



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 10<sup>th</sup> July 2019

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 12 <sup>th</sup> July 2019	9 <sup>th</sup> July 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-37,055	-8,183	
Excess Reserves before OMO	-42,954	-15,651	
Excess Reserves after OMO	0	0	-5,899
Required Reserves	54,226	54,226	54,086

#### ii. Known Projected Transactions

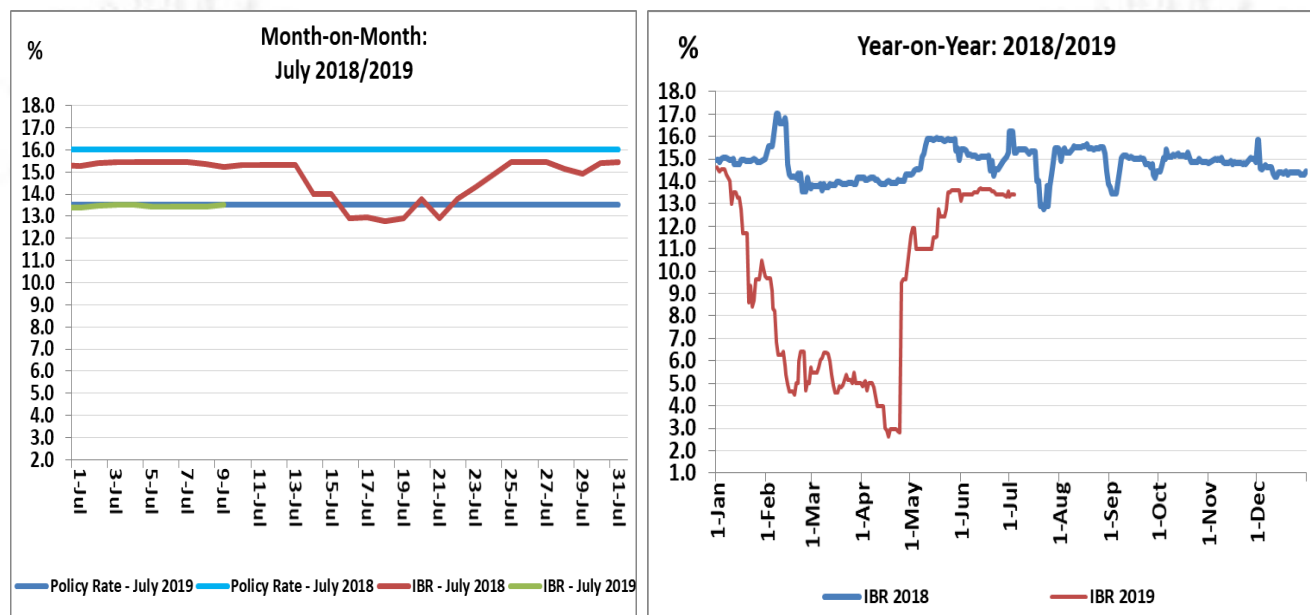
	Week ending 26 <sup>th</sup> June 2019	Week ending 5 <sup>th</sup> July 2019	Week ending 12 <sup>th</sup> July 2019	July 2019
Maturity of normal TBs/TNs/PNs	19,414	10,997	29,872	76,857
Maturity of OMO Repos	0	8,626	0	36,458

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk' bn)	Average rate (%)
O/N	4.00	13.50
2 days	-	-
7 days	-	-
<b>(b) RBM Open market operations</b>		
<b>(i) Repos</b>		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
<b>(ii) Reverse Repos</b>		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	30.01	13.90

## Weighted Average Interbank Rates

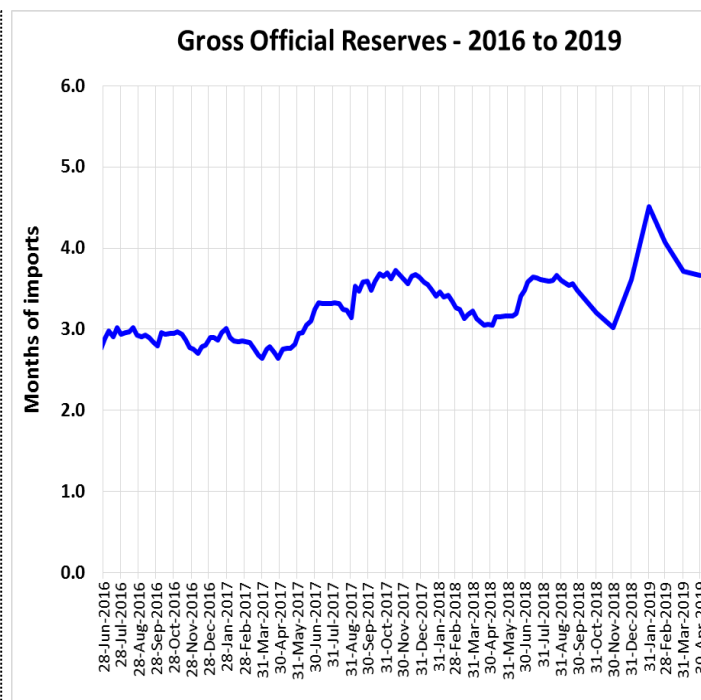


## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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 <sup>st</sup> Jul 2018	754.23	3.61
31 <sup>st</sup> Aug 2018	753.52	3.61
28 <sup>th</sup> Sep 2018	727.63	3.48
31 <sup>st</sup> Oct 2018	669.92	3.20
30 <sup>th</sup> Nov 2018	631.92	3.04
31 Dec 2018	755.22	3.61
31 <sup>st</sup> Jan 2019	790.28	3.78
28 <sup>th</sup> Feb 2019	837.49	4.01
31 <sup>st</sup> Mar 2019	775.45	3.71
30 <sup>th</sup> Apr 2019	766.10	3.67

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



## ii. Private Sector Foreign Exchange Reserves

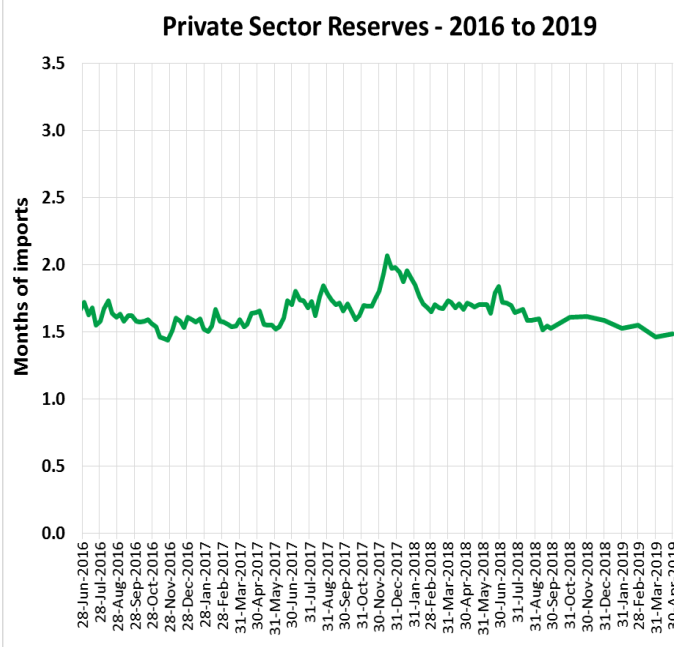
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
31 <sup>st</sup> Jan 2019	-4.89	324.01	319.12	1.53
28 <sup>th</sup> Feb 2019	-7.31	331.59	324.27	1.55
31 <sup>st</sup> Mar 2019	-8.71	313.75	305.05	1.46
30 <sup>th</sup> 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

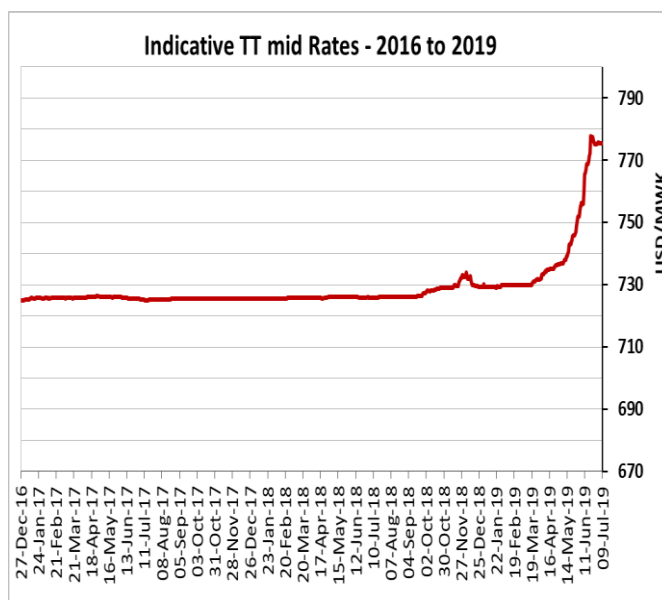
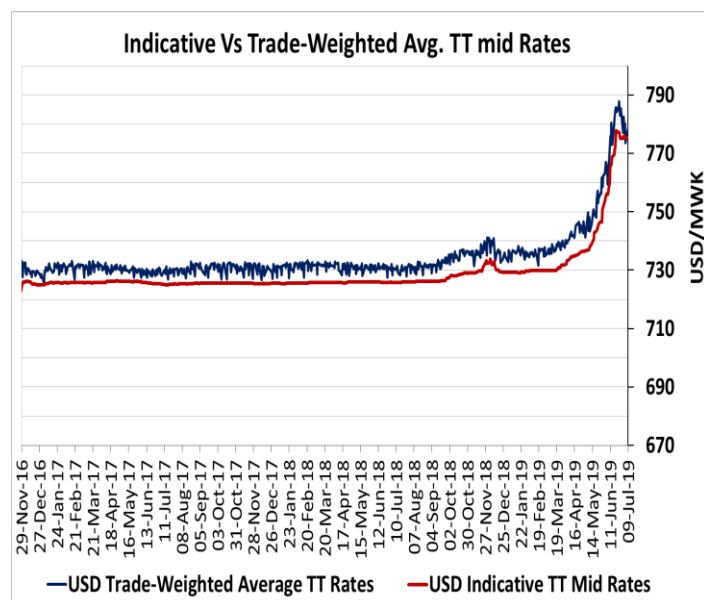
Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
21 <sup>st</sup> June 2019	36.63	32.59
28 <sup>th</sup> June 2019	37.83	38.22
5 <sup>th</sup> July 2019	30.99	52.53
On 9 <sup>th</sup> July 2019	5.69	8.55



## iii. Exchange Rate Developments

	2 <sup>nd</sup> July 2019	3 <sup>rd</sup> July 2019	4 <sup>th</sup> July 2019	5 <sup>th</sup> July 2019	9 <sup>th</sup> July 2019	Today's indicative Rates
MWK/USD	782.3486	779.3232	780.1425	773.5973	778.5618	775.4256
MWK/GBP	983.4682	980.1045	973.3611	974.4965	968.7462	965.9477
MWK/EUR	877.9936	876.2917	873.8000	869.7498	871.5434	868.9419
MWK/ZAR	55.6778	55.2564	55.7797	55.7981	55.2566	54.6598

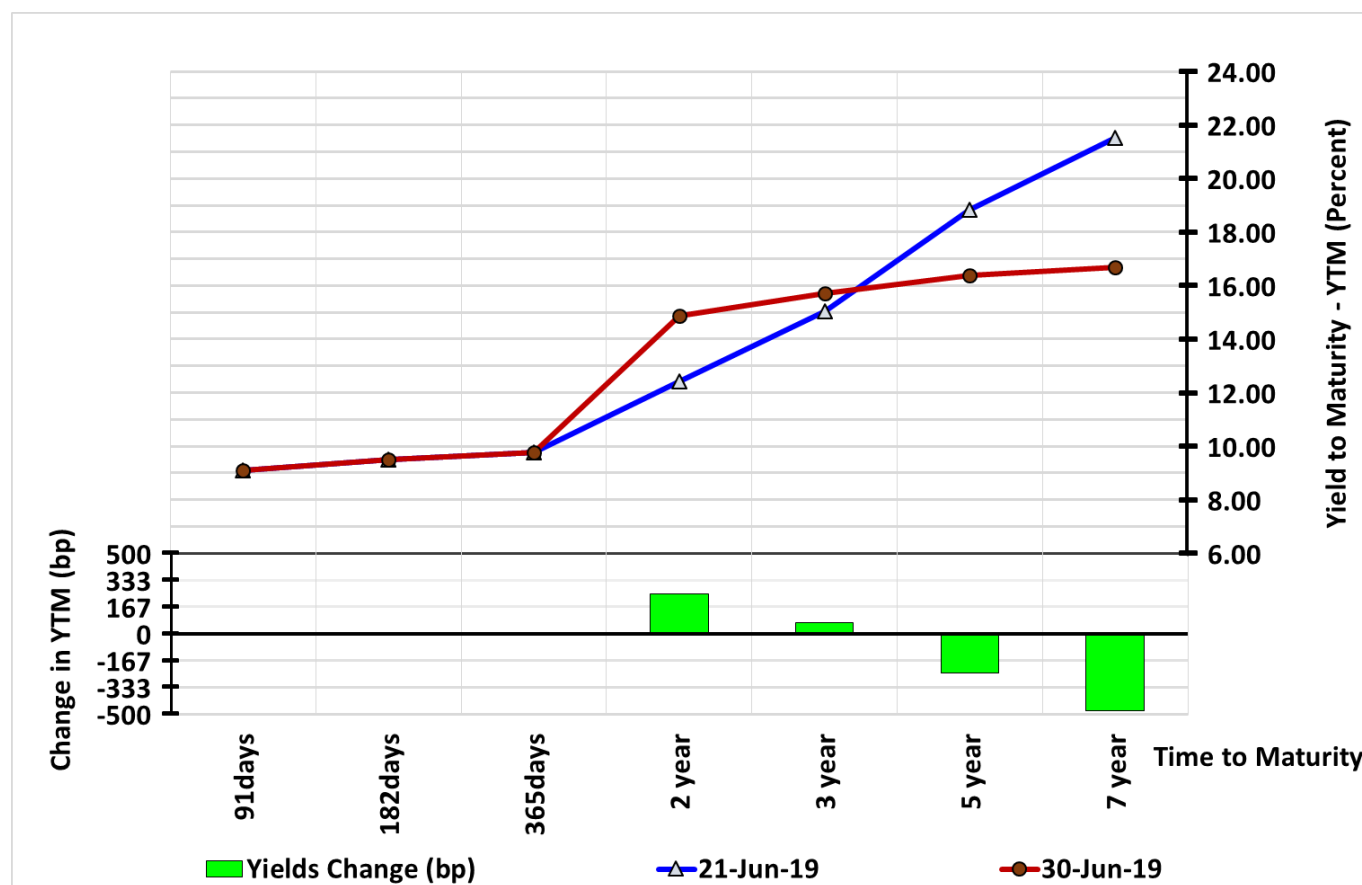
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus



#### D. YIELD CURVE FOR GOVERNMENT SECURITIES (Based on actual trades)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year
21 June 2019	9.10	9.50	9.76	12.41	15.05	18.83	21.51
30 June 2019	9.10	9.49	9.76	14.86	15.71	16.37	16.70
19 Jun 2019 – 30 Jun 2019 Change in Yield (Bp)	0	0	0	245	66	(247)	(481)

**NOTE:** The 91 day, 182 day and 364 day Treasury bill yields (9.00%, 9.50% and 10.00% respectively) have been converted to semi-annual bond basis.



**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.