



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 27th June 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 29 th June 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	7,606	26,030
Estimated Excess Reserves before OMO	15,722	29,638
Estimated Excess Reserves after OMO	0	0
Required Reserves	76,452	76,452

ii. Known Projected Transactions

	Week ending 22 nd June 2018	Week ending 29 th June 2018	June 2018
Maturity of normal TBs/TNs/PNs	4,666	21,907	44,075
Maturity of OMO Repos	23,126	40,255	57,262

Commentary:

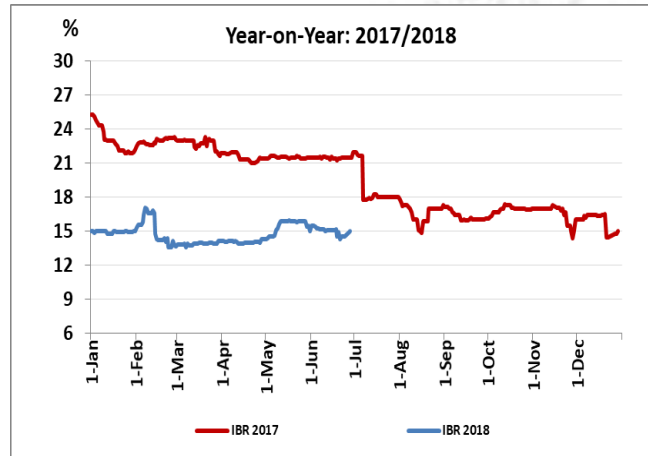
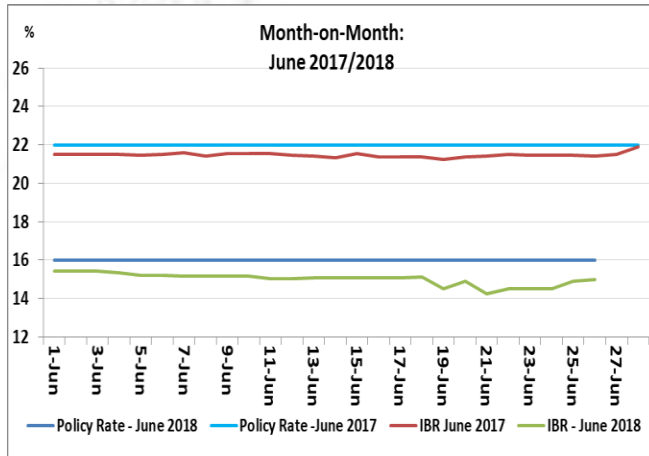
Excess reserves increased to K8.11 billion on Tuesday, 26th June 2018, from K1.32 billion recorded on Monday, 25th June 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,775	15.01
7 days	-	-
14 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	1,070	15.00
21 days	-	-
32 days	-	-
61 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	3,050	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K2.77 billion on Tuesday, 26th June 2018, from K0.50 billion recorded on Monday, 25th June 2018.
- The overnight interbank market rate (IBR) increased by 11 basis points and closed at 15.01 percent.
- A total of K1.07 billion was withdrawn from the banking system through OMO repos on Tuesday, 26th June 2018.
- A total of K3.05 billion was accessed on the Lombard Facility on Tuesday, 26th June 2018

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

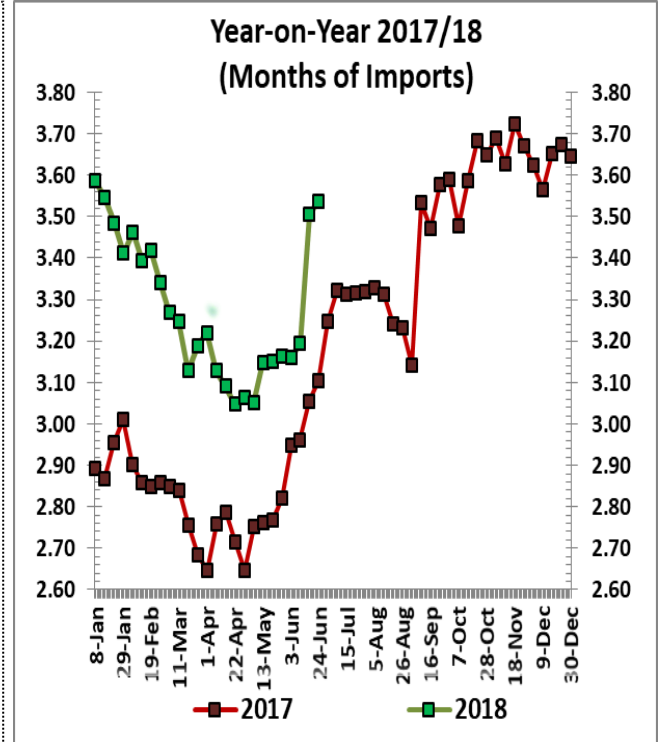
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
25 th May 2018	661.40	3.16
1 st June 2018	665.72	3.19
8 th June 2018	660.56	3.16
14 th June 2018	667.60	3.19
22 nd June 2018	732.97	3.51
26 th June 2018	739.29	3.54

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

Commentary:

- Gross official reserves increased during the week ending 22nd June 2018 to \$732.97 million (3.51 months of imports) from \$667.60 million (3.19 months of imports) at the end of the preceding week. As at 26th June 2018, gross official reserves stood at \$739.29 million (3.54 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)
1 st June 2018	-1.45	360.74	359.28	1.72
8 th June 2018	-6.31	361.62	355.26	1.70
14 th June 2018	-11.44	354.15	342.71	1.64
21 st June 2018	0.44	381.94	382.37	1.83

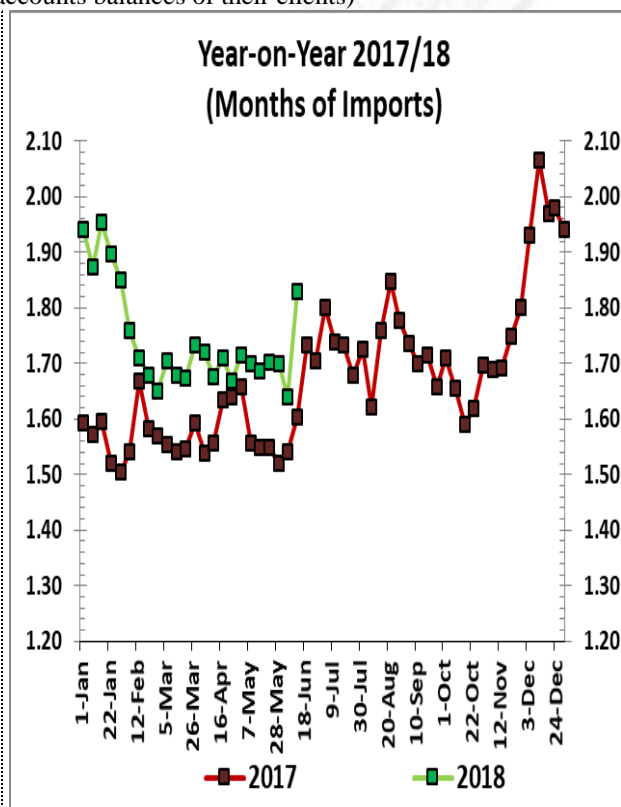
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
1 st June 2018	56.16	51.28
8 th June 2018	56.92	69.98
14 th June 2018	43.36	51.58
22 nd June 2018	53.13	49.50
25 th June 2018	11.31	11.15

Commentary:

- ADB's FX trading increased during the week ending 22nd June 2018 compared to the previous week. ADBs purchased a total of US\$53.13 million from the market and sold a total of US\$49.50 million during the week. On Friday, 22nd June 2018, ADBs purchased US\$13.84 million from the market and sold US\$16.89 million.

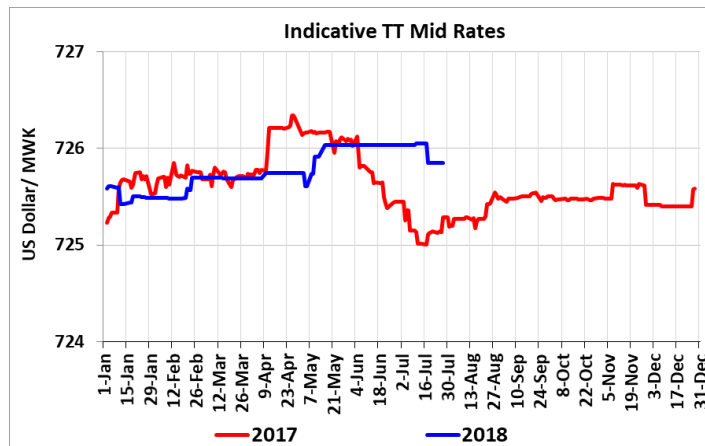
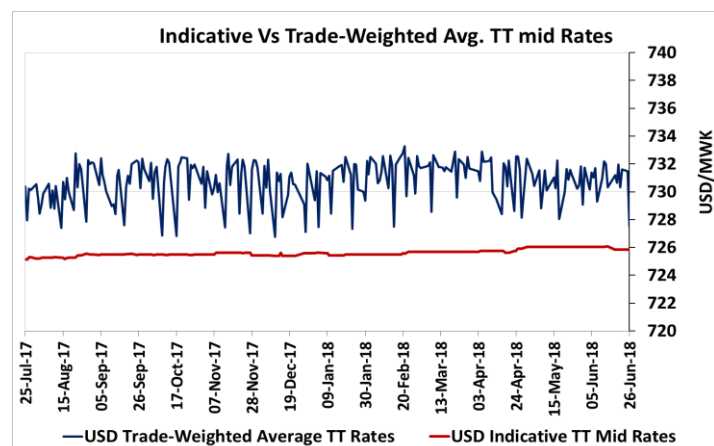


iii. Exchange Rate Developments

	20 th June 2018	21 st June 2018	22 nd June 2018	25 th June 2018	26 th June 2018	Today's indicative Rates
MWK/USD	731.9728	730.3106	731.6186	731.4881	727.4567	725.8480
MWK/GBP	962.1815	962.8449	974.4845	963.2844	969.4714	959.2081
MWK/EUR	845.5161	844.5761	846.8283	852.2181	855.0212	845.1774
MWK/ZAR	53.2592	53.2310	53.8388	54.2376	53.5355	53.5800

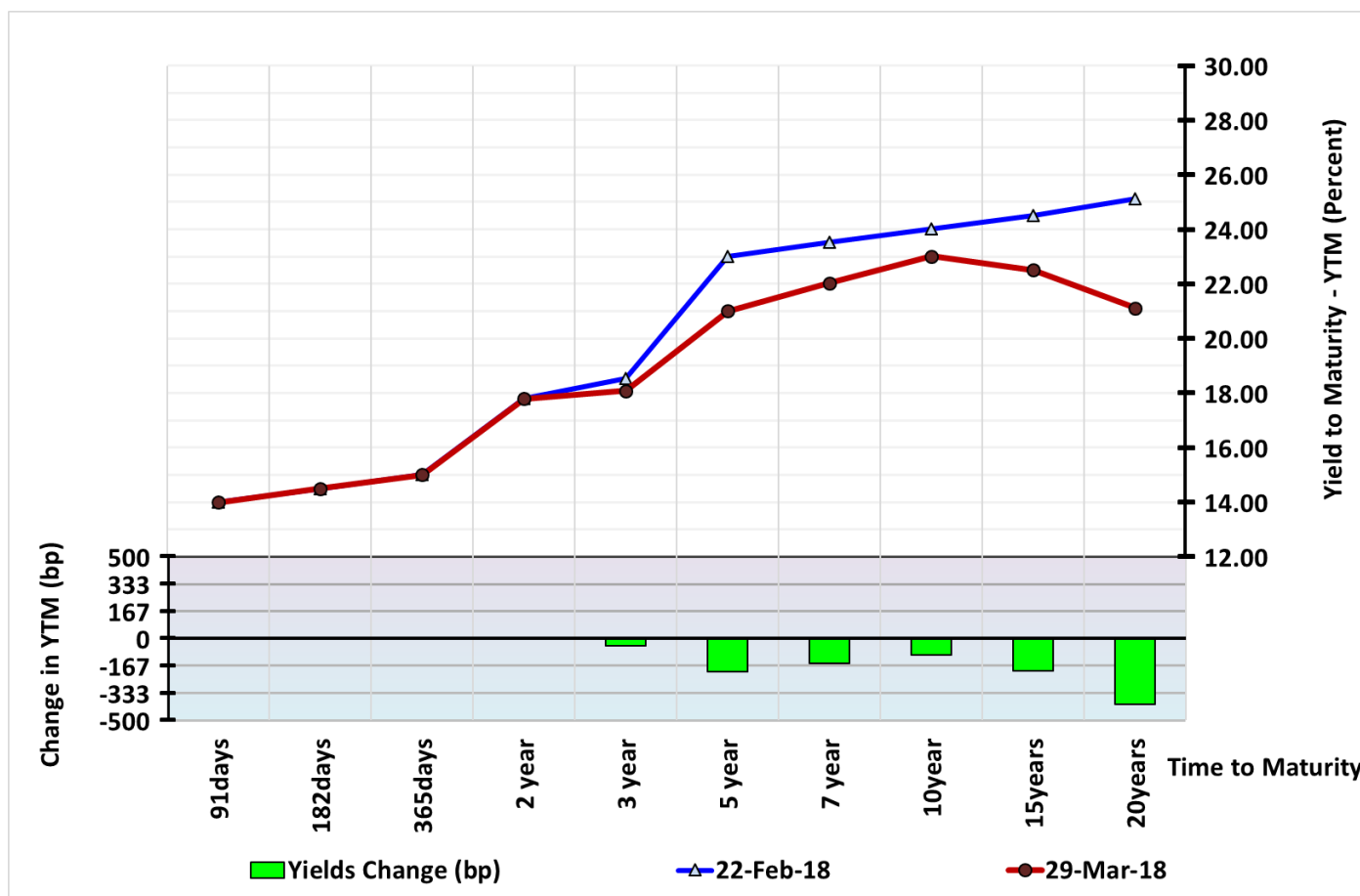
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Tuesday, 26th June 2018, the Kwacha appreciated against the USD and the ZAR but depreciated against the GBP and the Euro. Indicatively, the local currency is expected to trade at K726.8480 per US Dollar today, 27th June 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
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%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%	23.01%	22.51%	21.12%
29 Mar - 22 Feb 2018 Change in Yield (Bp)	0	0	0	0	-44	-200	-150	-100	-200	-400



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