



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 30th January 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 2 nd February 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-1,040	-28,686
Estimated Excess Reserves before OMO	2,609	-20,630
Estimated Excess Reserves after OMO	0	0
Required Reserves	75,013	75,013

ii. Known Projected Transactions

	January 2018	Week ending 2 nd February 2018	Week ending 9 th February 2018	February 2018
Maturity of normal TBs/TNs/PNs	40,285	10,725	40,285	62,062
Maturity of OMO Repos	102,778	5,319	32,253	74,236

Commentary:

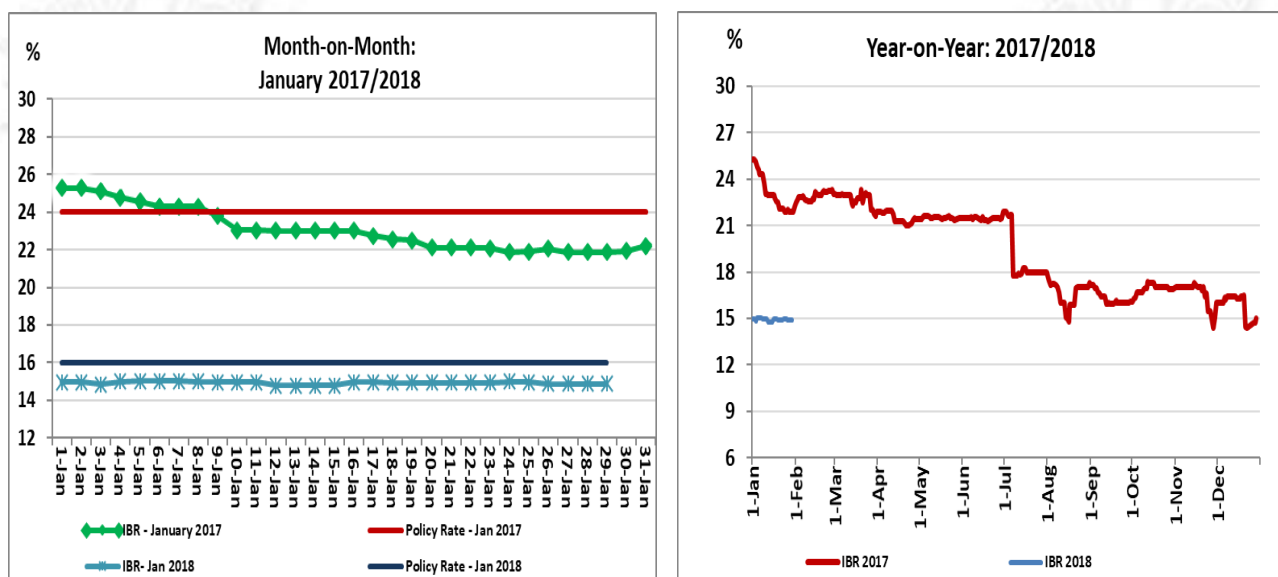
Excess reserves dropped to K3.70 billion on Monday, 29th January 2018 from K9.44 billion recorded on Friday, 26th January 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,120	14.89
07 days	-	-
14 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	1,086	15.00
63 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	1,460	18.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K8.12 billion on Monday, 29th January 2018 from K7.16 billion recorded on Friday, 26th January 2018.
- The interbank market rate (IBR) increased to 14.89 percent from 14.88 percent recorded during the preceding day.
- K1.09 billion was withdrawn from the banking system through OMO repos on Monday, 29th January 2018.
- K1.46 billion was accessed on the Lombard Facility on Monday, 29th January 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

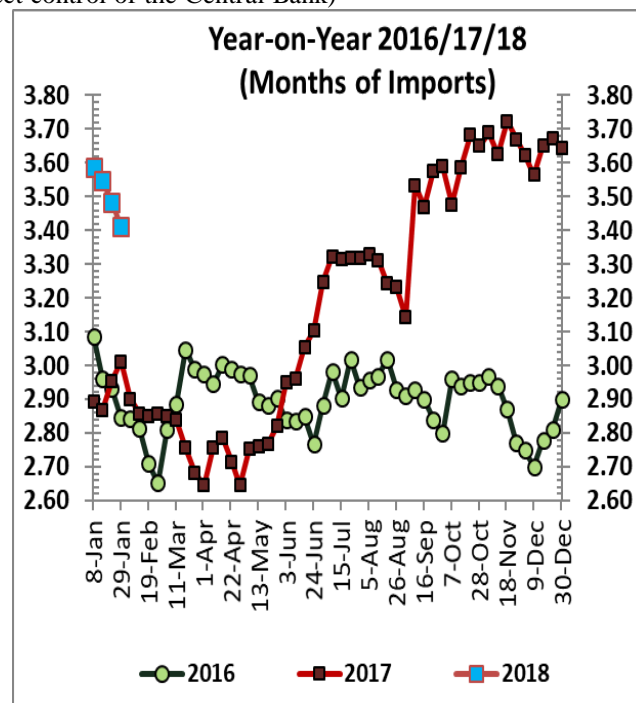
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
22 nd December 2017	767.64	3.67
29 th December 2017	761.97	3.65
5 th January 2018	749.46	3.59
12 th January 2018	741.14	3.55
19 th January 2018	728.36	3.48
On 26 th January 2018	713.04	3.41

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

Commentary:

- Gross official reserves went down during the week ending 19th January 2018 compared to the preceding week. The official reserves closed at US\$728.36 million (3.48 months of imports) on 19th January 2018 compared to US\$741.14 million (3.55 months of imports) recorded on 12th January 2018. On 26th January 2018, official reserves closed at \$713.04 (3.41 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)
5 th January 2018	4.77	404.86	409.63	1.96
12 th January 2018	-3.94	395.68	391.74	1.87
19 th January 2018	1.80	406.79	408.60	1.96
On 26 th January 2018	2.48	394.20	396.69	1.90

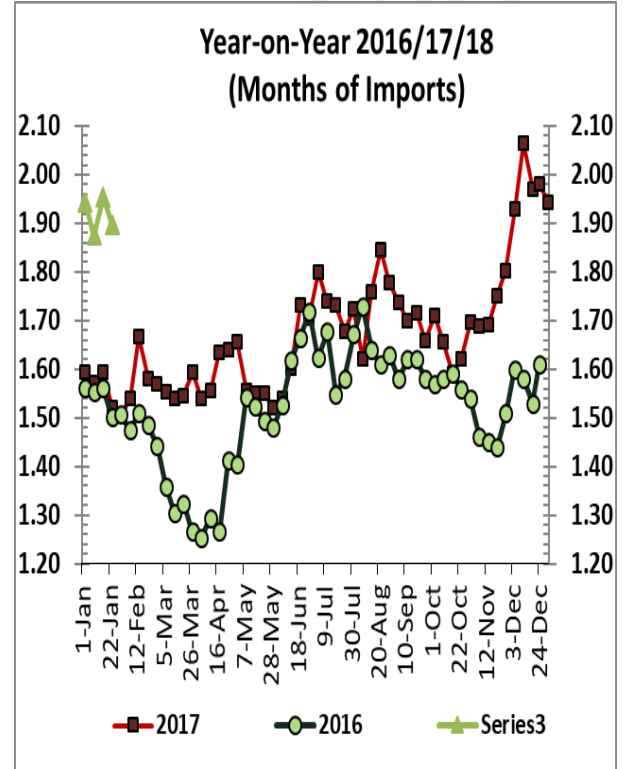
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
12 th January 2018	36.94	44.53
19 th January 2018	48.76	46.05
26 th January 2018	44.93	37.93
On 29 th January 2018	6.99	5.43

Commentary:

- ADB's FX trading dropped during the week ending 26th January 2018 compared to the previous week. ADBs purchased a total of US\$44.93 million from the market and sold a total of US\$37.93 million during the week. On Monday, 26th January 2018 alone, ADBs purchased US\$6.99 million and sold US\$5.43 million.

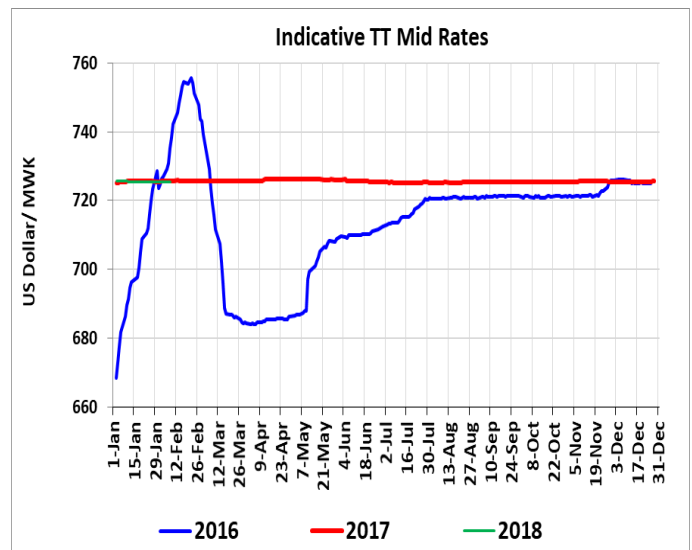
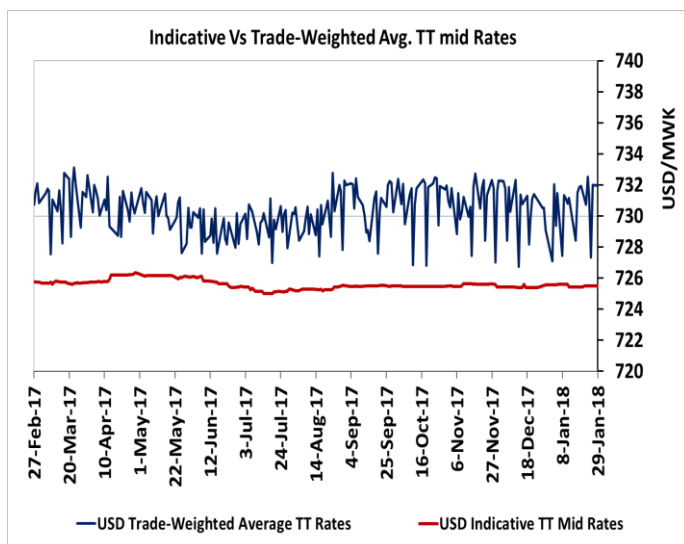


iii. Exchange Rate Developments

	23 rd January 2018	24 th January 2018	25 th January 2018	26 th January 2018	29 th January 2018	Today's Indicative Rates
MWK/USD	727.3346	731.9983	731.9577	730.1665	729.9950	725.4883
MWK/GBP	1020.5300	1022.9684	1045.8781	1031.3500	1033.1318	1018.8032
MWK/EUR	892.5256	898.4619	902.7409	905.1498	904.0117	897.8643
MWK/ZAR	60.0961	61.3874	61.1610	61.3741	61.4742	60.3527

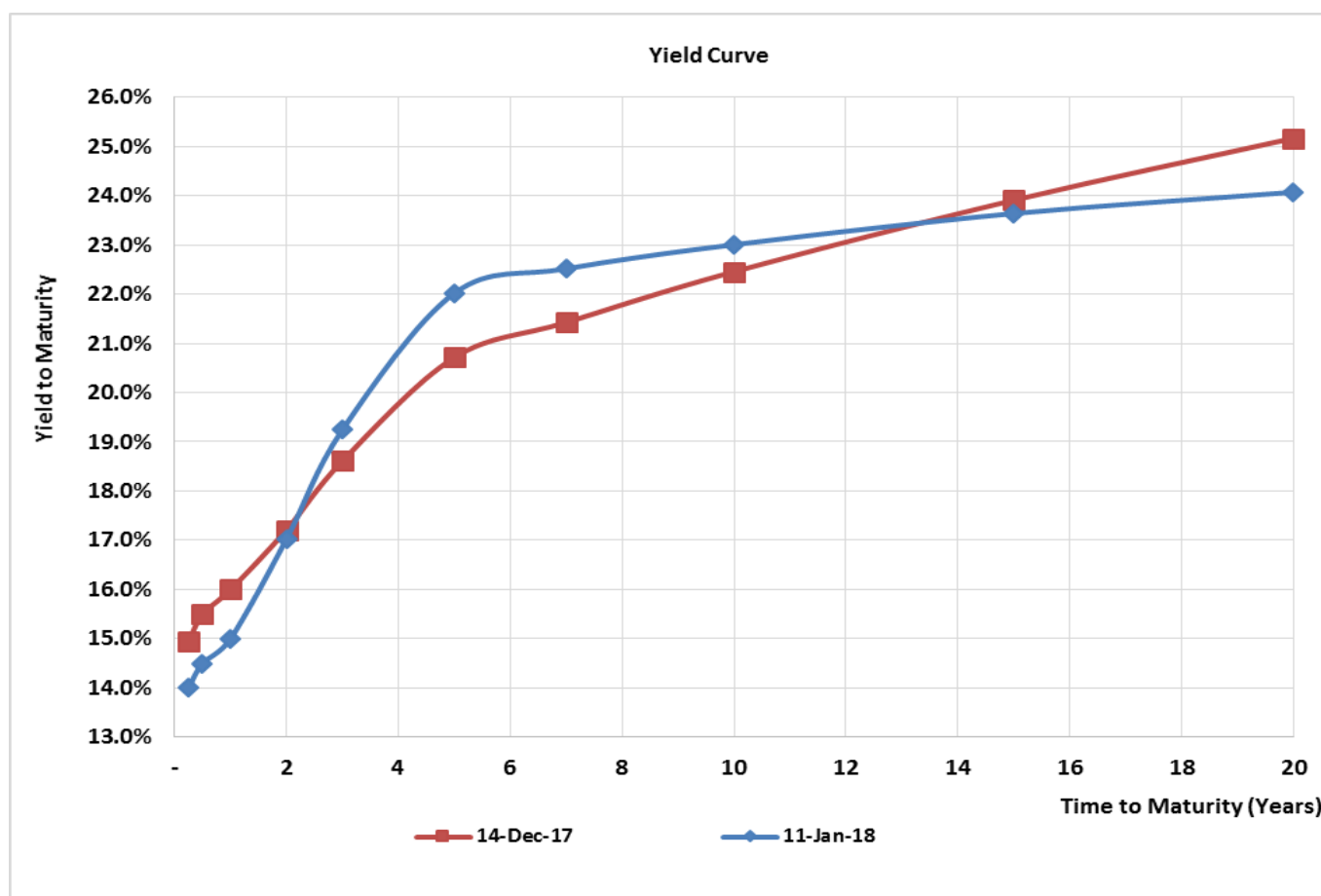
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Monday, 29th January 2018, the Kwacha appreciated against the USD and the EUR but depreciated against the GBP and the ZAR. Indicatively, the Kwacha is expected to trade around K725.4883 against the USD today, 30th January



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

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
27 th July 2017	16.94%	17.95%	18.99%	23.88%	23.12%	22.51%	24.29%	23.37%	22.08%	24.14%
10 th August 2017	16.52%	17.33%	18.53%	20.92%	20.84%	21.40%	23.01%	23.47%	23.27%	24.83%
24 th August 2017	16.01%	16.95%	17.50%	19.58%	20.00%	21.50%	21.83%	22.01%	22.13%	22.59%
28 th September 2017	14.50%	14.70%	15.00%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
12 th October 2017	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
9 th November 2017	14.32%	14.79%	14.73%	17.03%	19.04%	20.56%	20.79%	21.12%	20.60%	21.07%
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%	21.16%	22.58%	22.44%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%	22.45%	23.91%	25.17%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%	23.00%	23.64%	24.07%
11 Jan 2018 - 14 Dec 2017 Change in Yield (Bp)	-93	-100	-100	-19	63	131	109	55	-27	-110



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