



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 4<sup>th</sup> November 2019

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 8 <sup>th</sup> November 2019	1 <sup>st</sup> November 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	3,320	2,321	
Excess Reserves before OMO	21,671	20,672	
Excess Reserves after OMO			18,351
Required Reserves	56,033	56,033	56,033

#### ii. Known Projected Transactions

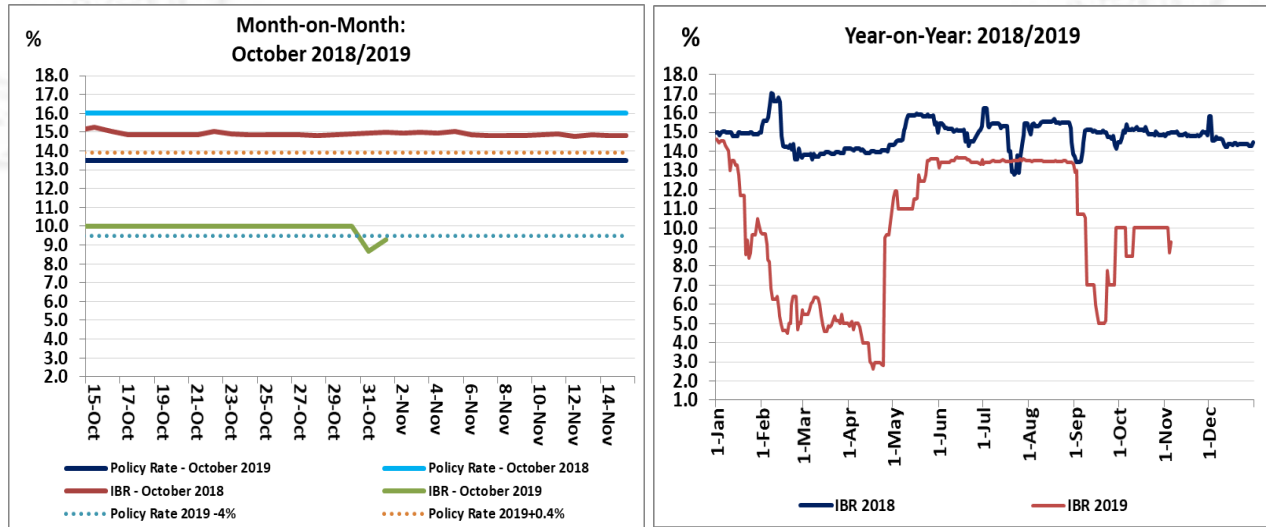
	End Month Oct 2019	Week ending 1 <sup>st</sup> Nov 2019	Week ending 8 <sup>th</sup> Nov 2019	End Month Nov 2019
Maturity of normal TBs/TNs/PNs	63,124	9,766	5,001	36,908
Maturity of OMO Repos	55,198	2,435	0	4,869

### 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	5.00	9.27
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>	-	-

## Weighted Average Interbank Rates

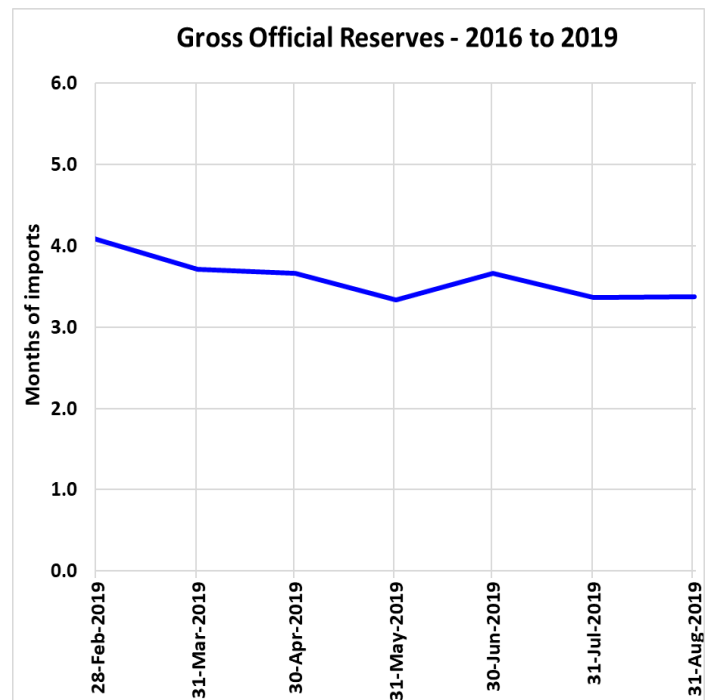


## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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)
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
31 <sup>st</sup> May 2019	696.30	3.33
30 <sup>th</sup> June 2019	765.82	3.66
31 <sup>st</sup> July 2019	704.14	3.37
30 <sup>th</sup> August 2019	705.68	3.37

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



## ii. Private Sector Foreign Exchange Reserves

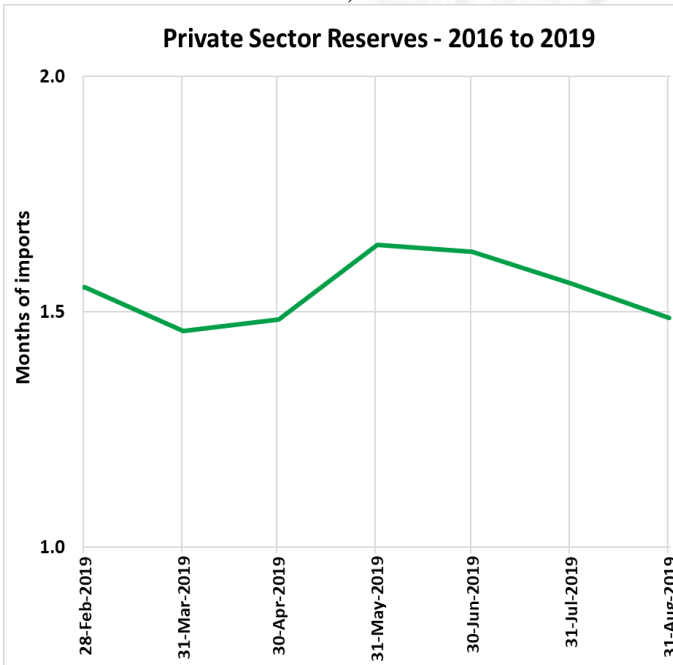
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

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

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

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

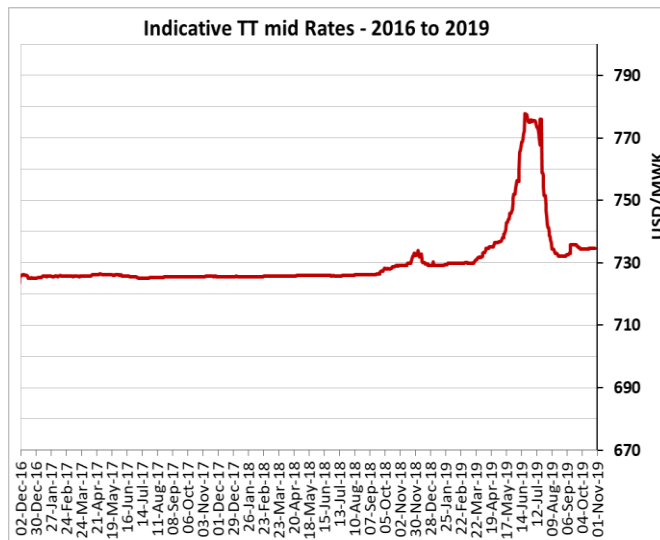
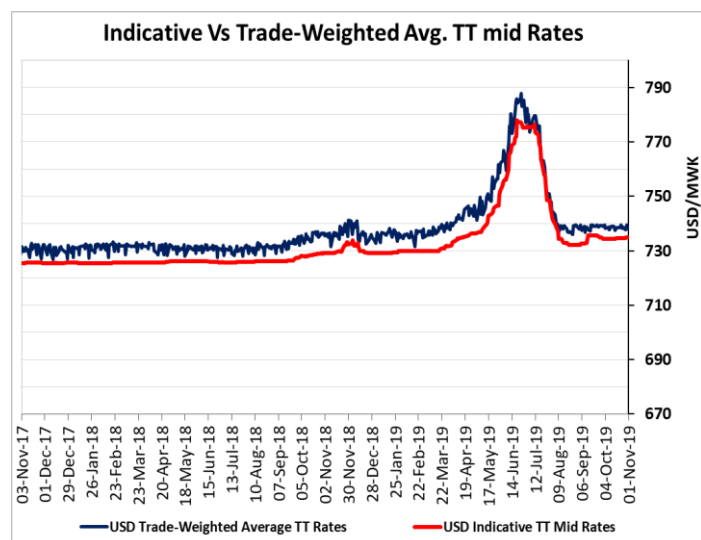
Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 <sup>th</sup> Oct 2019	21.34	32.28
25 <sup>th</sup> Oct 2019	40.36	42.76
1 <sup>st</sup> Nov 2019	24.63	32.90
On 1 <sup>st</sup> Nov 2019	4.88	6.48



## iii. Exchange Rate Developments

	28 <sup>th</sup> Oct 2019	29 <sup>th</sup> Oct 2019	30 <sup>th</sup> Oct 2019	31 <sup>st</sup> Oct 2019	1 <sup>st</sup> Nov 2019	Today's indicative Rates
MWK/USD	737.6473	738.7447	739.5904	737.9587	738.5459	734.7401
MWK/GBP	947.5467	947.8701	949.3165	953.9486	956.0658	950.5333
MWK/EUR	817.8856	819.1396	819.1096	823.4052	824.3501	820.6312
MWK/ZAR	50.7283	50.5714	50.3312	49.1315	48.9966	49.4998

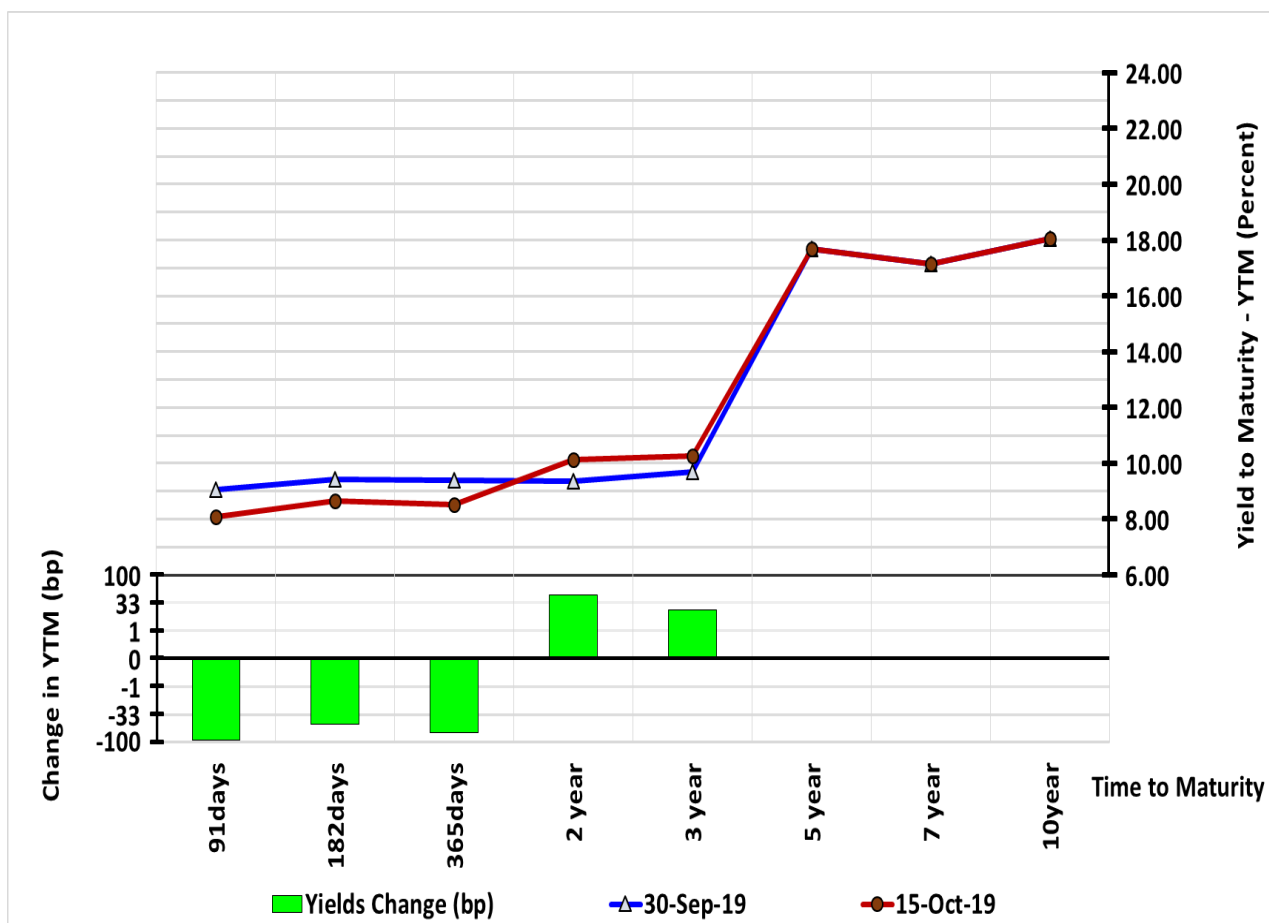
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus.



#### 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
30 September 2019	9.05	9.43	9.40	9.35	9.69	17.67	17.14	18.03
15 October 2019	8.08	8.65	8.51	10.12	10.27	17.67	17.14	18.04
30 Sep 2019 – 15 Oct 2019 Change in Yield (Bp)	(97)	(78)	(89)	76	57	0	0	0

**NOTE:** The 91 day, 182 day and 364 day Treasury bill yields (8.00%, 8.65% and 8.6935% 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.