



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday 12th June 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 14 th June 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-23,943	-1,651
Estimated Excess Reserves before OMO	-23,844	-8,544
Estimated Excess Reserves after OMO	0	0
Required Reserves	60,406	60,406

ii. Known Projected Transactions

	Week ending 14 th June 2019	Week ending 21 st June 2019	Week ending 28 th June 2019	June 2019
Maturity of normal TBs/TNs/PNs	15,311	9,361	6,474	37,701
Maturity of OMO Repos	0	4,834	4,836	24,535

Commentary:

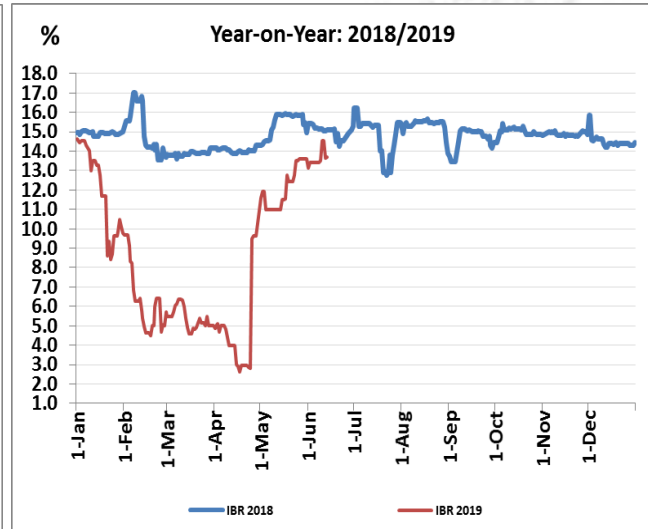
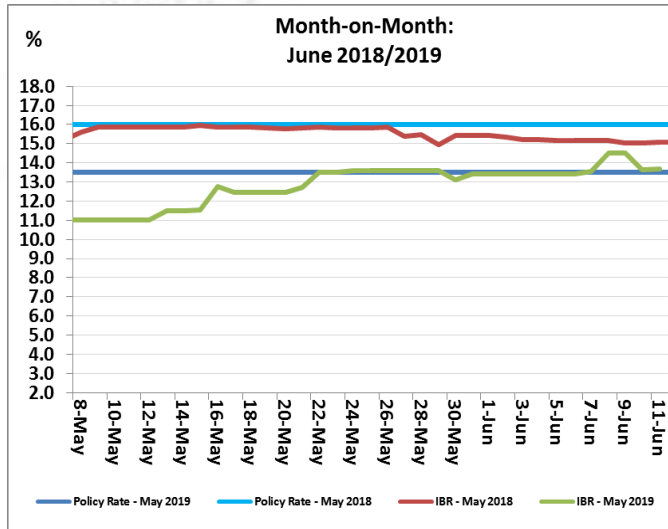
Actual Excess Reserves increased to K99.69 million on Tuesday, 11th June 2019, from negative K7.70 billion recorded on Monday, 10th June 2019.

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	10,750	13.70
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	23,900	13.90

Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market decreased to K10.75 billion on Tuesday, 11th June 2019, from K11.85 billion on Monday, 10th June 2019.
- The overnight interbank market rate (IBR) increased by 6 (bps) basis points and stood at 13.70 percent on Tuesday, 11th June 2019, from 13.64 percent on Monday, 10th June 2019.
- K23.90 billion was accessed on the Lombard facility on Tuesday, 11th June 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

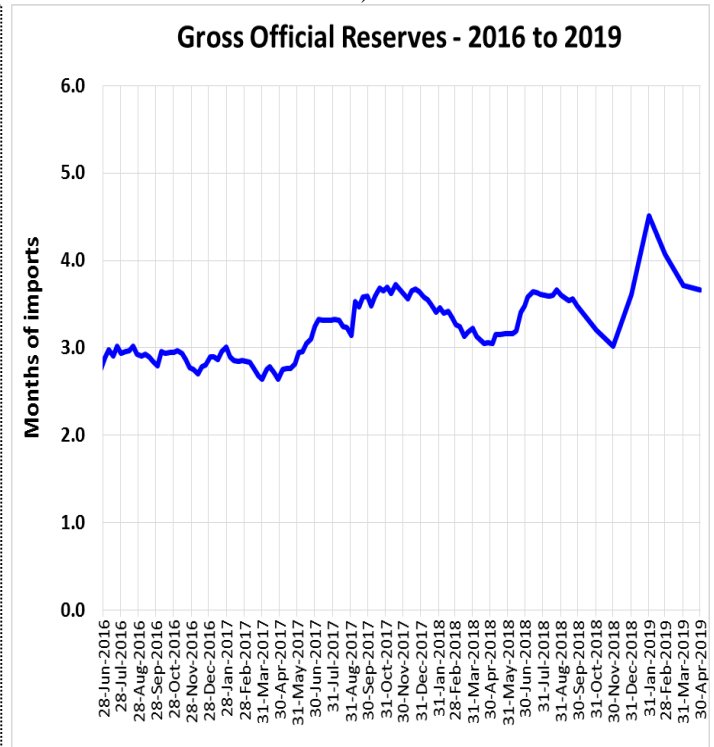
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ million)	Reserves (US\$ million)	Import Cover * (Months)
31 st Jan 2019	790.28	3.78
28 th Feb 2019	837.49	4.01
31 st Mar 2019	775.45	3.71
30 th Apr 2019	766.10	3.67

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

Commentary:

- Gross official reserves stood at \$766.10 million (3.67 months of imports) at the end of April 2019 from \$775.45 million (3.71 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 Jan 2019	-4.89	324.01	319.12	1.53
28 th Feb 2019	-7.31	331.59	324.27	1.55
31 st Mar 2019	-8.71	313.75	305.05	1.46
30 th Apr 2019	-8.07	317.98	309.91	1.48

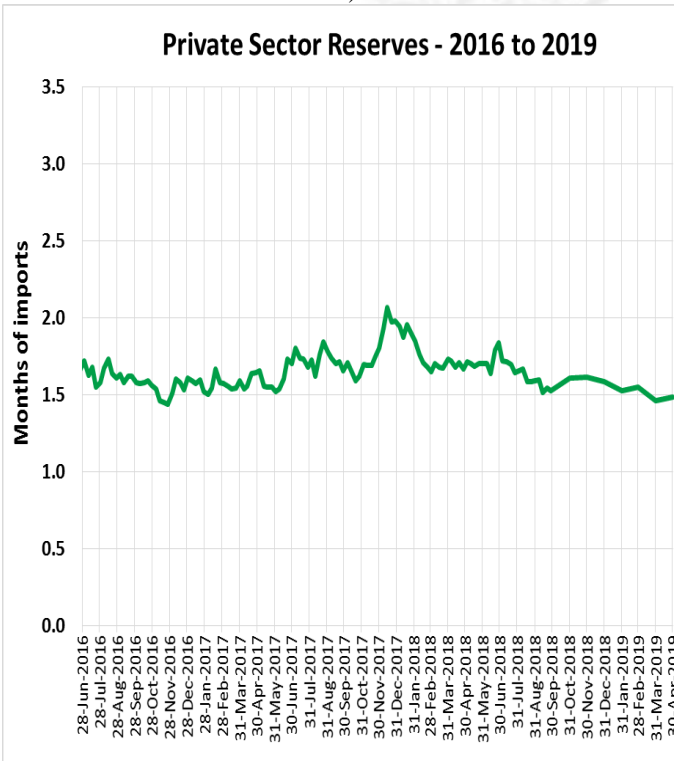
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
24 th May 2019	25.76	31.21
31 st May 2019	37.11	42.80
7 th June 2019	32.56	28.72
On 11 th June 2019	9.20	7.27

Commentary:

- ADB's FX trading decreased during the week ending 7th June 2019 compared to the previous week. ADBs purchased a total of US\$32.56 million from the market and sold a total of US\$28.72 million during the week. On Tuesday, 11th June 2019, ADBs purchased US\$9.20 million from the market and sold US\$7.27 million.

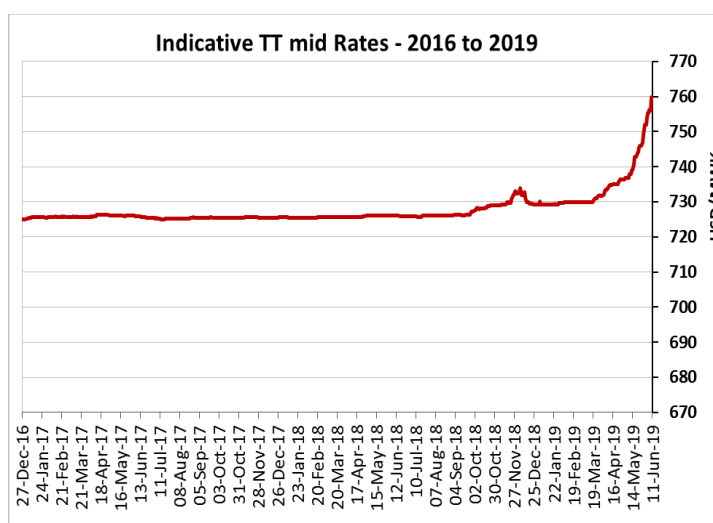
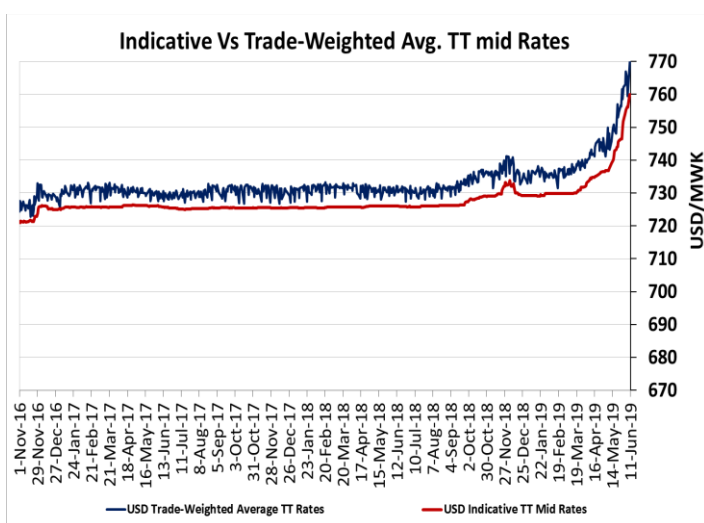


iii. Exchange Rate Developments

	4 th June 2019	6 th June 2019	7 th June 2019	10 th June 2019	11 th June 2019	Today's indicative Rates
MWK/USD	766.9653	764.7671	759.4619	770.0934	775.8629	765.3978
MWK/GBP	965.7110	968.1955	968.1419	964.6526	972.9906	973.5860
MWK/EUR	859.1788	859.2072	847.0352	862.3946	867.2301	867.2722
MWK/ZAR	52.6695	51.2409	51.3441	51.6080	51.4984	52.2434

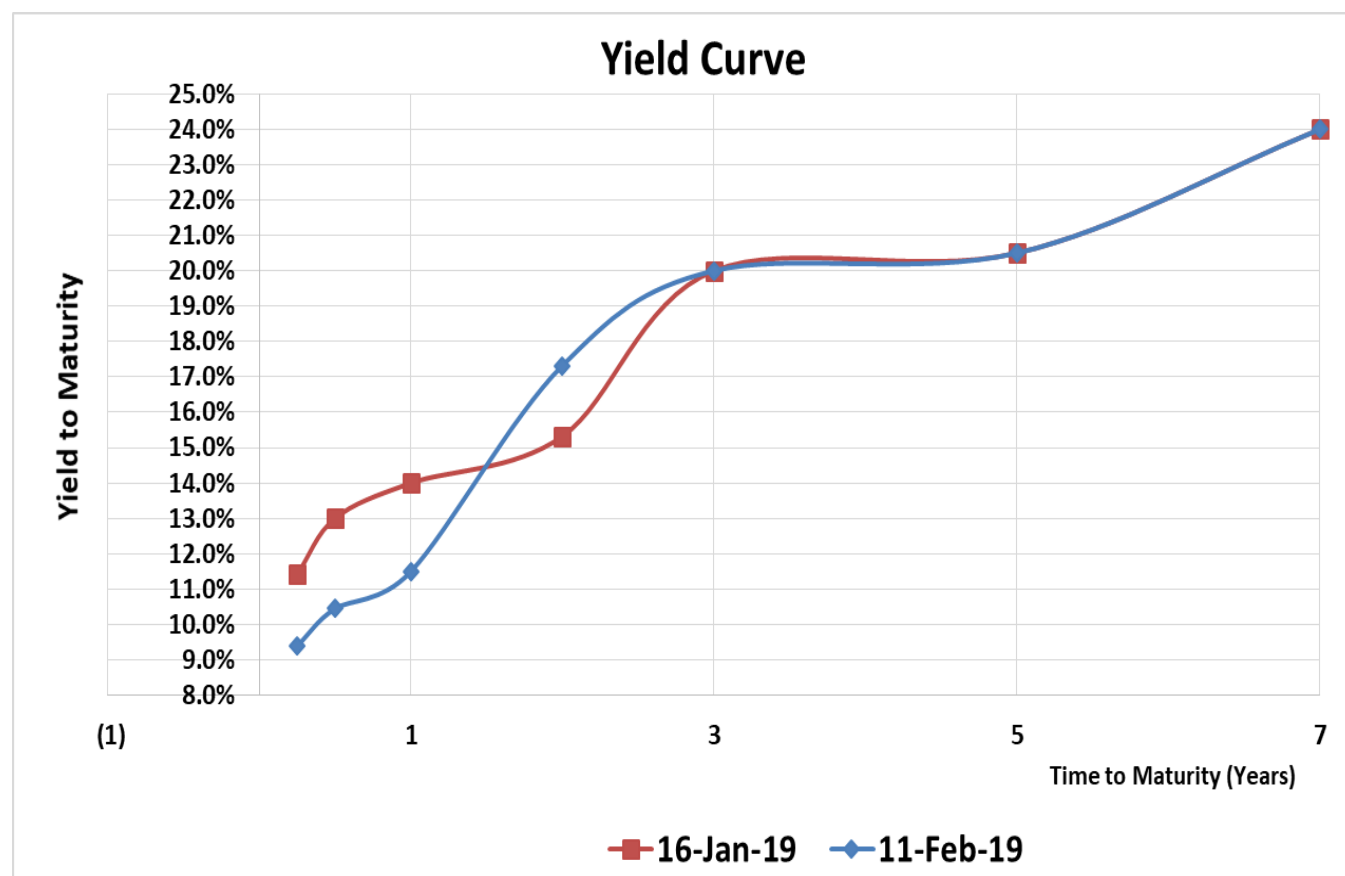
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Tuesday, 11th June 2019, the Kwacha appreciated against the ZAR, but depreciated against the USD, the GBP and the EUR. Indicatively, the local currency is expected to be trading at MWK765.3978 per US Dollar today, 12th June 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



DISCLAIMER: This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and Accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.