RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 11th October 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 11th October 2019	10th October 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	2,375	-13,338	
Excess Reserves before OMO	21,783	21,783	
Excess Reserves after OMO			19,408
Required Reserves	54,975	54,975	54,975

ii. Known Projected Transactions

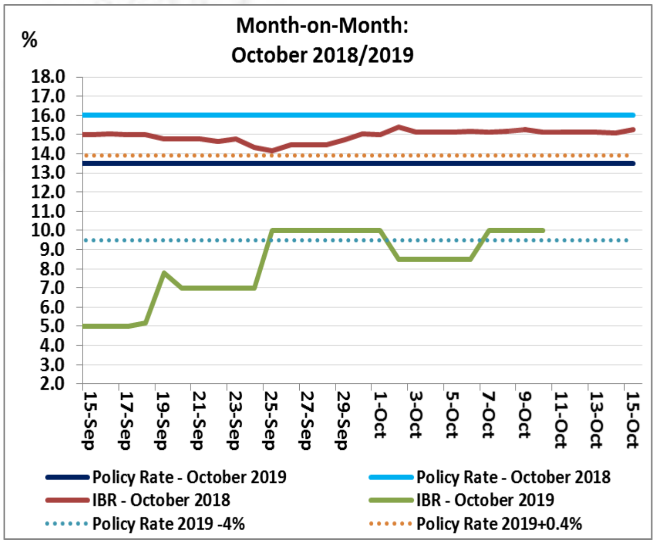
	Week ending 27th Sep 2019	Week ending 4th Oct 2019	Week ending 11th Oct 2019	End Month Oct 2019
Maturity of normal TBs/TNs/PNs	28,505	10,335	5,087	63,124
Maturity of OMO Repos	0	42,072	7,724	55,198

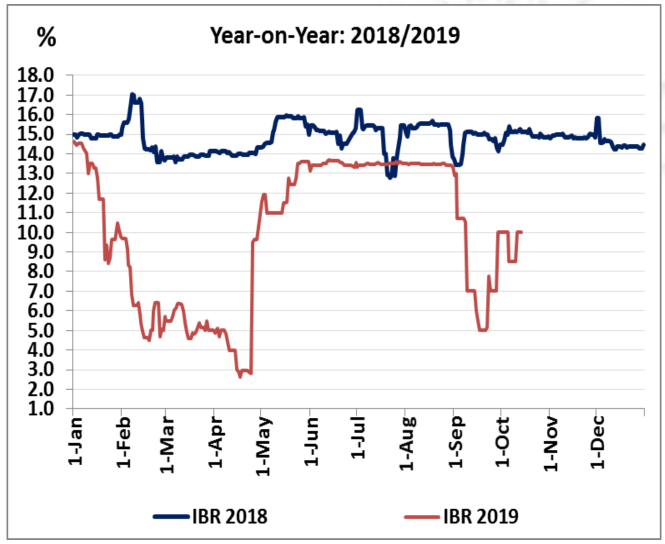
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	**Volume (Mk' bn)**	**Average rate (%)**
O/N	3.80	10.00
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





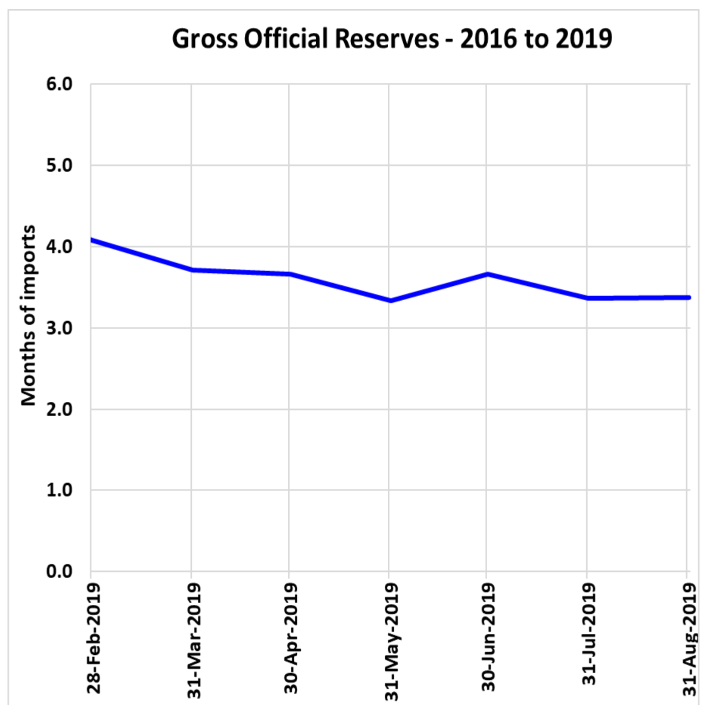
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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)
30th Nov 2018	631.92	3.04
31 Dec 2018	755.22	3.61
31st Jan 2019	790.28	3.78
28th Feb 2019	837.49	4.01
31st Mar 2019	775.45	3.71
30th Apr 2019	766.10	3.67
31st May 2019	696.30	3.33
30th June 2019	765.82	3.66
31st July 2019	704.14	3.37
30th August 2019	705.68	3.37

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



ii. Private Sector Foreign Exchange Reserves

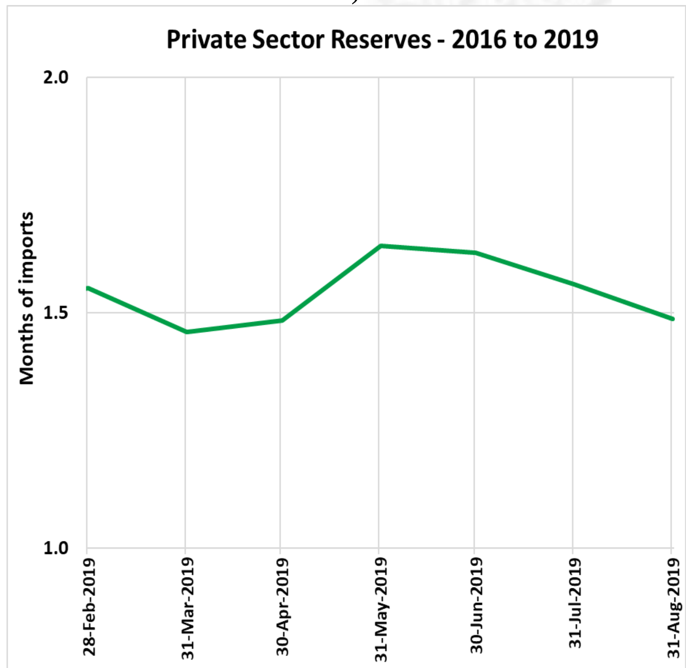
(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US$ mn)	**ADBs Own Position**	**FCDA**	**Total**	**Import Cover *** (Months)
31st May 2019	-4.42	347.70	343.28	1.64
30th June 2019	-1.43	341.63	340.20	1.62
31st July 2019	-13.42	339.52	326.10	1.56
30th August 2019	-9.43	320.22	310.79	1.48

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

ADBs FOREIGN EXCHANGE TRADING ACTIVITY

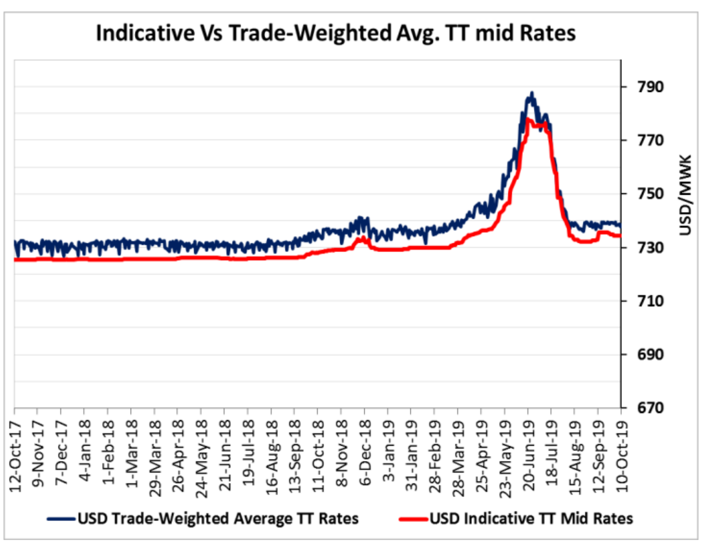
Week Ending (US$ mn)	**ADBs Purchases**	**ADBs Sales**
20th Sep 2019	39.94	49.66
27th Sep 2019	35.06	36.05
4th Oct 2019	40.19	40.49
On 10th Oct 2019	5.28	6.88

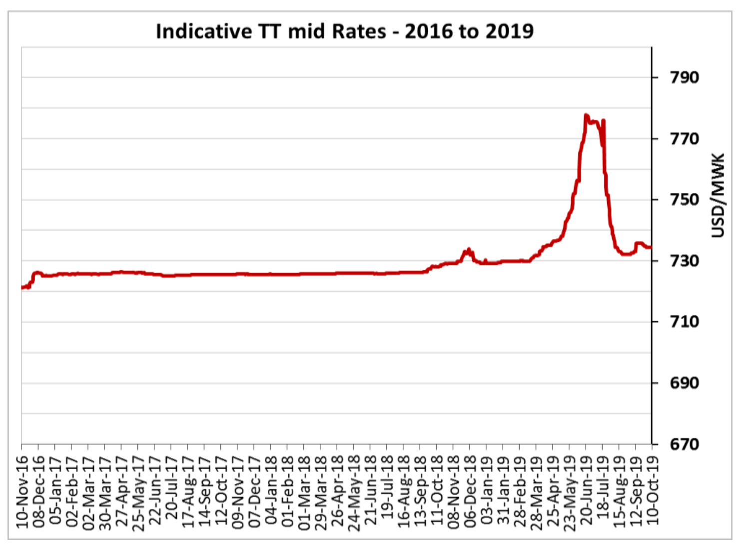


iii. Exchange Rate Developments

	4th Oct 2019	**7th Oct 2019**	**8th Oct 2019**	**9th Oct 2019**	**10th Oct 2019**	**Today's indicative Rates**
MWK/USD	738.1064	738.4461	738.7845	737.7956	738.4553	734.4495
MWK/GBP	910.0777	909.6663	908.5612	902.0405	901.4798	914.6100
MWK/EUR	810.4686	810.5718	810.2857	809.1272	809.9781	808.9227
MWK/ZAR	48.8525	49.2299	48.6345	48.4579	48.4352	48.8662

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	10 Year
16 September 2019	9.25	10.00	9.76	9.35	11.05	17.20	17.54	18.03
30 September 2019	9.05	9.43	9.40	9.35	9.69	17.67	17.14	18.03
16 Sep 2019 – 30 Sep 2019 Change in Yield (Bp)	(20)	(56)	(35)	0.15	(135)	46	(39)	0

NOTE: The 91 day, 182 day and 364 day Treasury bill yields (9.25%, 10.00% and 9.76% respectively) have been converted to semi-annual bond basis.