



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 02nd July 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 3 rd July 2020	01 st July 2020
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-19,637	-30,006	
Excess Reserves before OMO	-15,773	-21,953	
Excess Reserves after OMO			3,864
Required Reserves	47,309	47,309	47,309

ii. Known Projected Transactions

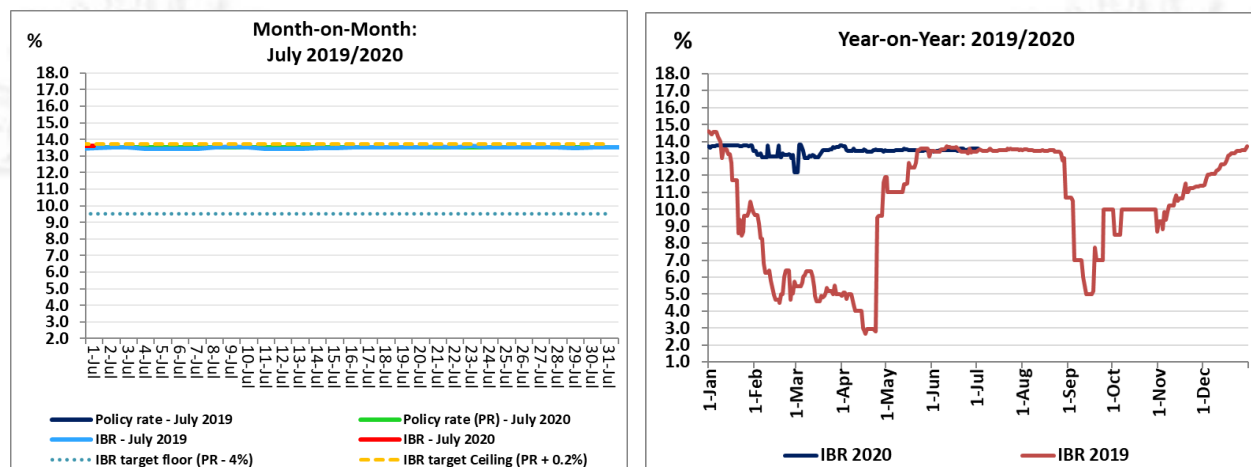
	Week ending 03 th July 2020	Week ending 10 th July 2020	Week ending 17 th July 2020	Month of July 2020	Month of August 2020
Maturity of normal Treasury Securities	17,445	3,143	7,745	31,499	15,614
Maturity of OMO Repos	0	0	0	0	0

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (MWK' Billion)	Average rate (%)
O/N	23.60	13.59
7 days	-	-
20 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	13.65	13.70

Weighted Average Interbank Rates

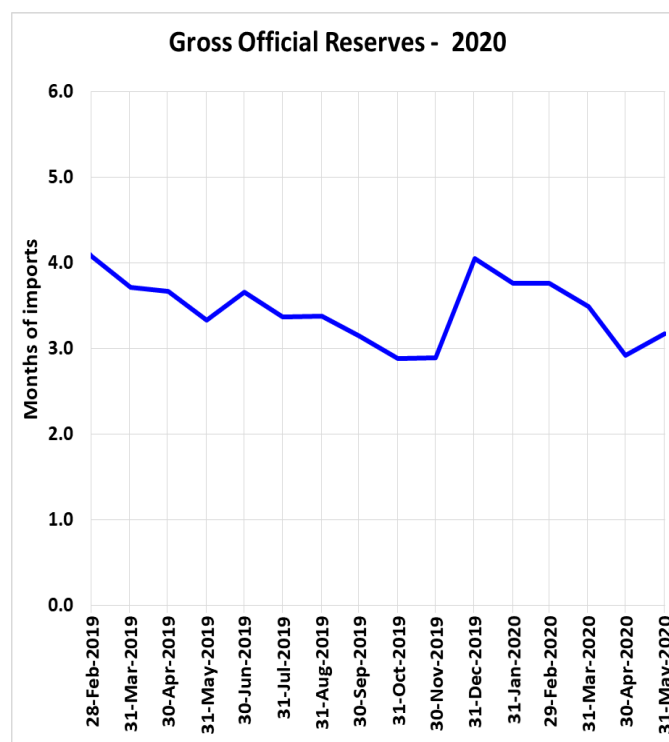


C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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

Date	Reserves (US\$ million)	Import Cover * (Months of Imports)
30 th Jun 2019	765.82	3.66
31 st Jul 2019	704.14	3.37
30 th Aug 2019	705.68	3.37
30 th Sept 2019	656.04	3.14
31 st Oct 2019	601.80	2.88
30 th Nov 2019	603.82	2.89
31 st Dec 2019	846.55	4.05
31 st -Jan-20	786.71	3.76
29 th -Feb-20	785.31	3.76
31 st Mar 20	730.17	3.49
30 th April 20	610.13	2.92
31 st May 20	662.98	3.17

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



ii. Private Sector Foreign Exchange Reserves

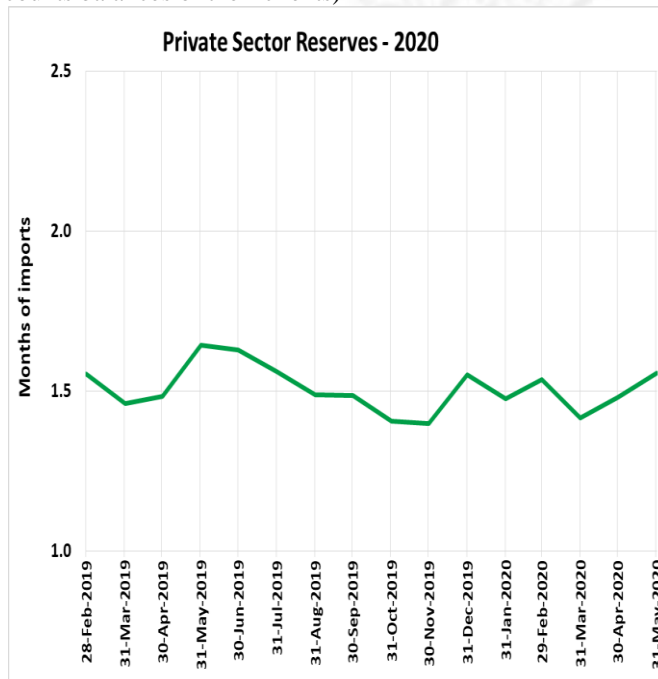
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
29 th February 2020	4.23	316.57	320.8	1.53
31 st March 2020	-4.56	300.11	295.55	1.41
30 th April 2020	-3.09	306.37	303.27	1.45
31 st May 2020	-4.50	329.46	324.96	1.55

* 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
12 th June 2020	27.75	29.16
19 th June 2020	25.94	28.19
26 th June 2020	28.17	29.16
On 01 st July 2020	3.66	3.81

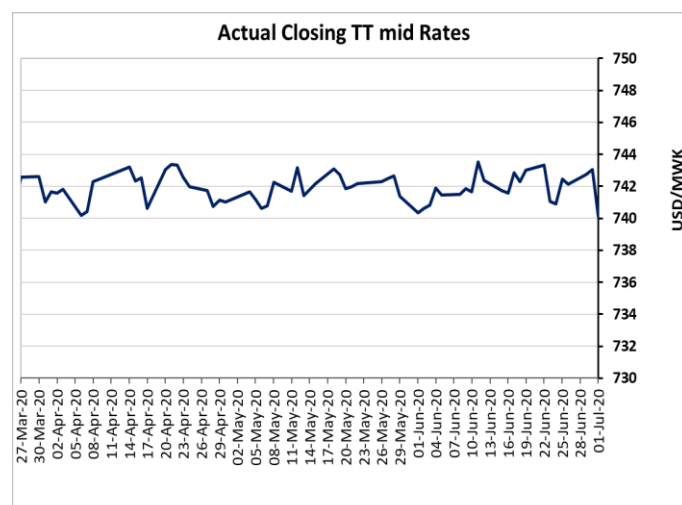
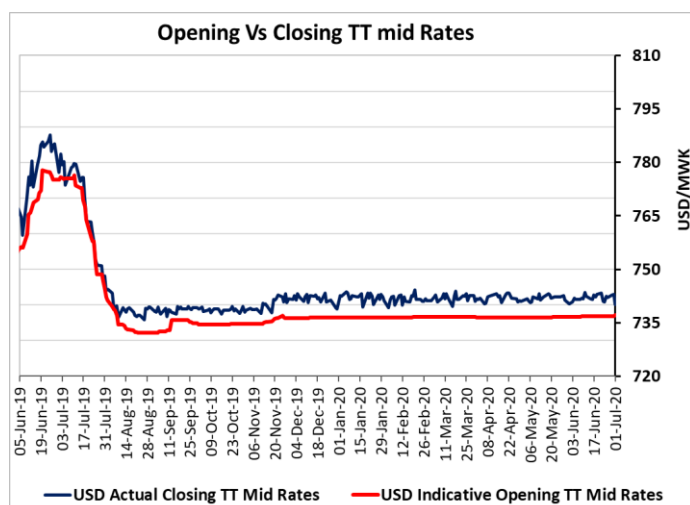


iii. Exchange Rate Developments

	01 st July 2020 (Opening Rates)			01 st July 2020 (Closing Rates)			
	Middle	Buying	Selling	Middle	Buying	Selling	Today's Opening rates
MWK/USD	737.1905	729.8923	744.4887	740.0900	735.4076	744.7724	737.1905
MWK/GBP	911.8309	902.8038	920.8581	930.7131	928.7997	932.6266	920.0875
MWK/EUR	827.4226	819.2311	835.6141	841.6843	840.0012	843.3674	830.1502
MWK/ZAR	42.4690	42.0486	42.8895	43.9563	43.6000	44.3127	43.3328

Note: The opening reported rates are indicative market average TT rates.

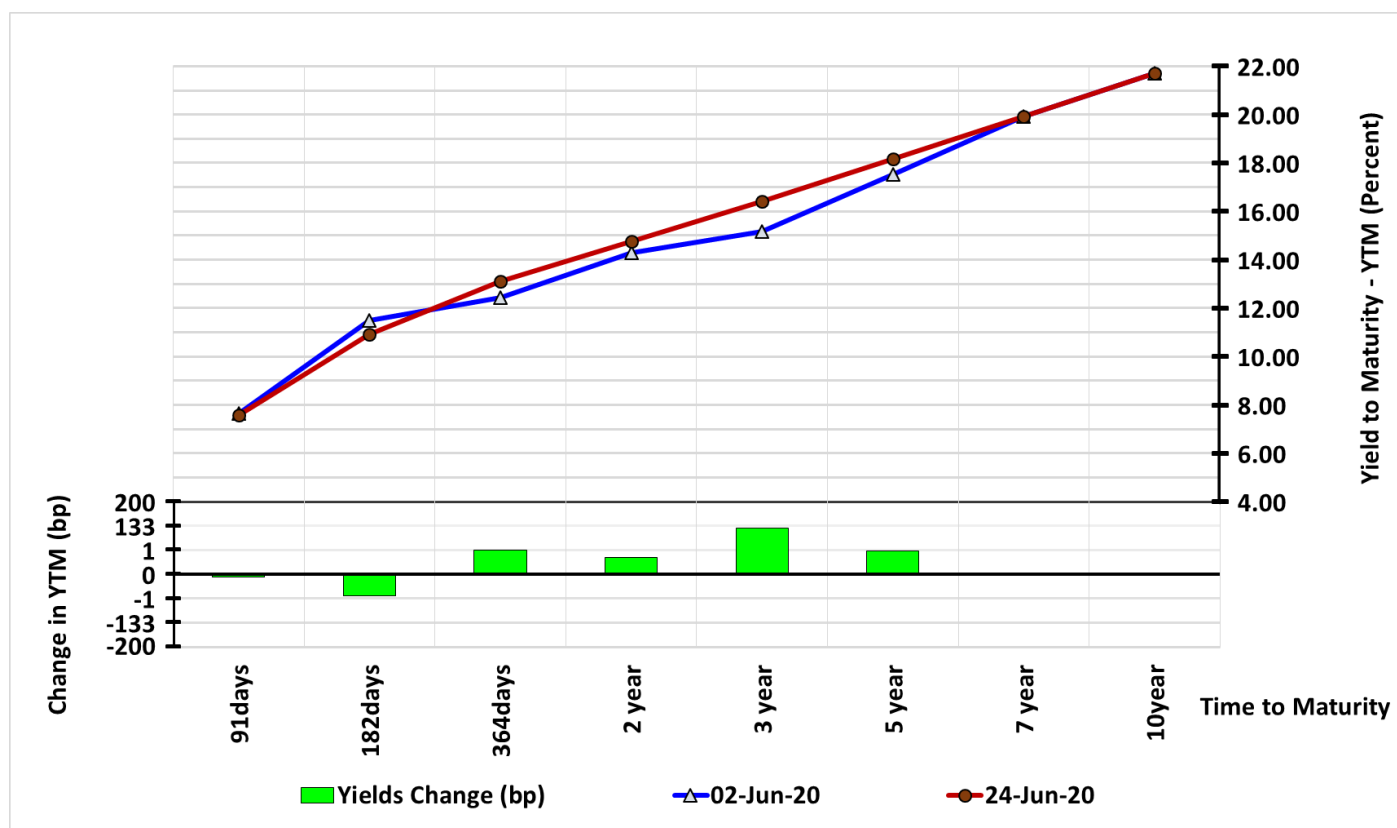
The closing reported rates are actual trade-weighted market average TT rates.



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
02 nd June 2020	7.65	11.50	12.42	14.30	15.15	17.53	19.91	21.70
24 th June 2020	7.57	10.90	13.09	14.75	16.75	18.16	19.91	21.70
2 nd – 24 th June 2020 Change in Yield (Bp)	(8)	(60)	67	34	40	63	0	0

NOTE: The 91-day, 182-day and 364-day Treasury bill yields of 7.5000%, 10.9000% and 13.5200% respectively have been converted to semi-annual bond basis.



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