



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 3<sup>rd</sup> July 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 3 <sup>rd</sup> July 2020	2 <sup>nd</sup> July 2020
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-20,035	-21,311	
Excess Reserves before OMO	-13,258	-13,258	
Excess Reserves after OMO			6,777
Required Reserves	47,309	47,309	47,309

#### ii. Known Projected Transactions

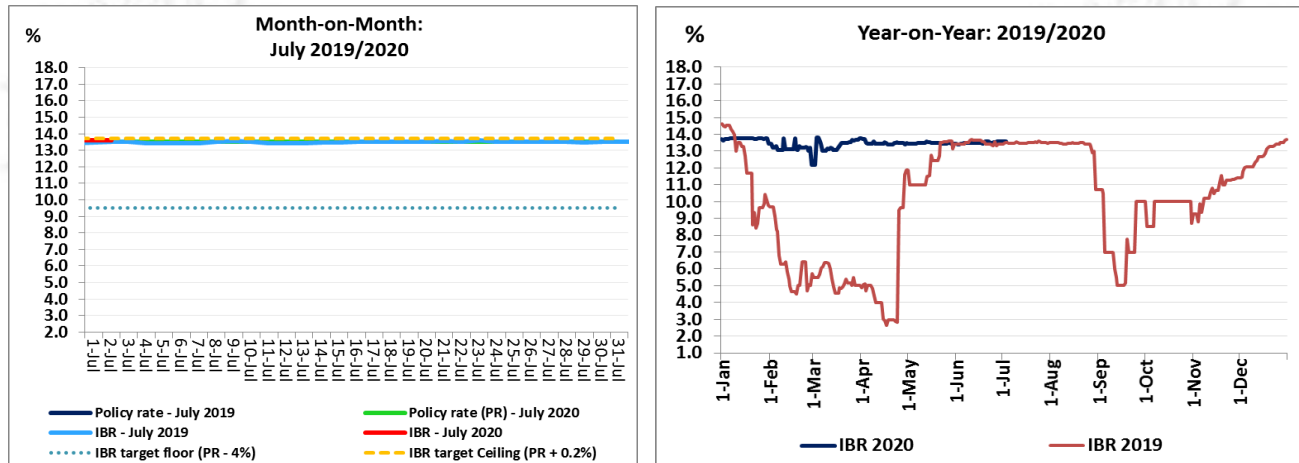
	Week ending 03 <sup>th</sup> July 2020	Week ending 10 <sup>th</sup> July 2020	Week ending 17 <sup>th</sup> July 2020	Month of July 2020	Month of August 2020
Maturity of normal Treasury Securities	17,445	3,143	7,745	31,499	15,614
Maturity of OMO Repos	0	0	0	0	0

### 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	14.60	13.59
7 days	-	-
20 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>	13.85	13.70

## Weighted Average Interbank Rates

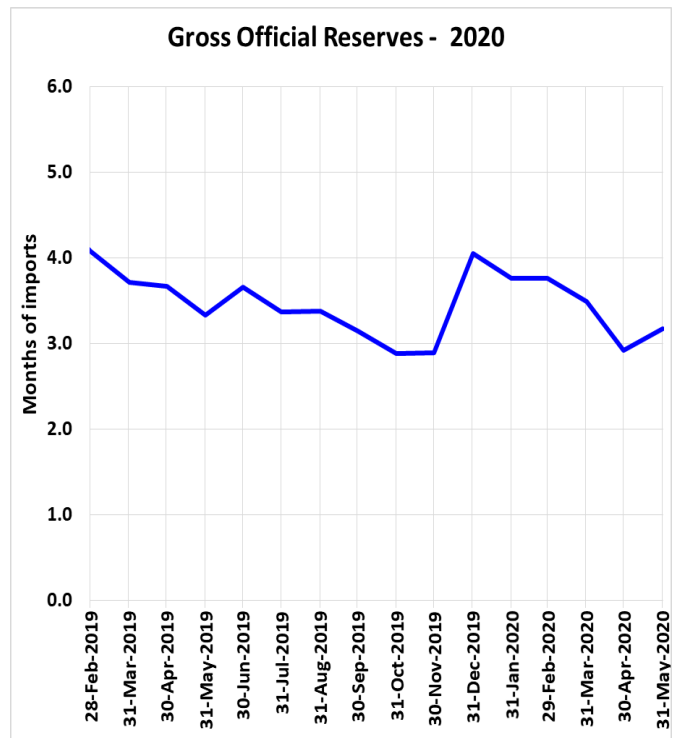


## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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 <sup>th</sup> Jun 2019	765.82	3.66
31 <sup>st</sup> Jul 2019	704.14	3.37
30 <sup>th</sup> Aug 2019	705.68	3.37
30 <sup>th</sup> Sept 2019	656.04	3.14
31 <sup>st</sup> Oct 2019	601.80	2.88
30 <sup>th</sup> Nov 2019	603.82	2.89
31 <sup>st</sup> Dec 2019	846.55	4.05
31 <sup>st</sup> -Jan-20	786.71	3.76
29 <sup>th</sup> -Feb-20	785.31	3.76
31 <sup>st</sup> Mar 20	730.17	3.49
30 <sup>th</sup> April 20	610.13	2.92
31 <sup>st</sup> May 20	662.98	3.17

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



## ii. Private Sector Foreign Exchange Reserves

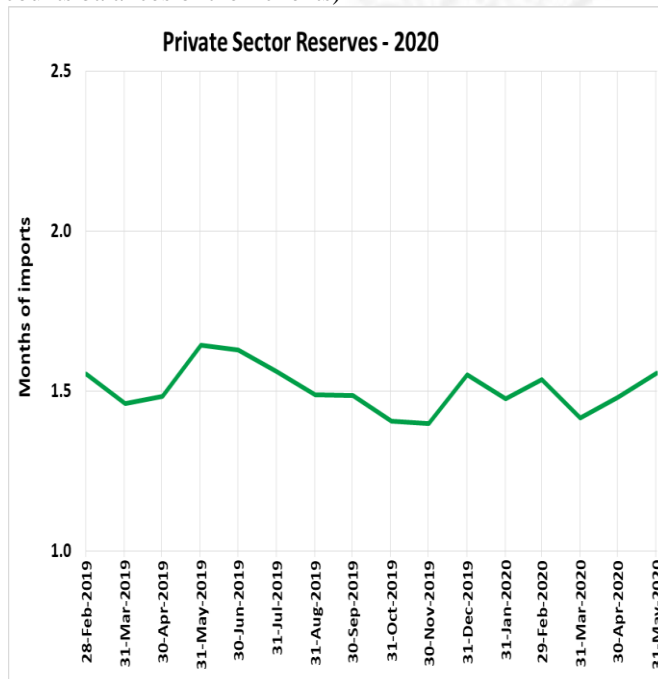
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
29 <sup>th</sup> February 2020	4.23	316.57	320.8	1.53
31 <sup>st</sup> March 2020	-4.56	300.11	295.55	1.41
30 <sup>th</sup> April 2020	-3.09	306.37	303.27	1.45
31 <sup>st</sup> 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 <sup>th</sup> June 2020	27.75	29.16
19 <sup>th</sup> June 2020	25.94	28.19
26 <sup>th</sup> June 2020	28.17	29.16
On 2 <sup>nd</sup> July 2020	2.84	3.62

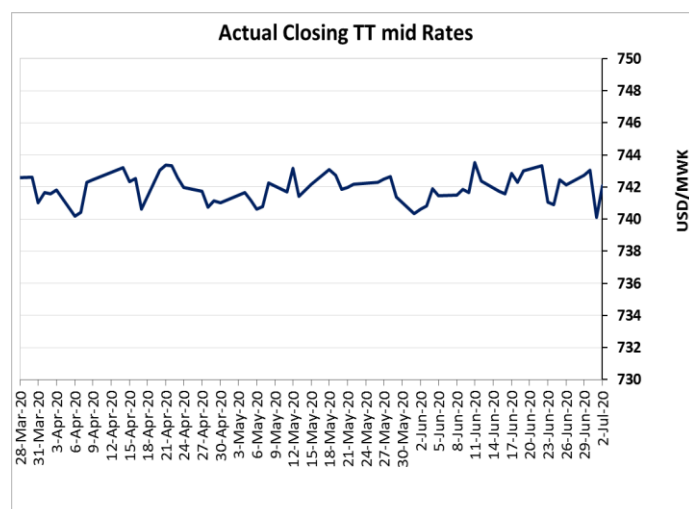
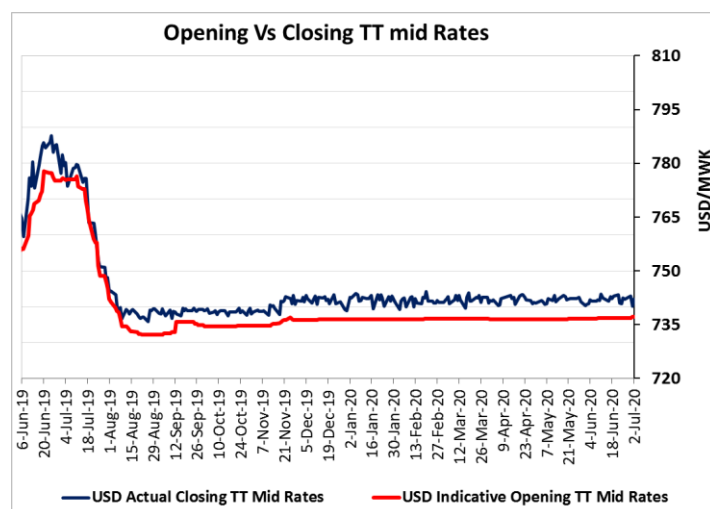


## iii. Exchange Rate Developments

	2 <sup>nd</sup> July 2020 (Opening Rates)			2 <sup>nd</sup> July 2020 (Closing Rates)			
	Middle	Buying	Selling	Middle	Buying	Selling	Today's Opening rates
MWK/USD	737.1905	729.8923	744.4887	742.1114	739.5273	744.6954	737.1905
MWK/GBP	920.0875	910.9786	929.1963	935.4771	930.1591	940.7952	919.6451
MWK/EUR	830.1502	821.9317	838.3687	845.5198	842.4477	848.5919	828.8233
MWK/ZAR	43.3328	42.9036	43.7618	45.2864	45.2500	45.3228	43.5694

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

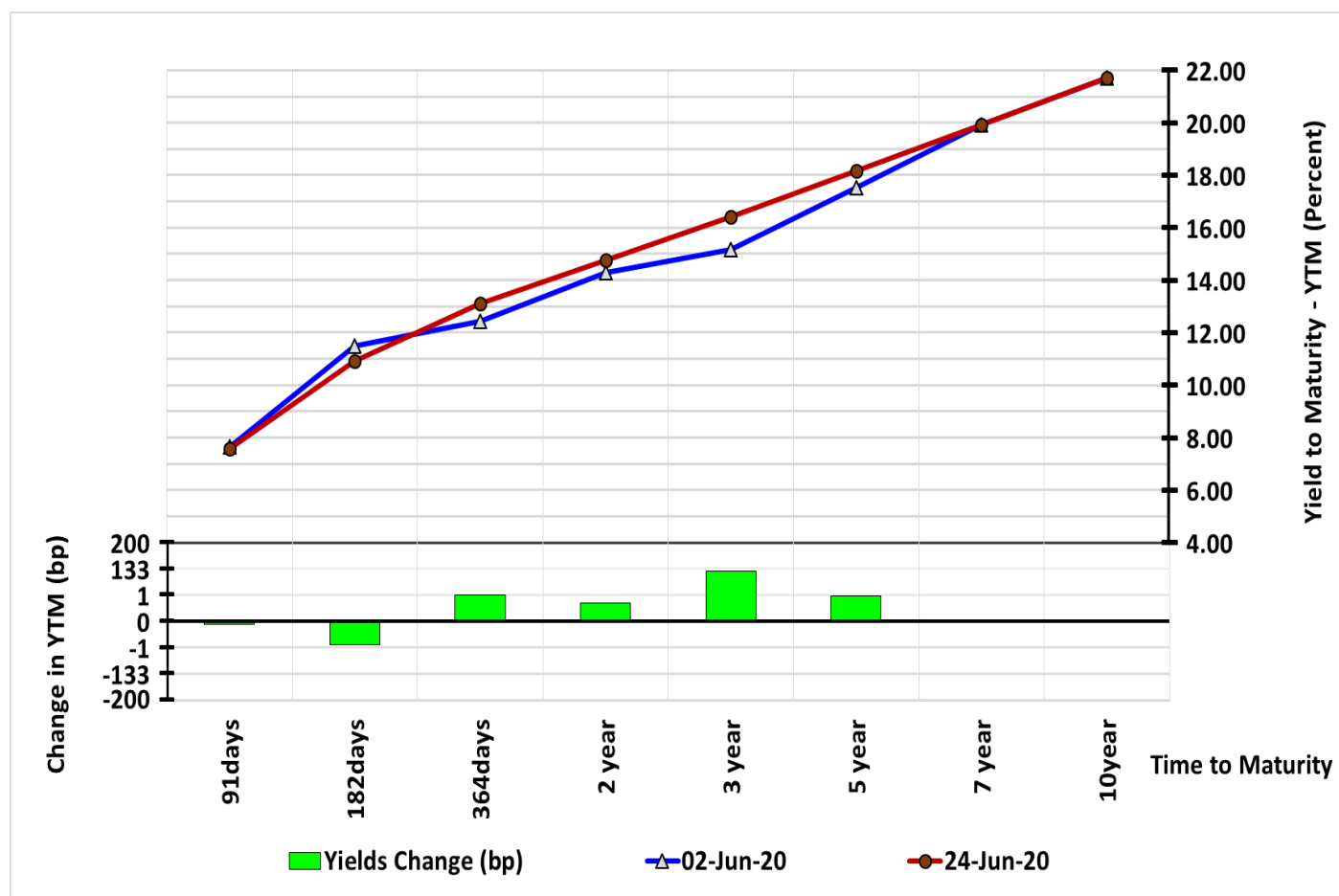
The closing reported rates are actual trade-weighted market average TT rates.



#### 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 <sup>nd</sup> June 2020	7.65	11.50	12.42	14.30	15.15	17.53	19.91	21.70
24 <sup>th</sup> June 2020	7.57	10.90	13.09	14.75	16.75	18.16	19.91	21.70
2 <sup>nd</sup> – 24 <sup>th</sup> 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.



**DISCLAIMER:** All information in this report 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 or gain that may arise from reliance on the information contained herein.