



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 23 November 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 25 th November 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-6,516	-3,974
Estimated Excess Reserves before OMO	-3,070	-52
Estimated Excess Reserves after OMO	0	0
Required Reserves	53,697	53,697

ii. Known Projected Transactions

	Week ending 25 th November 2016	Week ending 2 nd December 2016	Week ending 9 th December 2016	November 2016	December 2016
Maturity of normal TBs/TNs/PNs	2,654	513	14,346	37,692	29,744
Maturity of OMO Repos	40,400	13,339	9,447	110,535	39,971

Commentary:

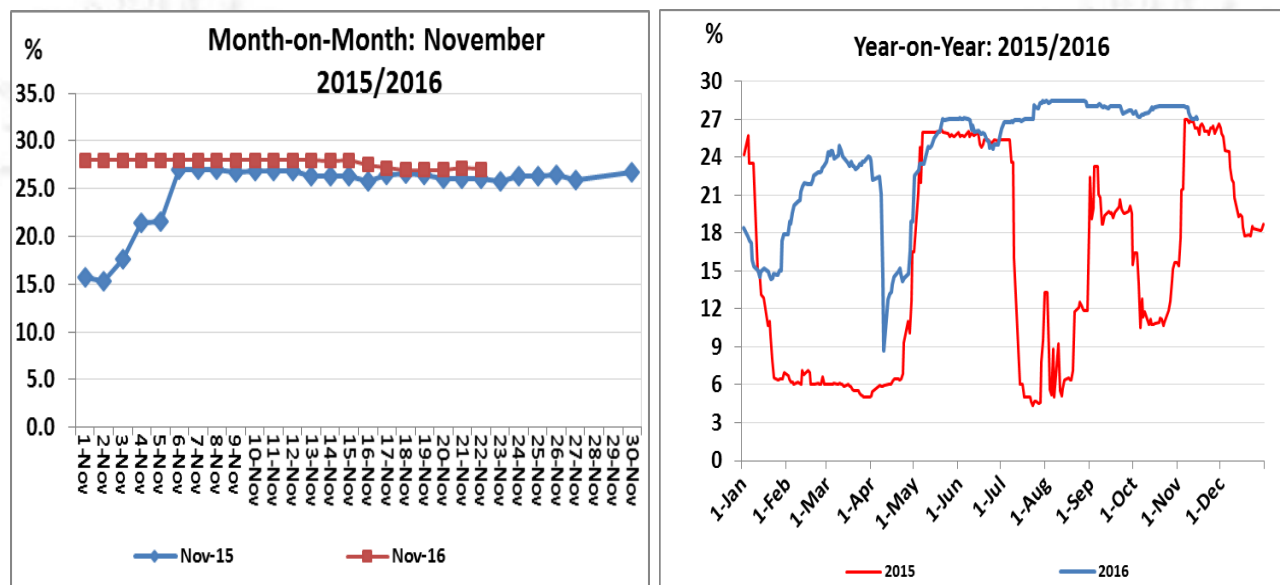
- Excess reserves dropped to K3.45 billion yesterday from K7.41 billion recorded on Monday, 21st November 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	3,920	27.06
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
45 days	26	29.00
62 days	271	29.00
273 days	1,000	29.00
364 days	2,011	29.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	7,730	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market decreased to K3.92 billion yesterday from K6.74 billion recorded on Monday, 21st November 2016.
- The overnight interbank market rate (IBR) dropped by 10 basis points and closed at 27.06 percent from 27.16 percent recorded on Monday, 21st November 2016.
- About K3.31 billion was withdrawn from the banking system through OMO repos yesterday.
- A total of K7.73 billion was accessed on the Lombard Facility yesterday, 22nd November 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

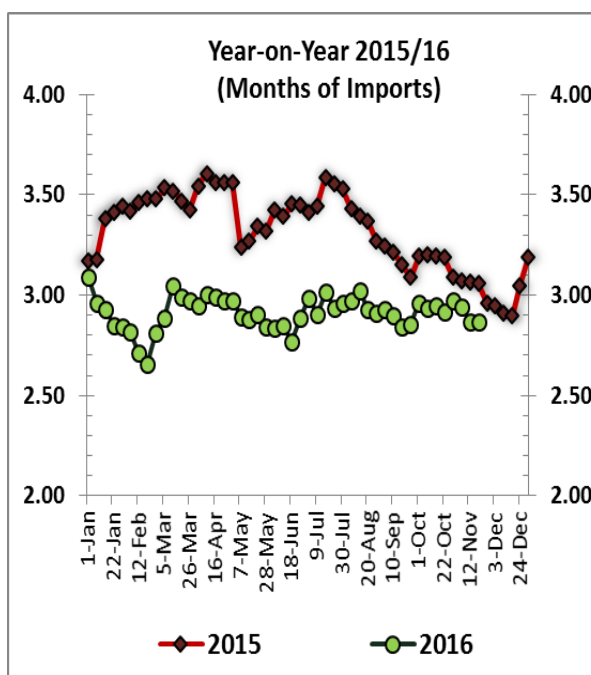
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
4 th November 2016	621.59	2.97
11 th November 2016	615.37	2.94
18 th November 2016	598.97	2.87
21 st November 2016	598.85	2.87

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

Commentary:

- Gross official reserves decreased during the week ending 18th November 2016 compared to the previous week. As at 21st November 2016, the gross official reserves stood at US\$598.85 million (2.87 months of imports).



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)
4 th November 2016	-2.18	324.86	322.68	1.54
11 th November 2016	-8.12	314.31	306.18	1.46
18 th November 2016	-5.23	308.50	303.27	1.45
21 st November 2016	-4.75	310.67	305.93	1.46

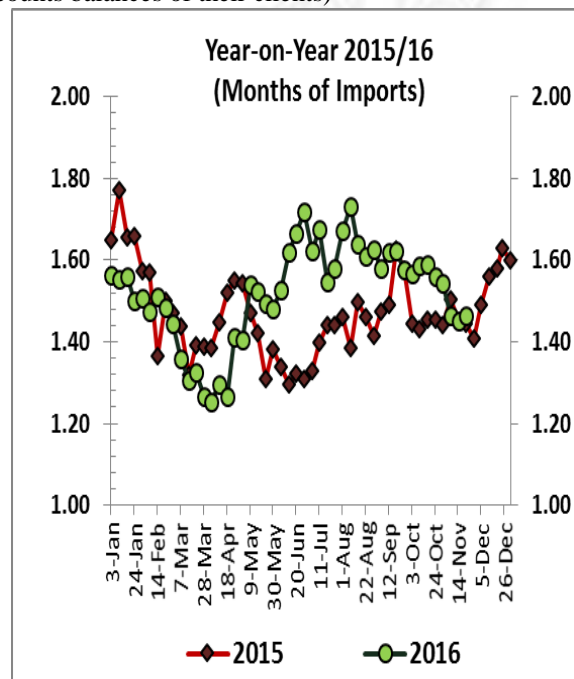
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
4 th November 2016	54.10	52.74
11 th November 2016	39.88	45.90
18 th November 2016	36.61	34.71
On 22 nd November 2016	8.57	10.48

Commentary:

- ADB's purchased US\$36.61 million from the market and monetary authorities during the week ending 18th November 2016 against sales to the market at US\$34.71 million. Yesterday, ADB's purchased US\$8.57 million from the market and sold US\$10.48 million.

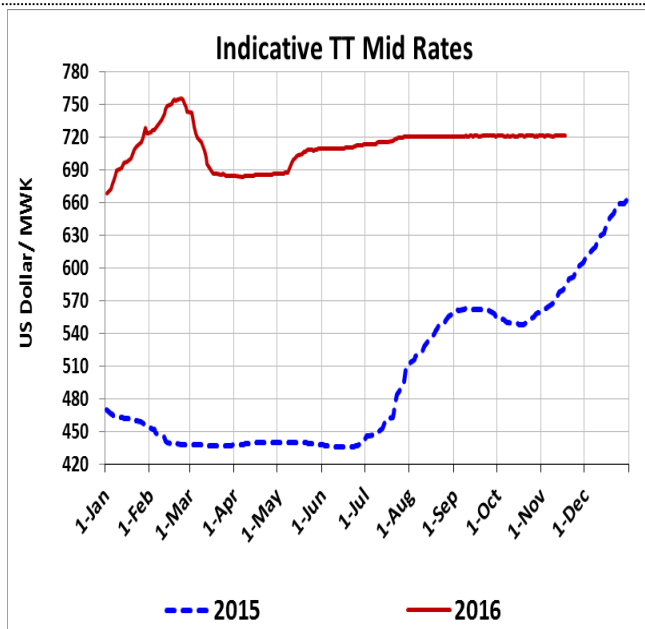
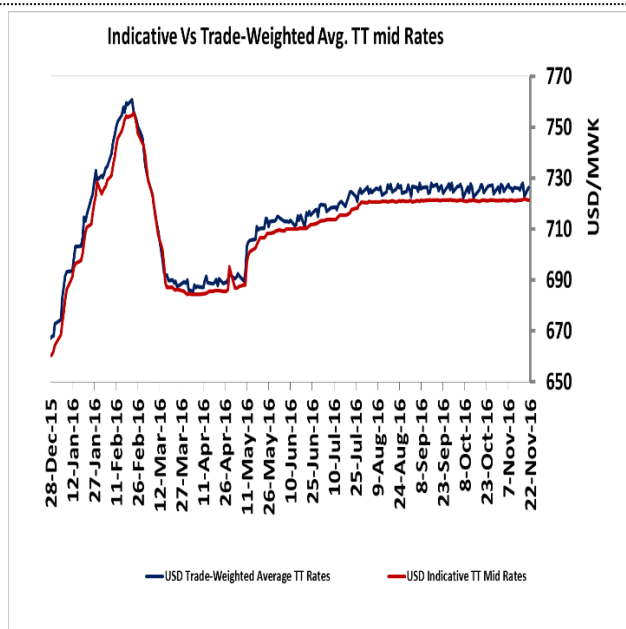


iii. Exchange Rate Developments

	15 th Nov 2016	16 th Nov 2016	17 th Nov 2016	18 th Nov 2016	21 st Nov 2016	22 nd Nov 2016	Today's Indicative Rates
MWK/USD	725.2955	727.3008	727.8722	722.8314	726.2365	723.0545	721.3321
MWK/GBP	903.7715	901.8048	899.5363	902.1467	887.7008	906.9830	895.6059
MWK/EUR	779.4559	782.8118	775.2719	768.3187	769.8857	773.9728	766.5596
MWK/ZAR	50.7290	51.6539	50.7832	49.6395	50.3630	50.7210	51.2845

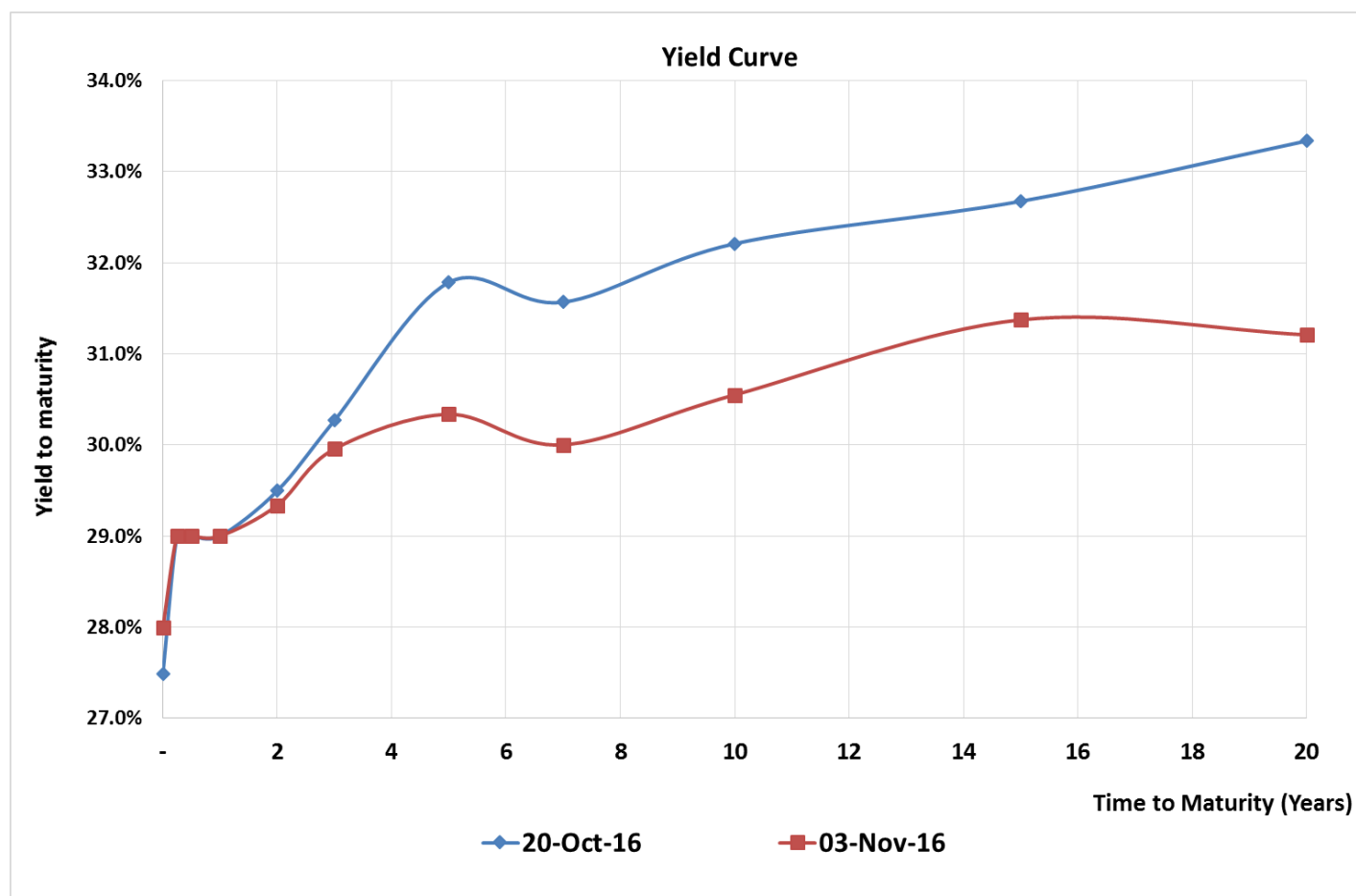
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, the Kwacha appreciated against the USD and depreciated versus the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.3321 against the USD today.



D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
12 th August 2016	28.29%	29.00%	29.00%	29.00%	26.16%	26.35%	26.21%	26.60%	26.43%	27.32%	28.39%
19 th August 2016	28.45%	27.84%	27.57%	27.66%	27.10%	27.24%	27.05%	27.12%	27.28%	28.69%	29.78%
01 st September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 th September 2016	28.00%	29.00%	29.00%	29.00%	28.84%	29.87%	32.91%	32.43%	32.93%	40.28%	41.63%
15 th September 2016	28.00%	29.00%	29.00%	29.00%	28.16%	28.35%	27.70%	27.57%	29.21%	29.67%	29.84%
29 th September 2016	28.00%	29.00%	29.00%	29.00%	29.51%	29.77%	30.05%	30.48%	30.51%	31.23%	31.57%
20 th October 2016	27.49%	29.00%	29.00%	29.00%	29.50%	30.27%	31.78%	31.57%	32.21%	32.67%	33.34%
3 rd November 2016	28.00%	29.00%	29.00%	29.00%	29.34%	29.96%	30.34%	30.00%	30.55%	31.37%	31.21%
03 November-20 October Change in Yield (Bp)	51	0	0	0	-16	-31	-145	-156	-166	-130	-213



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