



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 20th February 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 22 nd February 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-790	-1,774
Estimated Excess Reserves before OMO	9,173	10,093
Estimated Excess Reserves after OMO	0	0
Required Reserves	50,147	50,147

ii. Known Projected Transactions

	Week ending 8 th February 2019	Week ending 15 th February 2019	Week ending 22 nd February 2019	February 2019
Maturity of normal TBs/TNs/PNs	4,210	5,012	13,406	53,737
Maturity of OMO Repos	-	7,564	26,292	60,320

Commentary:

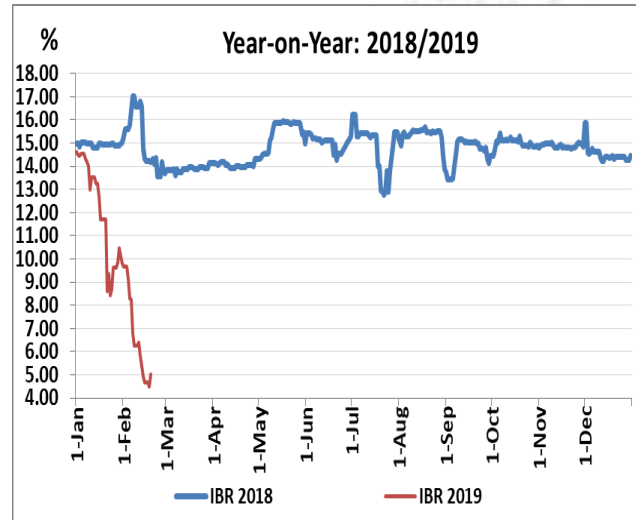
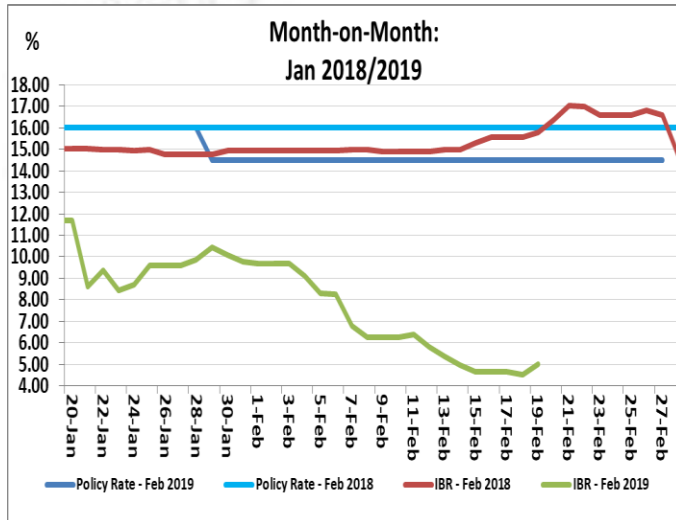
Excess reserves decreased to K9.96 billion on Tuesday, 19th February 2019, from K11.87 billion recorded on Monday, 18th February 2019.

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	3,700	5.00
2 days		
7 days		
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased to K3.70 billion on Tuesday, 19th February 2019, from K3.00 billion on Monday, 18th February 2019.
- The overnight interbank market rate (IBR) increased by 50 basis points (bps) to 5.00 percent on Tuesday, 19th February 2019 from 4.50 percent on Monday, 18th February 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

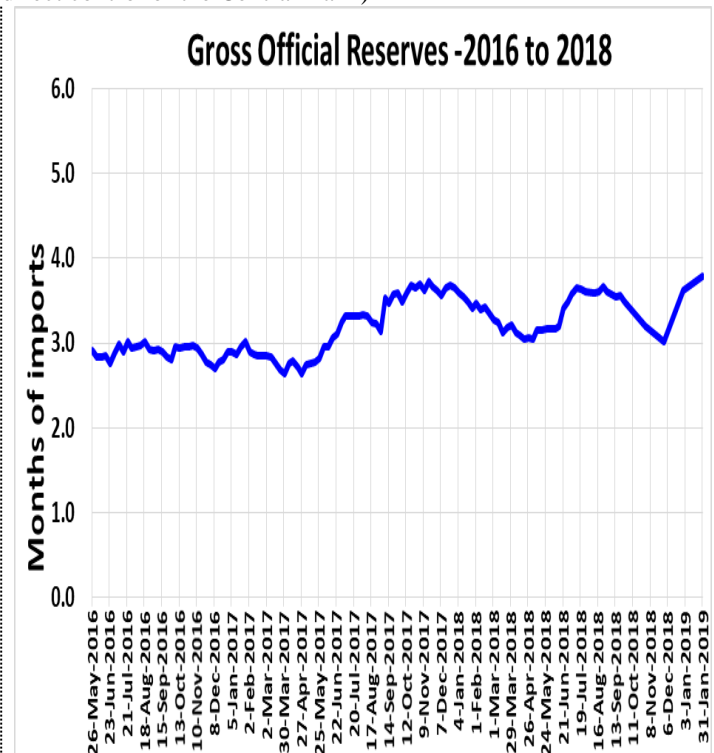
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ million)	Reserves (US\$ million)	Import Cover * (Months)
31 st Aug 2018	753.52	3.61
28 th Sep 2018	727.63	3.48
31 st Oct 2018	669.92	3.20
30 th Nov 2018	631.21	3.04
31 st Dec 2018	755.22	3.61
31 st Jan 2019	790.28	3.78

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

Commentary:

- Gross official reserves increased during January 2019 to \$790.228 million (3.78 months of imports) from \$755.22 million (3.61 months of imports) at the end of the preceding month.



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)
31 st Oct 2018	0.80	328.43	329.23	1.58
30 th Nov 2018	1.63	336.28	337.92	1.62
31 st Dec 2018	2.37	328.47	330.84	1.58
31 st Jan 2019	-4.89	324.01	319.12	1.53

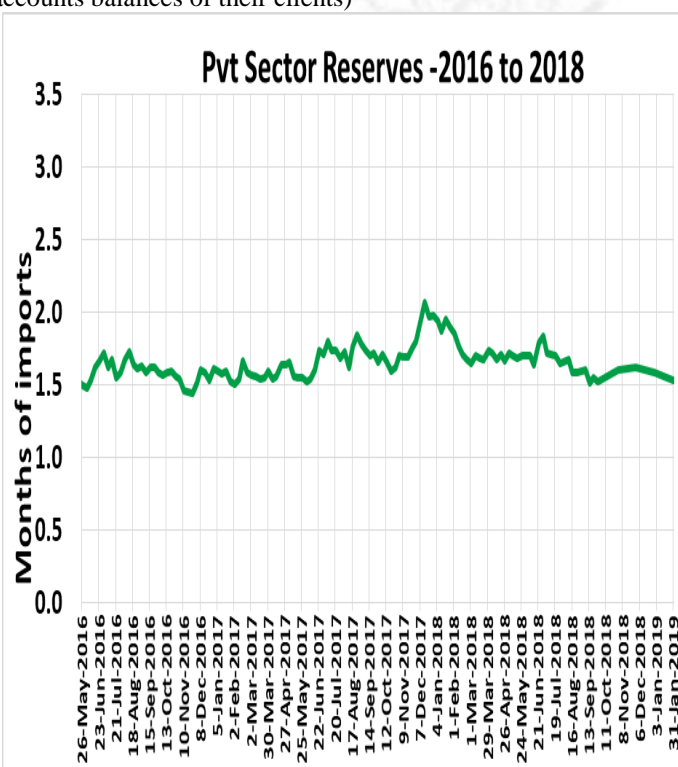
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
1 st Feb 2019	56.45	58.78
8 th Feb 2019	25.06	25.42
15 th Feb 2019	35.89	38.34
On 19 th Feb 2019	7.73	6.87

Commentary:

- ADB's FX trading increased during the week ending 15th February 2019 compared to the previous week. ADBs purchased a total of US\$35.89 million from the market and sold a total of US\$38.34 million during the week. On Tuesday 19th February 2019, ADBs purchased US\$7.73 million from the market and sold US\$6.87 million.

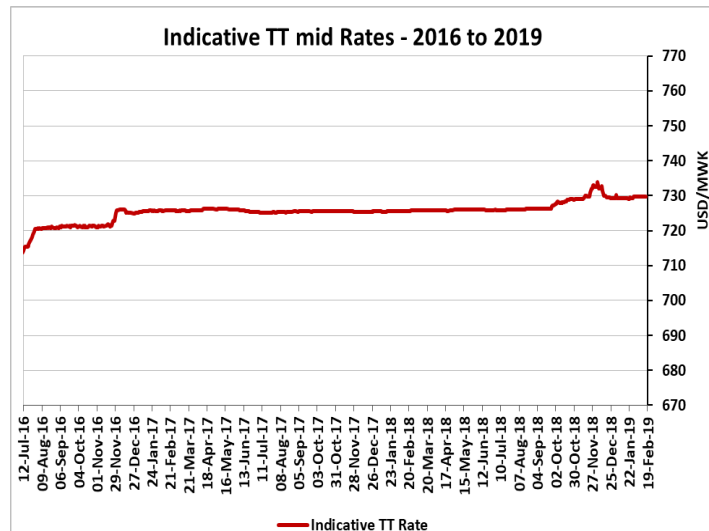
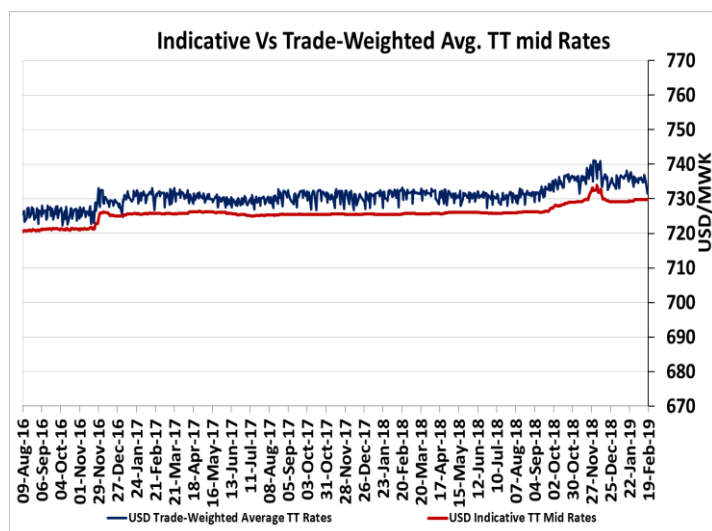


iii. Exchange Rate Developments

	13 th Feb 2019	14 th Feb 2019	15 th Feb 2019	18 th Feb 2019	19 th Feb 2019	Today's indicative Rates
MWK/USD	736.9464	735.6665	735.2308	731.5396	737.3801	729.8331
MWK/GBP	947.4380	946.9241	941.2030	947.3533	946.4950	953.3080
MWK/EUR	833.3282	827.7468	828.8901	831.0608	832.9580	827.9957
MWK/ZAR	53.4003	52.1808	51.9125	52.0962	51.7452	52.0439

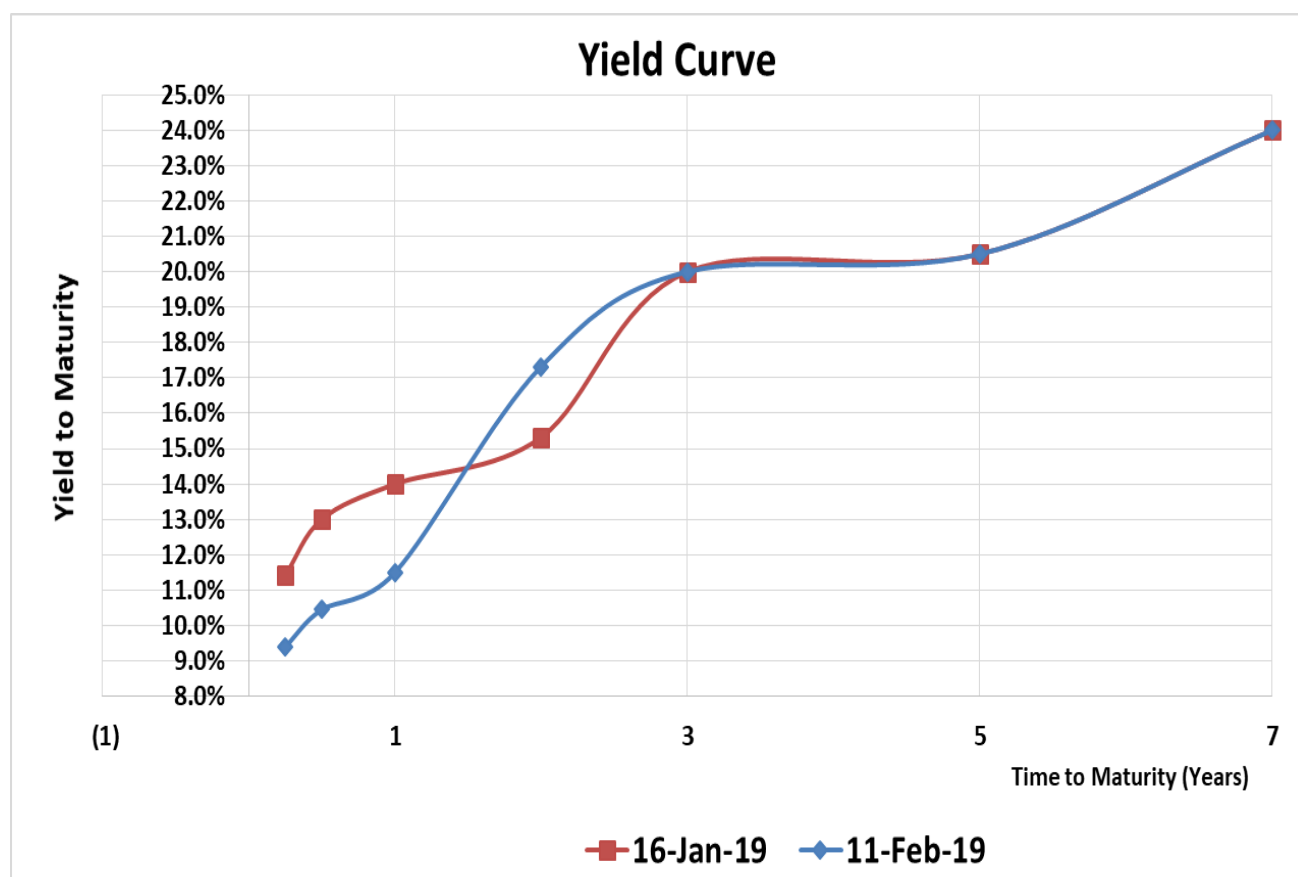
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Tuesday, 19th February 2019, the Kwacha depreciated against the USD and the EUR but appreciated against the GBP and the ZAR. Indicatively, the local currency is expected to be trading at 729.8331 per US Dollar today, 20th February 2019.



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
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%
16 th January 2019	11.42%	13.00%	14.00%	15.32%	20.00%	20.50%	24.00%
11 th February 2019	9.40%	10.45%	11.50%	17.32%	20.00%	20.50%	24.00%
11 Feb 2019 – 16 Jan 2018 Change in Yield (Bp)	(2.02)	(2.55)	(2.50)	2.00	0.00	0.00	0.00



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