



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 22nd September 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	22 Sept 2020	Week ending 25 September 2020	21 Sept 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-52,225	-10,147	
Excess Reserves before Open Market Operations	-50,511	-8,433	
Excess Reserves after Central Bank Operations			1,713
Required Reserves	50,237	50,237	50,237

ii. Known Projected Transactions

	Weekending				Month of		
	25-Sep-20	2-Oct-20	9-Oct-20	16-Oct-20	Sep-20	Oct-20	Nov-20
Maturity of Normal Treasury Securities	105,981	11,525	5,553	6,297	153,412	37,114	37,376
Maturity of OMO Repos	0	0	0	0	0	0	0

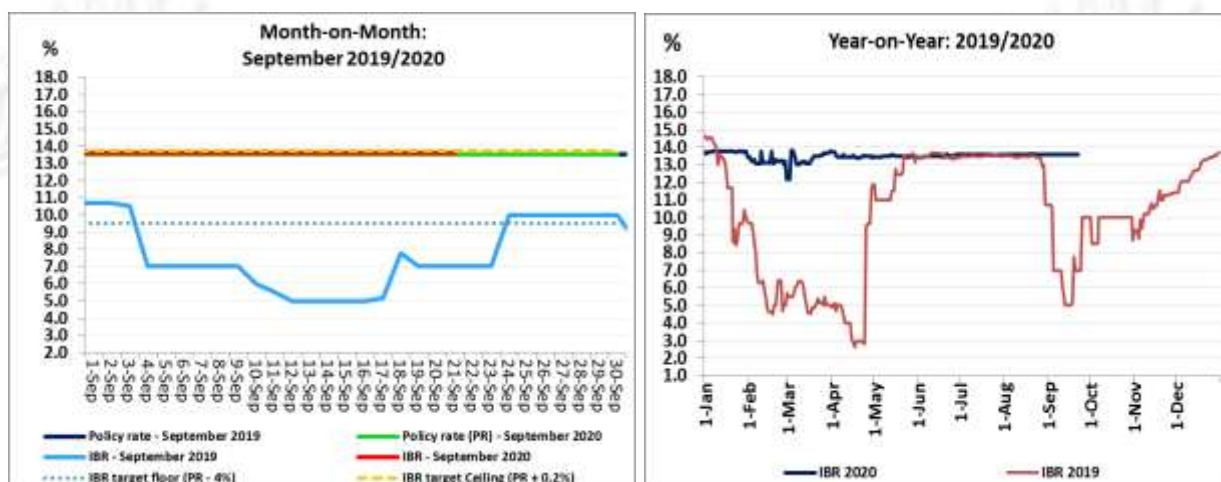
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	5.00	13.60	1
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(b) RBM Open Market Operations			
(i) Repos			
O/N	-	-	-
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(ii) Outright Sale of Securities	-	-	-
(iii) Outright Purchase of Securities	-	-	-
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility¹	49.65	13.70	5

¹ The number of trades in this item refers to number of banks that accessed the Lombard facility.

ii. Weighted Average Interbank Market Rates

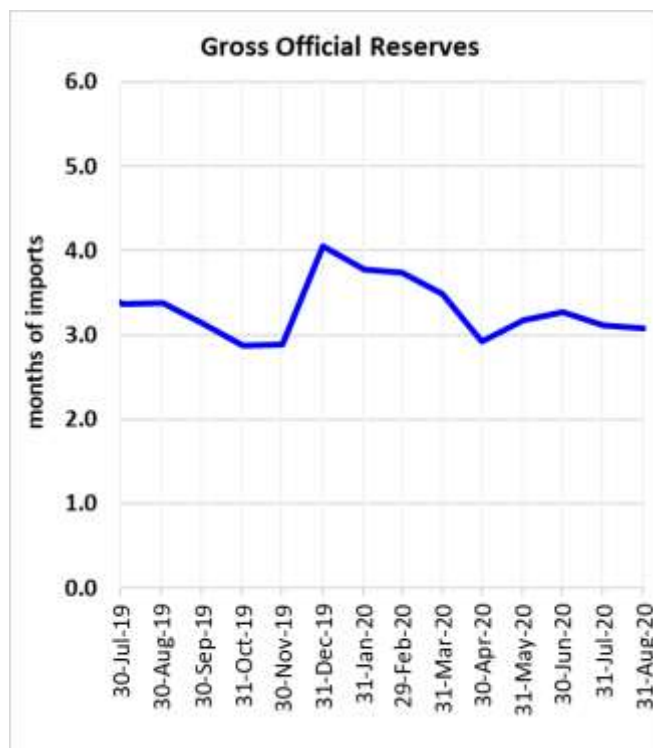


C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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

Date	Reserves (US\$ million)	Import Cover * (Months of Imports)
31 Jul 2019	704.14	3.37
30 Aug 2019	705.68	3.37
30 Sept 2019	656.04	3.14
31 Oct 2019	601.80	2.88
30 Nov 2019	603.82	2.89
31 Dec 2019	846.55	4.05
31 Jan 2020	786.71	3.76
29 Feb 2020	785.31	3.76
31 Mar 2020	730.17	3.49
30 Apr 2020	610.13	2.92
31 May 2020	662.98	3.17
30 Jun 2020	682.66	3.27
31 Jul 2020	651.41	3.12
31 Aug 2020	642.86	3.08

* US\$209.0 million import requirement per month is used in the calculations



ii. Private Sector Foreign Exchange Reserves

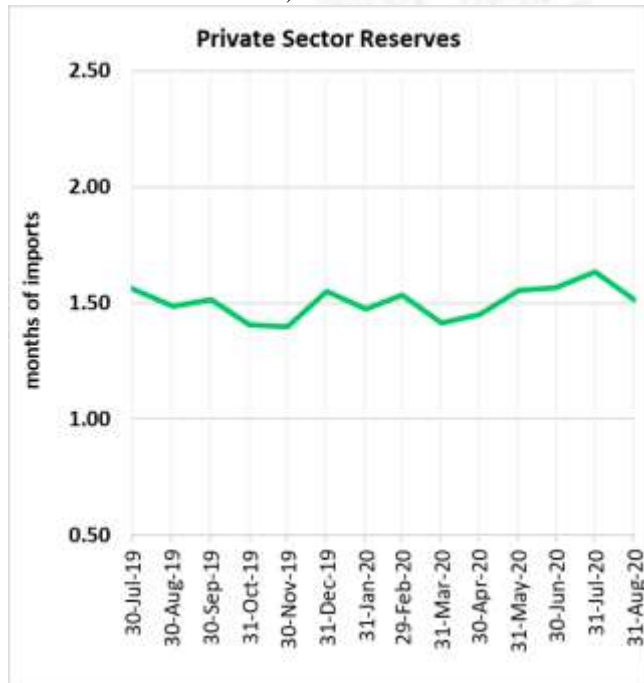
(Foreign reserves under the direct control of authorized dealer banks (ADB's) which consists of ADB's own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
31 May 2020	-4.50	329.46	324.96	1.55
30 Jun 2020	-0.98	327.99	327.01	1.56
31 Jul 2020	0.77	341.23	342.01	1.64
31 Aug 2020	7.08	309.66	316.74	1.52

* US\$209.0 million import requirement per month is used in the calculations

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
31 Aug – 4 Sep 2020	26.66	33.25
7 – 11 Sep 2020	14.05	21.17
14 – 18 Sep 2020	19.58	26.18
19 – 19 Sep 2020	3.97	4.32

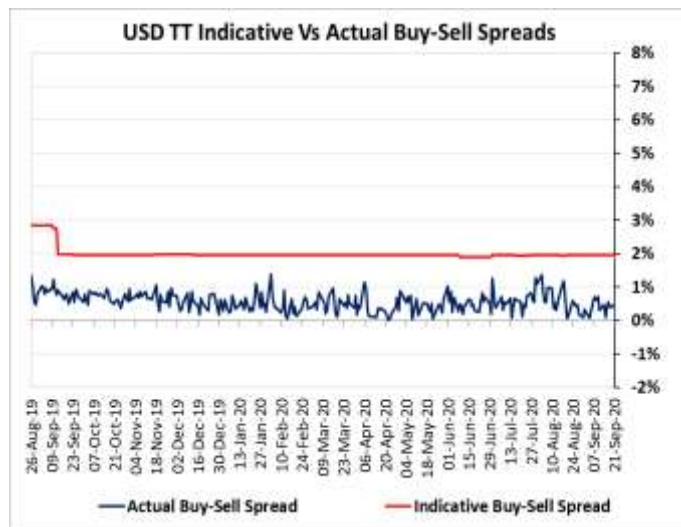
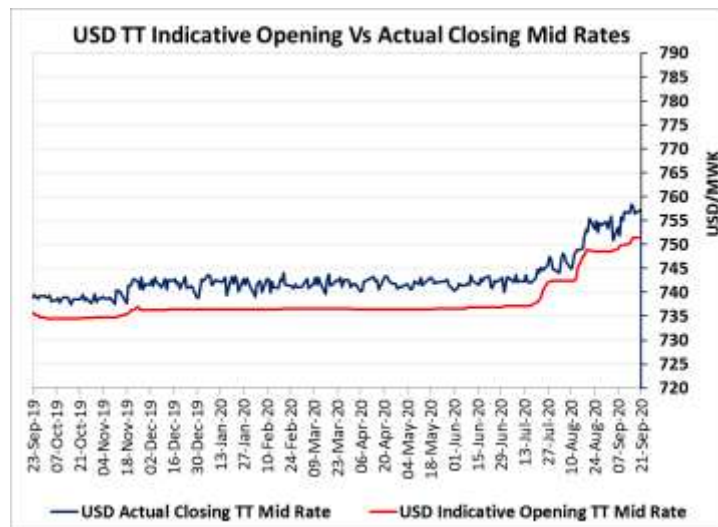


iii. Kwacha Exchange Rate Developments

	21 September 2020 (Opening Rates)			21 September 2020 (Closing Rates)			22 Sept 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	751.3681	743.9296	758.8066	757.2756	755.4930	759.0583	751.3681
MWK/GBP	973.3222	963.6863	982.9581	1,004.9313	1,004.9278	1,004.9349	961.4506
MWK/EUR	891.6485	882.8212	900.4758	927.4214	922.3991	932.4437	883.0078
MWK/ZAR	46.1526	45.6956	46.6095	48.1276	47.2391	49.0161	44.6977

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

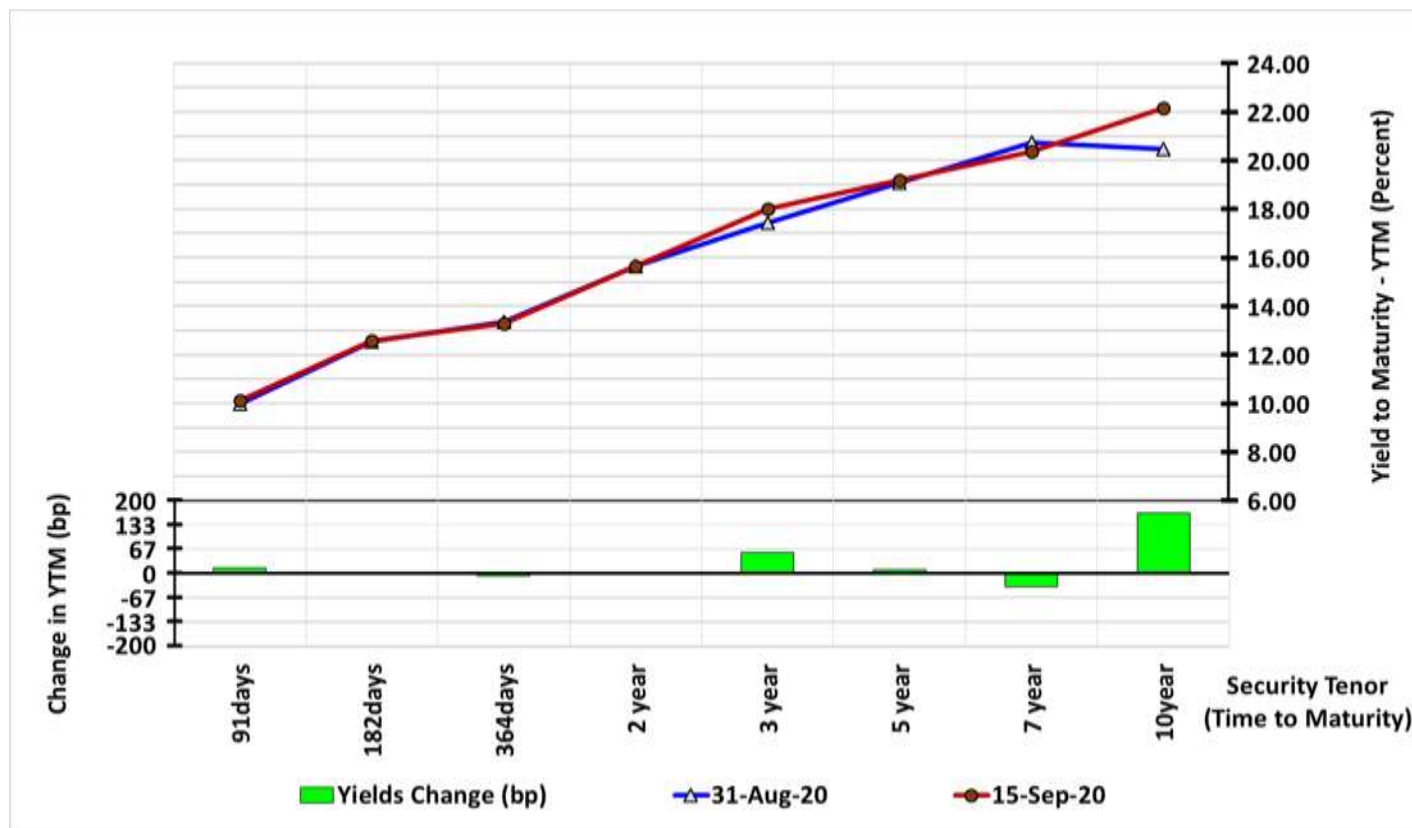
The reported closing rates are actual trade-weighted market average TT rates.



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
31 August 2020	9.98	12.55	13.36	15.66	17.44	19.10	20.75	20.48
15 September 2020	10.12	12.58	13.28	15.65	18.02	19.20	20.37	22.14
31 Aug – 15 Sept 2020 Change in Yield (Bp)	14	3	-8	-1	58	10	-38	166

NOTE: The 91-day, 182-day and 364-day Treasury bill yields converted to semi-annual bond basis. Bp means basis points.



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