



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 24th August 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 24 th August 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-6,839	-851
Estimated Excess Reserves before OMO	2,103	2,103
Estimated Excess Reserves after OMO	0	0
Required Reserves	76,885	76,885

ii. Known Projected Transactions

	Week ending 10 th August 2018	Week ending 17 th August 2018	Week ending 24 th August 2018	August 2018
Maturity of normal TBs/TNs/PNs	4,287	4,971	3,979	23,320
Maturity of OMO Repos	6,404	21,173	6,950	104,581

Commentary:

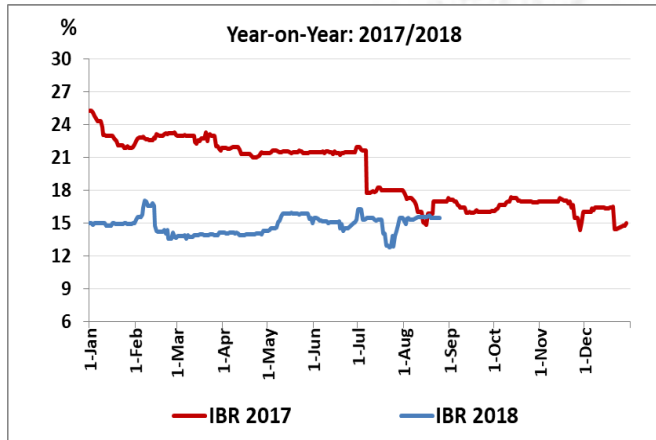
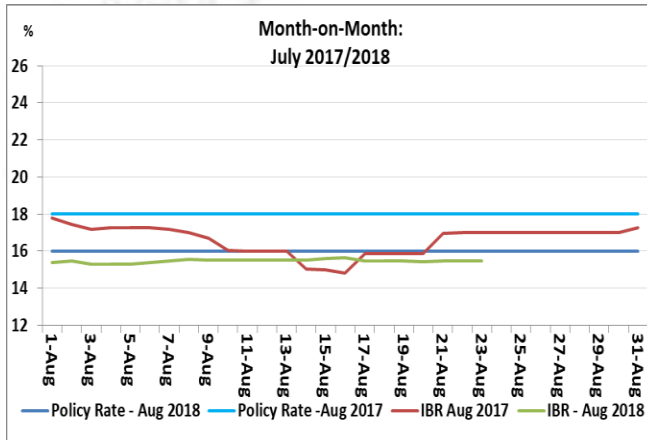
Excess reserves increased to K8.94 billion on Thursday, 23rd August 2018, from K2.95 billion recorded on Wednesday, 22nd August 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk'mn)	Average rate (%)
O/N	7,470	15.48
7 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N		
7 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
91 days	-	-
150 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	6,590	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K7.47 billion on Thursday, 23rd August 2018, from K10.68 billion on Wednesday, 22nd August 2018.
- The overnight interbank market rate (IBR) remained unchanged and closed at 15.48 percent.
- A total of K6.59 billion was accessed from the Lombard Facility on Thursday, 23rd August 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

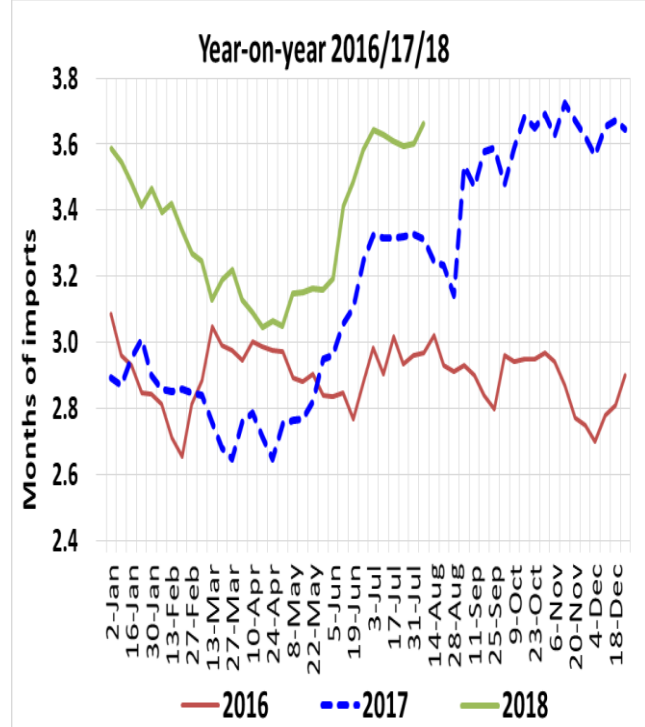
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
13 th July 2018	761.51	3.64
20 th July 2018	758.59	3.63
27 th July 2018	754.24	3.61
10 th Aug 2018	750.83	3.59
17 th Aug 2018	752.80	3.60
23 rd Aug 2018	765.05	3.66

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

Commentary:

- Gross official reserves increased during the week ending 17th August 2018 to \$752.80 million (3.60 months of imports) from \$750.83 million (3.59 months of imports) at the end of the preceding week. As at 23rd August 2018, gross official reserves stood at \$765.05 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)
27 th July 2018	2.99	340.35	343.35	1.64
10 th Aug 2018	-0.30	349.25	348.95	1.67
17 th Aug 2018	-9.73	340.49	330.76	1.58
22 nd Aug 2018	-9.66	339.44	329.77	1.58

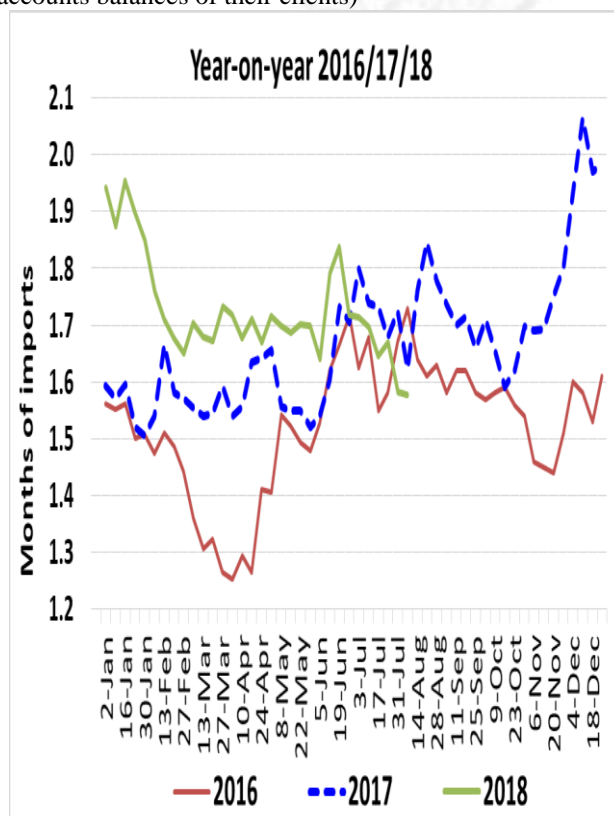
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
27 th July 2018	50.16	50.50
3 rd Aug 2018	60.18	70.32
10 th Aug 2018	34.97	45.64
17 th Aug 2018	49.06	61.89
23 rd Aug 2018	8.30	11.24

Commentary:

- ADB's FX trading increased during the week ending 17th August 2018 compared to the previous week. ADBs purchased a total of US\$49.06 million from the market and sold a total of US\$61.89 million during the week. On Thursday, 23rd August 2018, ADBs purchased US\$8.30 million from the market and sold US\$11.24 million.

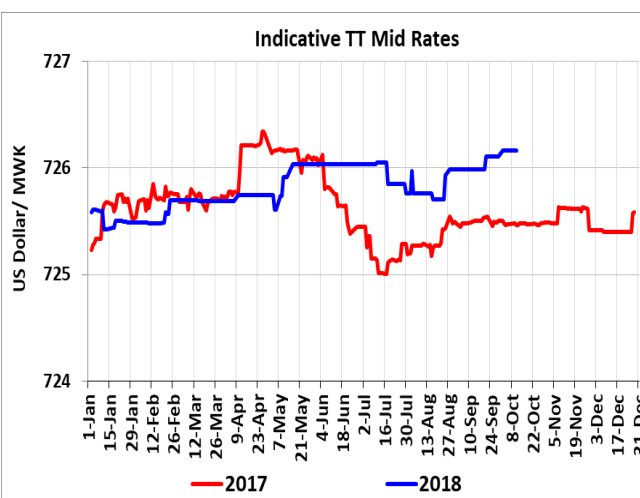
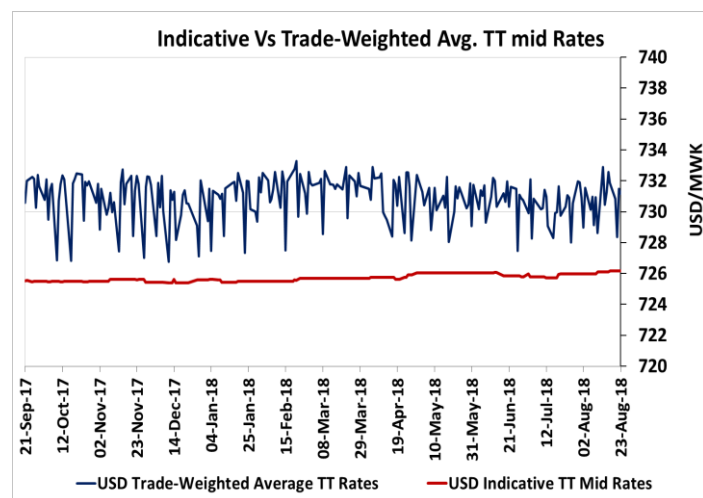


iii. Exchange Rate Developments

	17 th August 2018	20 th August 2018	21 st August 2018	22 nd August 2018	23 rd August 2018	Today's indicative Rates
MWK/USD	731.8610	730.8531	728.3508	731.4635	731.1562	726.1646
MWK/GBP	929.6128	930.5022	932.5123	940.4361	942.2221	931.4513
MWK/EUR	828.4178	828.8990	840.7922	847.5223	845.1114	840.4629
MWK/ZAR	49.5203	50.0796	50.9863	50.8159	50.7293	50.5415

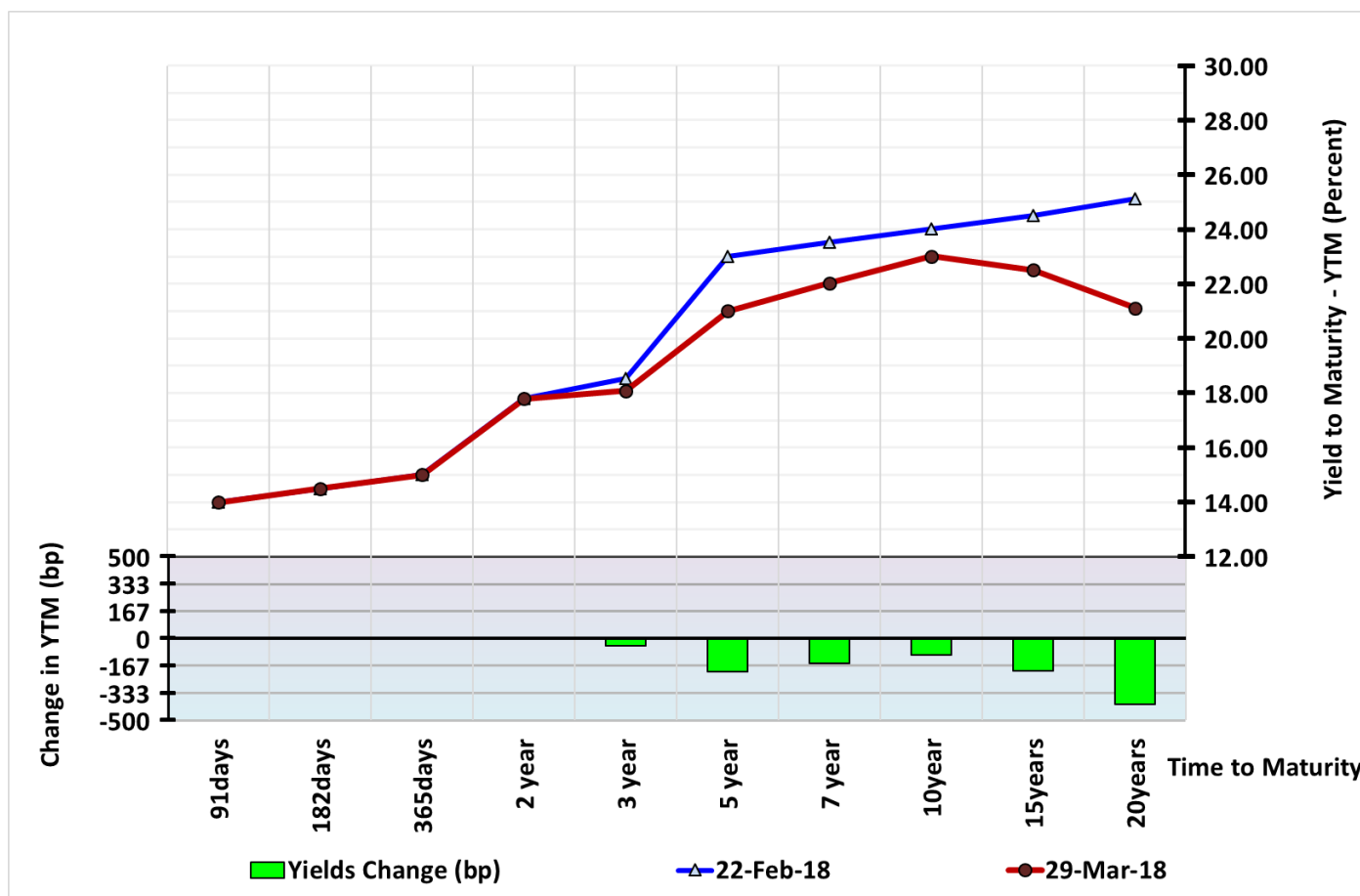
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 23rd August 2018, the Kwacha appreciated against the USD, the EUR and the ZAR but depreciated against the GBP. Indicatively, the local currency is expected to trade at K726.1646 per US Dollar today, 24th August 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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