



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 13th July 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 13 th July 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	2,040	26,441
Estimated Excess Reserves before OMO	28,061	28,061
Estimated Excess Reserves after OMO	0	0
Required Reserves	78,544	78,544

ii. Known Projected Transactions

	Week ending 13 th July 2018	Week ending 20 th July 2018	July 2018
Maturity of normal TBs/TNs/PNs	23,428	15,968	44,387
Maturity of OMO Repos	609	7,704	59,634

Commentary:

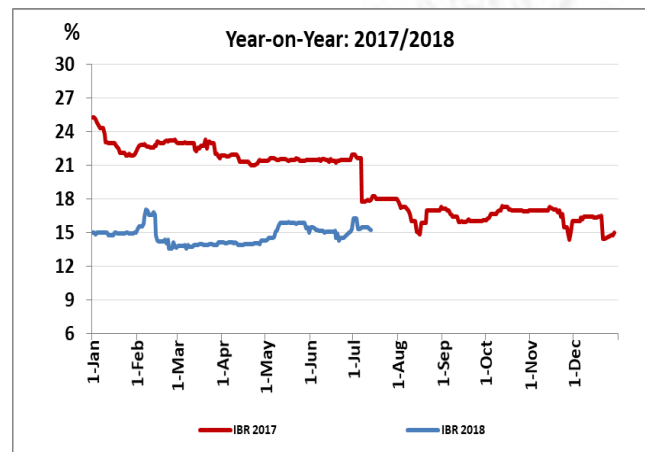
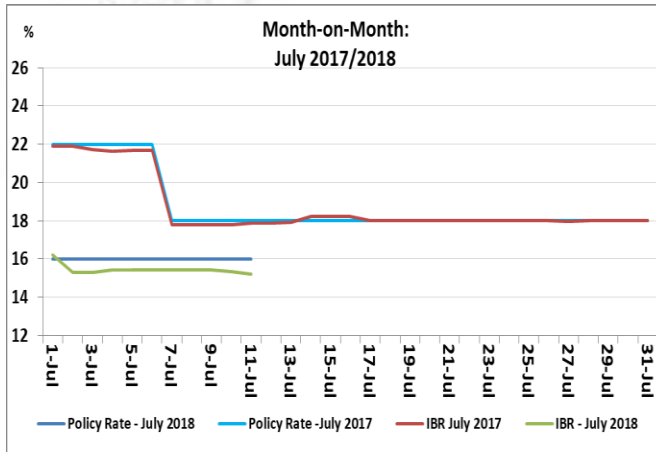
Excess reserves increased to K26.02 billion on Thursday, 12th July 2018, from K23.45 billion recorded on Wednesday, 11th July 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,700	15.31
7 days	-	-
19 days	-	-
(b) RBM Open market operations		
(i) Repos		
1 days	-	-
7 days	-	-
14 days	-	-
32 days	-	-
63 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	-	-

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K4.70 billion on Thursday, 12th July 2018, from K8.12 billion recorded on Wednesday, 11th July 2018.
- The overnight interbank market rate (IBR) increased by 9 basis points and closed at 15.31 percent.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

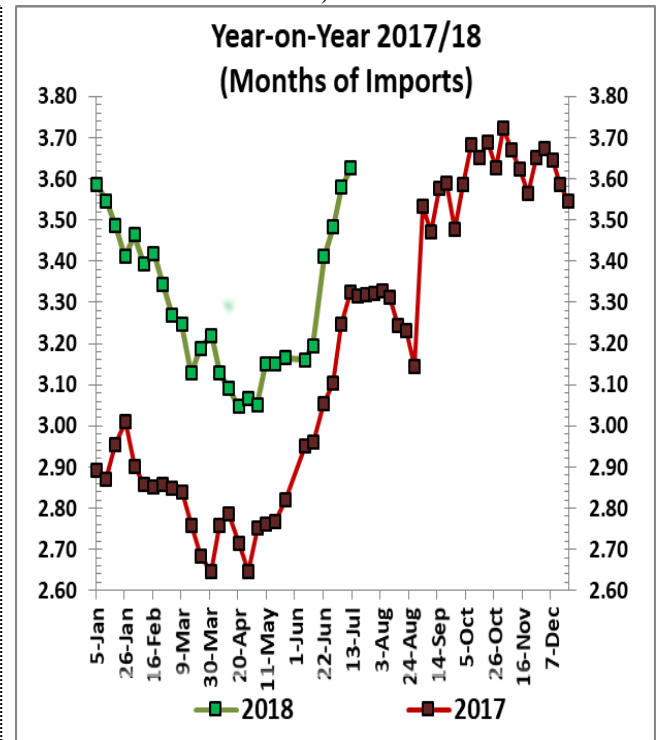
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
8 th June 2018	660.56	3.16
14 th June 2018	667.60	3.19
22 nd June 2018	712.97	3.41
29 th June 2018	728.10	3.48
5 th July 2018	748.50	3.58
12 th July 2018	757.88	3.63

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

Commentary:

- Gross official reserves increased during the week ending 5th July 2018 to \$748.50 million (3.58 months of imports) from \$728.10 million (3.48 months of imports) at the end of the preceding week. As at 12th July 2018, gross official reserves stood at \$757.88 million (3.63 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)
22 nd June 2018	-3.00	377.47	374.47	1.79
29 th June 2018	12.81	370.90	383.78	1.84
5 th July 2018	-5.22	364.25	359.03	1.72
11 th July 2018	-7.79	371.06	363.26	1.74

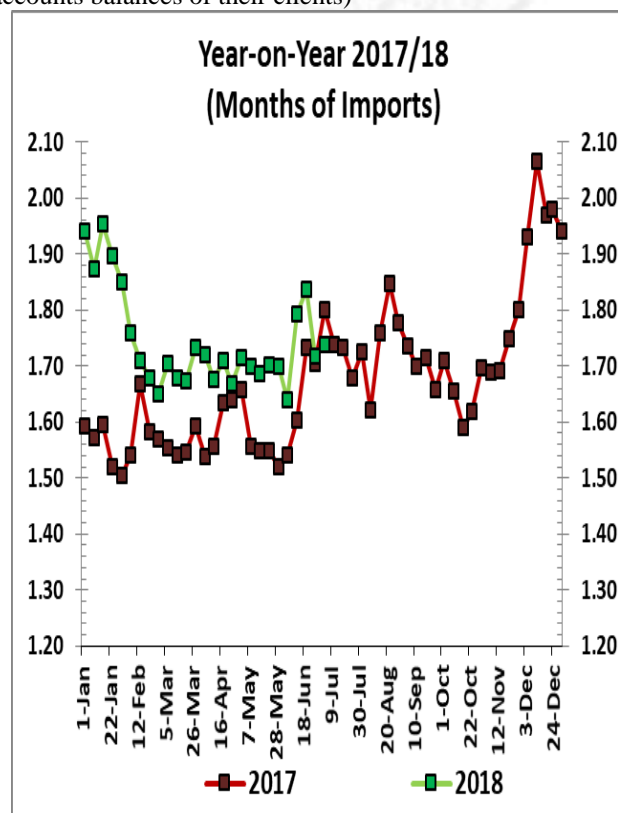
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
14 th June 2018	43.36	51.58
22 nd June 2018	53.13	49.50
29 th June 2018	72.66	68.75
5 th July 2018	37.41	53.64
12 th July 2018	10.44	11.54

Commentary:

- ADB's FX trading dropped during the week ending 5th July 2018 compared to the previous week. ADBs purchased a total of US\$37.41 million from the market and sold a total of US\$53.64 million during the week. On Thursday, 12th July 2018, ADBs purchased US\$10.44 million from the market and sold US\$11.54 million.

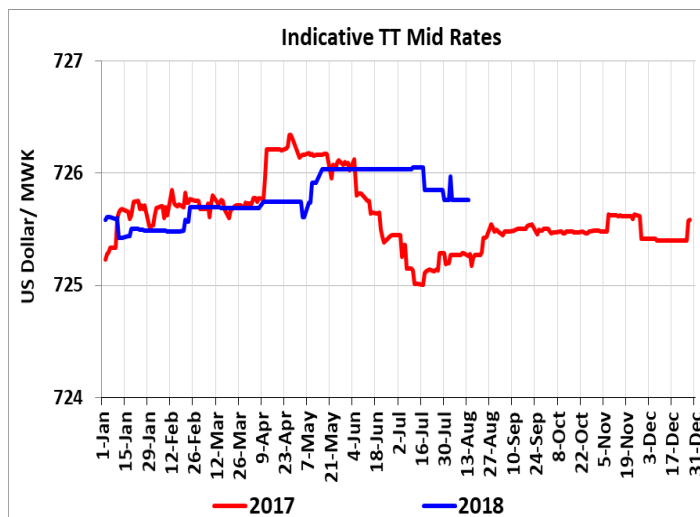
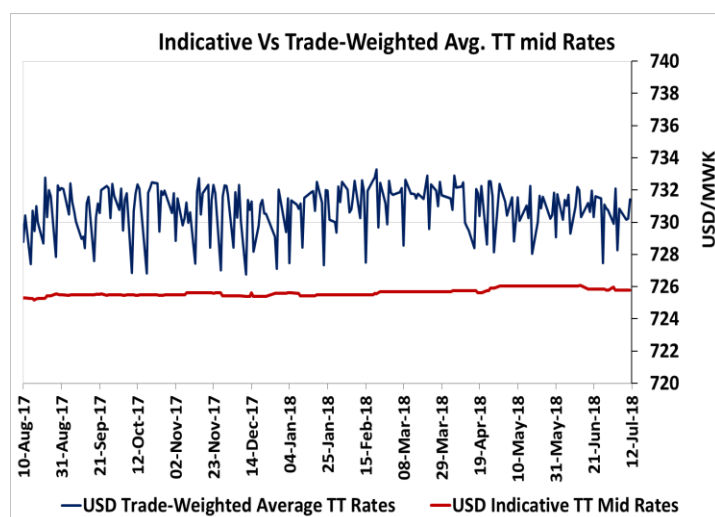


iii. Exchange Rate Developments

	5 th July 2018	9 th July 2018	10 th July 2018	11 th July 2018	12 th July 2018	Today's indicative Rates
MWK/USD	730.8363	730.1519	730.2235	731.4240	730.9808	725.7091
MWK/GBP	965.7149	974.6761	966.9469	969.2893	962.5381	956.1217
MWK/EUR	851.0269	861.1657	856.0150	853.8138	851.8344	846.1768
MWK/ZAR	53.4907	54.2797	54.1583	54.3690	53.9233	54.7275

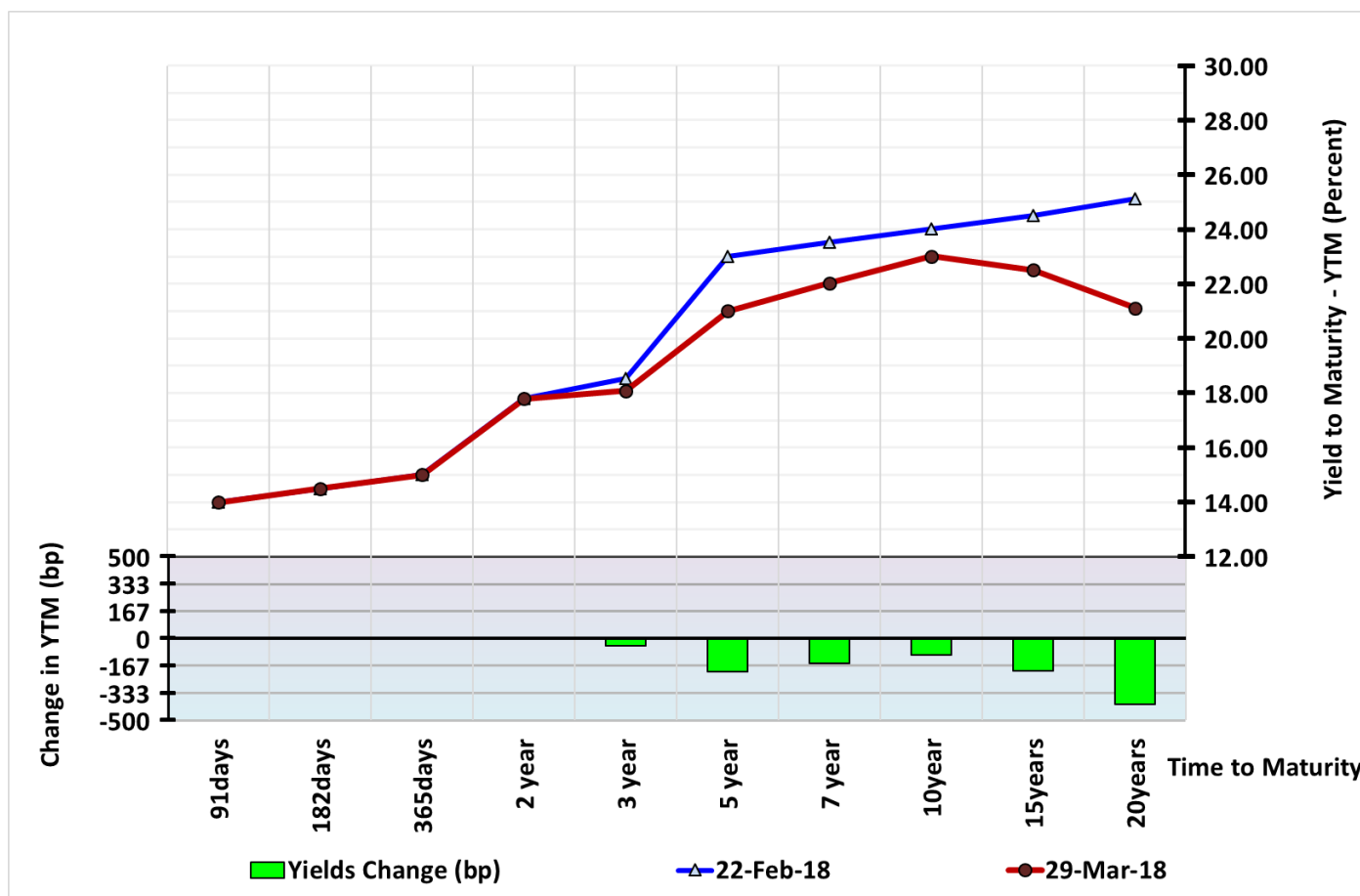
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 12th July 2018, the Kwacha appreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to trade at K725.7091 per US Dollar today, 13th July 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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