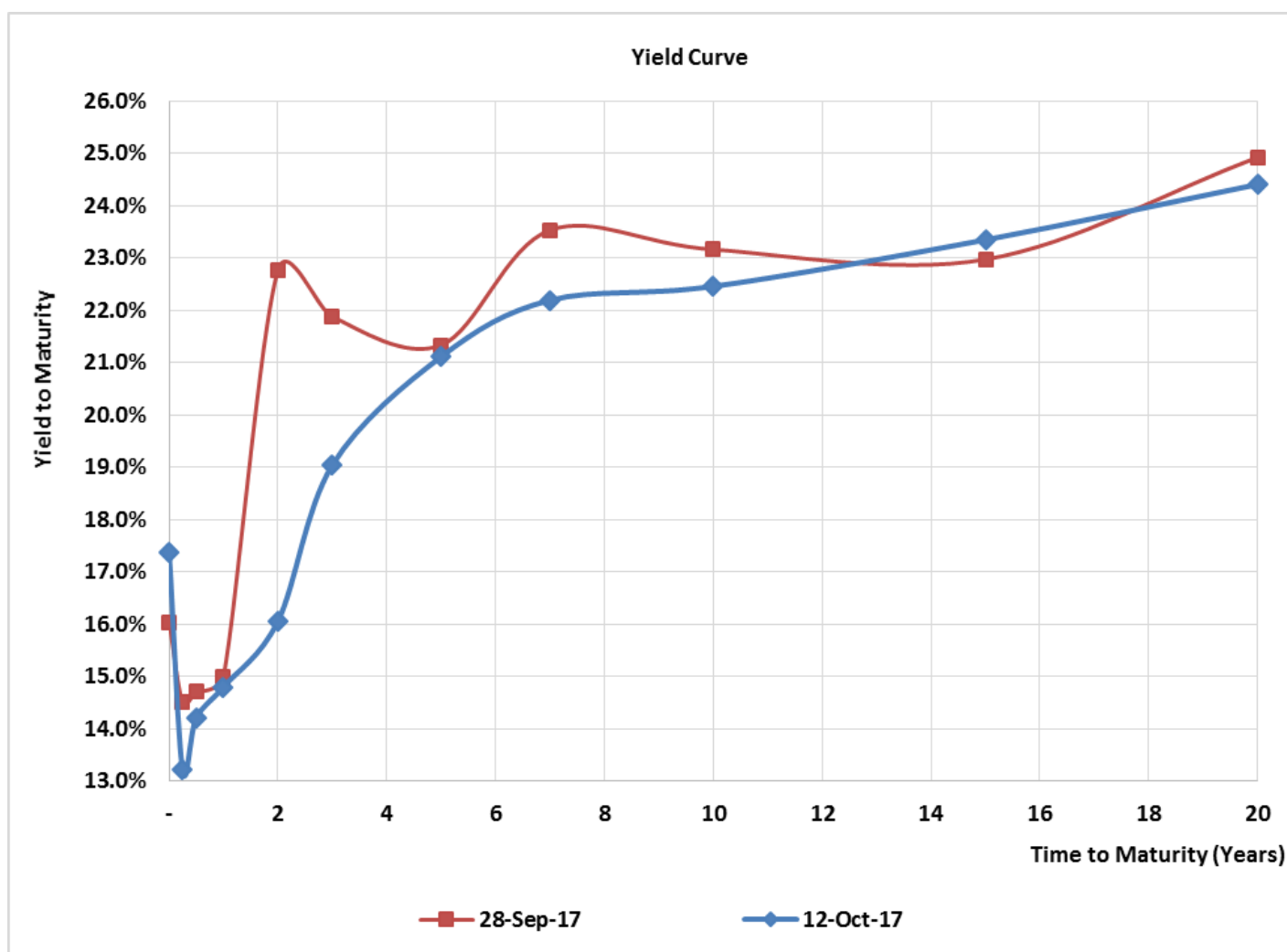
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Wednesday, 8th November 2017, the Kwacha depreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Kwacha is expected to trade around K725.6283 against the USD today, 9th November 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
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%
27 th July 2017	17.98%	16.94%	17.95%	18.99%	23.88%	23.12%	22.51%	24.29%	23.37%	22.08%	24.14%
10 th August 2017	16.03%	16.52%	17.33%	18.53%	20.92%	20.84%	21.40%	23.01%	23.47%	23.27%	24.83%
24 th August 2017	17.00%	16.01%	16.95%	17.50%	19.58%	20.00%	21.50%	21.83%	22.01%	22.13%	22.59%
28 th September 2017	16.04%	14.50%	14.70%	15.00%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
12 th October 2017	17.37%	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
12 Oct-28 Sept 2017 Change in Yield (Bp)	133	-128	-50	-20	-671	-284	-22	-134	-71	37	-52



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