



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 12th March 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 16 th March 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	1,149	10,145
Estimated Excess Reserves before OMO	3,816	12,812
Estimated Excess Reserves after OMO	0	0
Required Reserves	74,289	74,289

ii. Known Projected Transactions

	Week ending 9 th March 2018	Week ending 16 th March 2018	Week ending 23 rd March 2018	March 2018	April 2018
Maturity of normal TBs/TNs/PNs	15,395	8,543	8,204	55,757	26,025
Maturity of OMO Repos	20,966	19,977	15,213	90,665	46,787

Commentary:

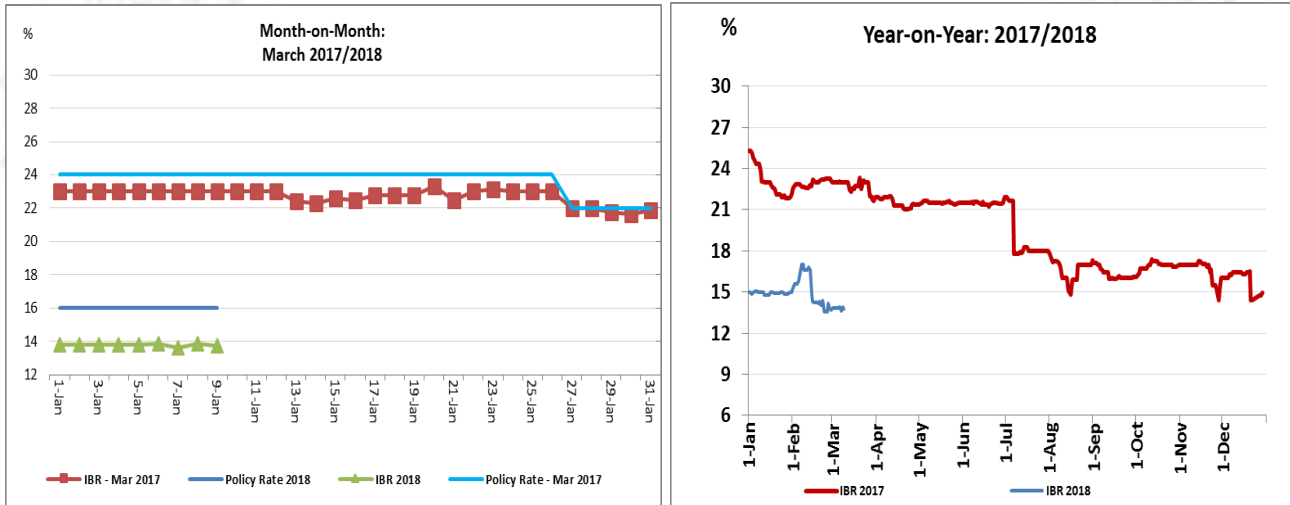
Excess reserves dropped to K2.66 billion on Friday, 9th March 2018 from K11.68 billion recorded on Thursday, 8th March 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	11,730	13.74
7 days	-	-
14 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	3,525	15.00
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	2,250	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K11.73 billion on Friday, 9th March 2018 from K6.97billion recorded on Thursday, 8th March 2018.
- The overnight interbank market rate (IBR) dropped to 13.74 percent on Friday, 9th March 2018 from 13.87 percent recorded on Thursday, 8th March 2018.
- A total of K3.52 billion was withdrawn from the banking system through OMO repos on Friday, 9th March 2018.
- A total of K2.25 billion was accessed on the Lombard Facility on Friday, 9th March 2018

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

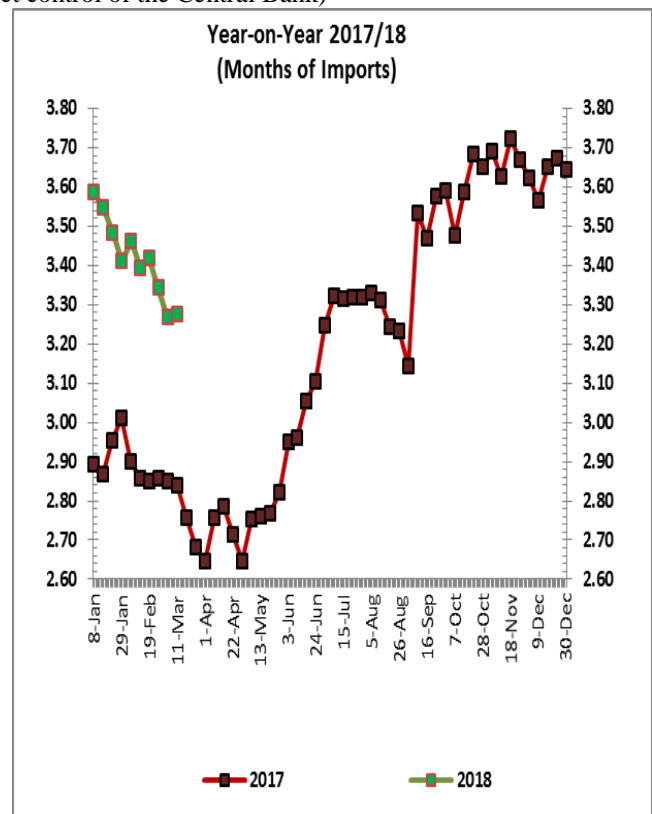
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
2 nd February 2018	723.89	3.46
9 th February 2018	709.17	3.39
16 th February 2018	714.68	3.42
23 rd February 2018	698.51	3.34
2 nd March 2018	683.06	3.27
8 th March 2018	685.00	3.28

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

Commentary:

- Gross official reserves dropped during the week ending 2nd March 2018 compared to the preceding week. As at 2nd March 2018, gross official reserves stood at \$683.08 million (3.27 months of imports) compared to \$698.51 (3.34 months of imports) recorded on 23rd February 2018. On 8th March 2018, official reserves stood at \$685.00 million (3.28 imports cover).



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)
16 th February 2018	-5.63	363.14	357.72	1.71
23 rd February 2018	-3.69	354.35	350.66	1.68
2 nd March 2018	1.09	343.60	344.68	1.65
8 th March 2018	3.46	357.57	361.04	1.73

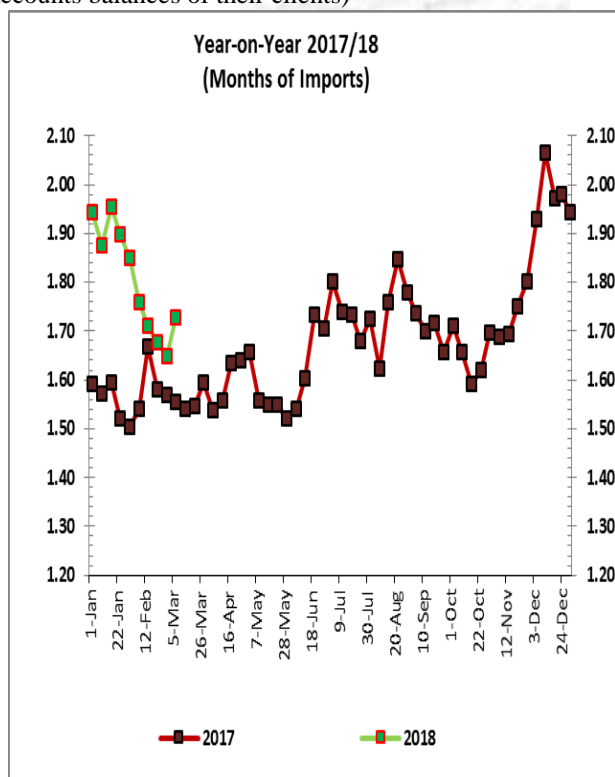
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 rd February 2018	35.60	31.92
2 nd March 2018	64.19	56.96
9 th March 2018	35.66	32.92
On 9 th March 2018	8.31	9.19

Commentary:

- ADB's FX trading declined during the week ending 9th March 2018 compared to the previous week. ADBs purchased a total of US\$35.66 million from the market and sold a total of US\$32.92 million during the week. On Friday, 9th March 2018, ADBs purchased US\$8.31 million from the market and sold US\$9.19 million.

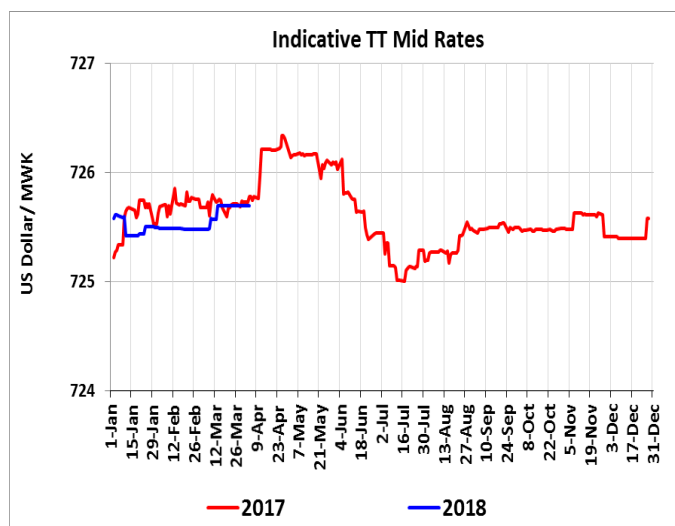
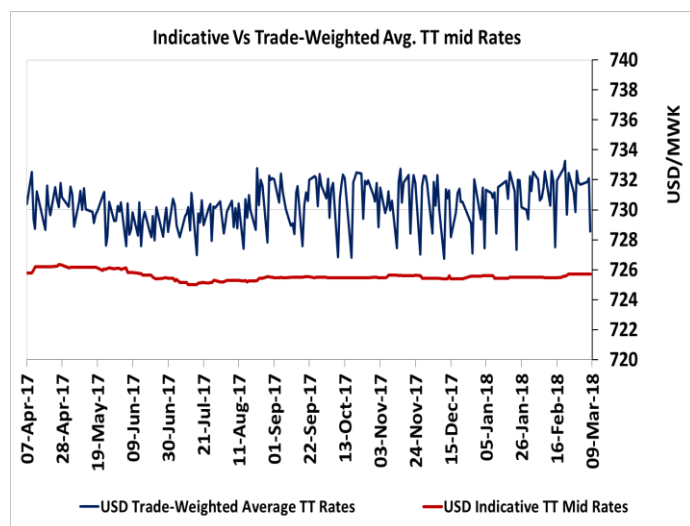


iii. Exchange Rate Developments

	2 nd March 2018	6 th March 2018	7 th March 2018	8 th March 2018	9 th March 2018	Today's indicative Rates
MWK/USD	731.6923	731.8750	732.1152	728.5733	732.6224	725.6987
MWK/GBP	1,006.6415	1,008.4519	1,016.5772	1,016.7348	1,008.6911	1005.8910
MWK/EUR	892.0882	902.5274	905.0646	904.2596	895.5882	894.4236
MWK/ZAR	61.0888	61.6940	61.7814	61.6597	61.0305	61.4000

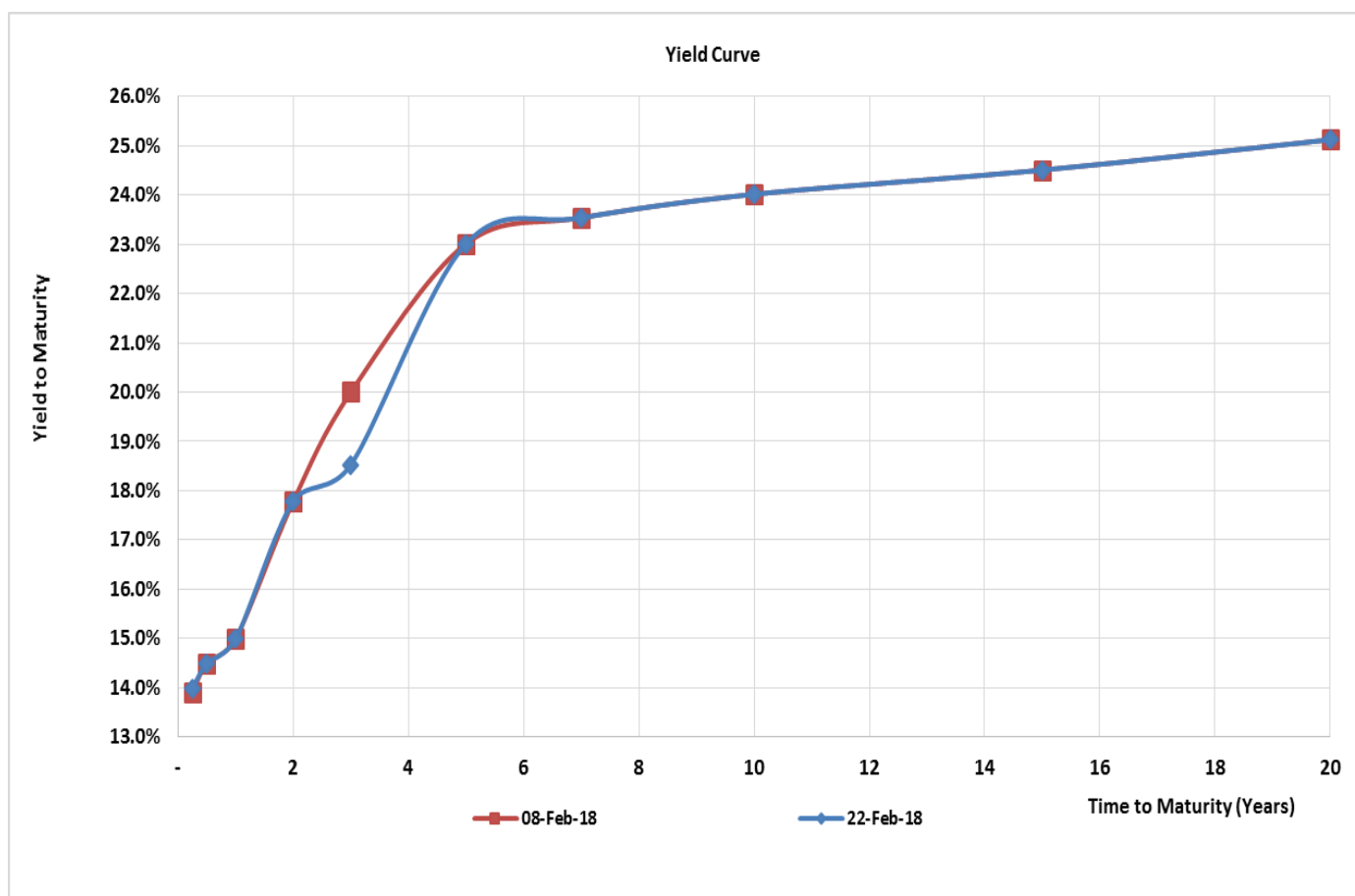
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 9th March 2018, the Kwacha depreciated against the USD, but appreciated the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to trade at K725.6987 per dollar today, 12th March 2018.



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
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%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%	24.01%	24.51%	25.12%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%	24.01%	24.51%	25.12%
22 Feb - 8 Feb 2018 Change in Yield (Bp)	9	0	0	0	-147	0	0	0	0	0



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