



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 10 March 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 10 th March 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	2,128	-1,351
Estimated Excess Reserves before OMO	-1,871	-421
Estimated Excess Reserves after OMO	0	0
Required Reserves	59,185	59,185

ii. Known Projected Transactions

	Week ending 10 th March 2017	Week ending 17 th March 2017	Week ending 24 th March	March 2017	April 2017
Maturity of normal TBs/TNs/PNs	14,665	15,879	9,123	60,720	30,004
Maturity of OMO Repos	24,366	10,592	10,711	48,070	16,794

Commentary:

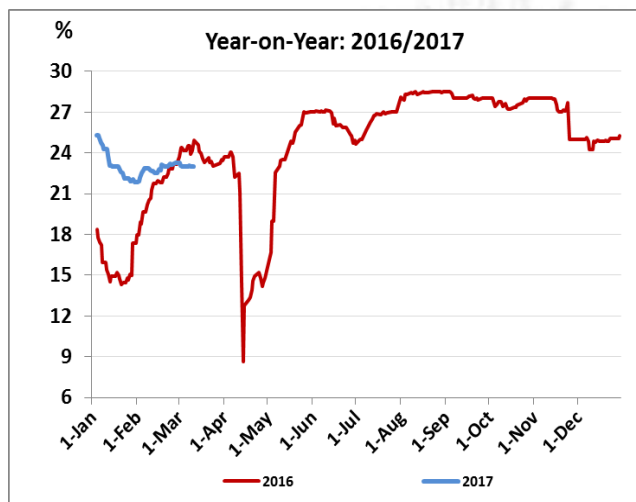
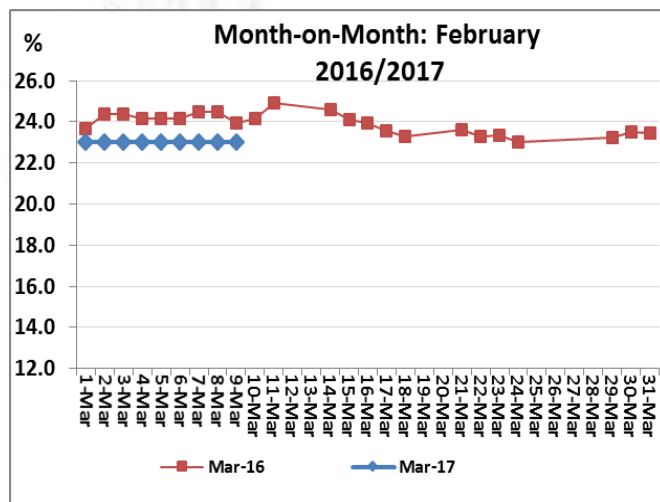
- Excess reserves dropped to K421 million yesterday, 9th March 2017 from K1.48 billion recorded on Wednesday, 8th March 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,150	23.00
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
32 days	1,494	24.00
60 days	-	-
273 days	1,100	25.50
364 days	2,226	26.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	4,550	26.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market decreased to K4.150 billion yesterday, 9th March 2017 from K6.32 billion recorded on Wednesday, 8th March 2017.
- The overnight interbank market rate (IBR) was constant at 23.00 percent.
- About K4,820 billion was withdrawn from the banking system through OMO repos yesterday, 9th March 2017.
- A total of K4,550 billion was accessed on the Lombard Facility yesterday, 9th March 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

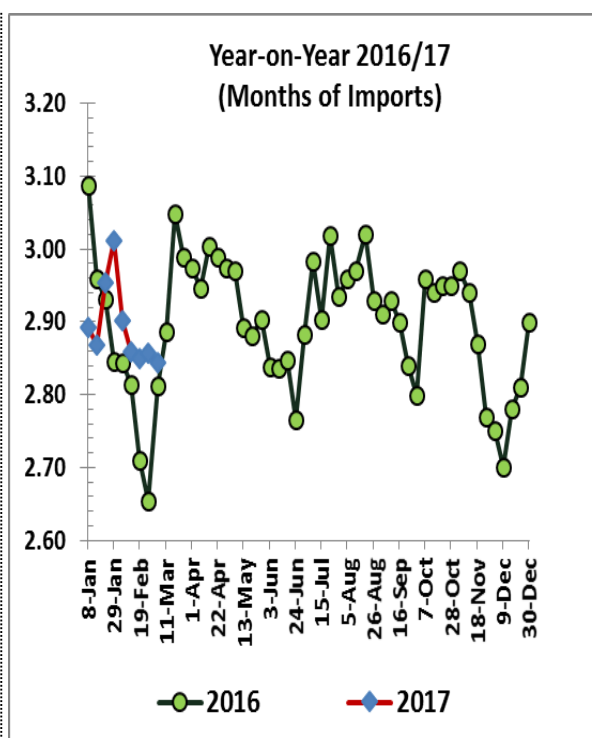
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
10 th February 2017	597.42	2.86
17 th February 2017	595.71	2.85
24 th February 2017	597.13	2.86
On 10 th March 2017	594.41	2.84

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

Commentary:

- Gross official reserves went down during the week ending 3rd March 2017 compared to the previous week. As at 6th March 2017, the gross official reserves stood at US\$594.41 Million (2.84 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)
10 th February 2017	3.10	318.89	322.00	1.54
17 th February 2017	0.88	347.53	348.41	1.67
24 th February 2017	-3.59	334.16	330.57	1.58
As at 8 th March 2017	-5.08	336.34	331.26	1.58

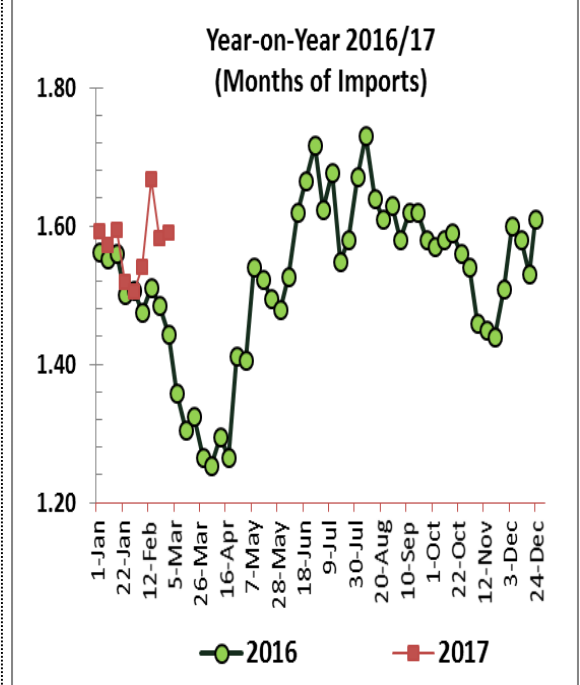
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
17 th February 2017	44.08	51.17
24 th February 2017	39.50	48.91
3 rd March 2017	45.97	56.15
On 8 th March 2017	5.79	8.89

Commentary:

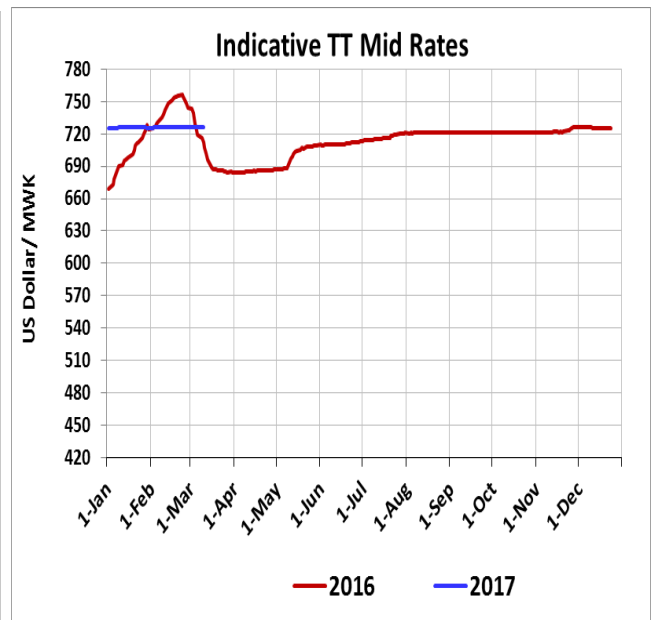
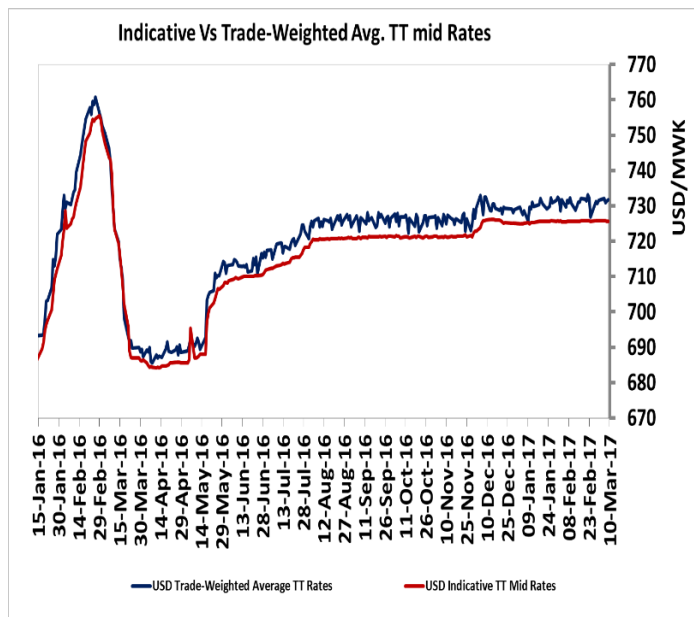
- ADB's purchased US\$45.97 million from the market and monetary authorities during the week ending 3rd March 2017 against sales to the market at US\$56.15 million. On Wednesday, 8th March 2017, ADB's purchased US\$5.79 million from the market and sold US\$8.89 million.



	1st March 2017	2nd March 2017	6th March 2017	7th March 2017	8th March 2017	9th March 2017	Today's Indicative Rates
MWK/USD	731.4634	731.7626	731.6296	727.5571	731.0434	730.3243	725.8002
MWK/GBP	901.5543	894.4491	894.7900	894.1390	890.0901	891.9103	882.5005
MWK/EUR	772.3867	768.0953	773.9953	772.1221	768.5816	767.2066	769.4208
MWK/ZAR	55.9055	55.9371	55.9002	55.8909	56.2044	55.7277	54.6285

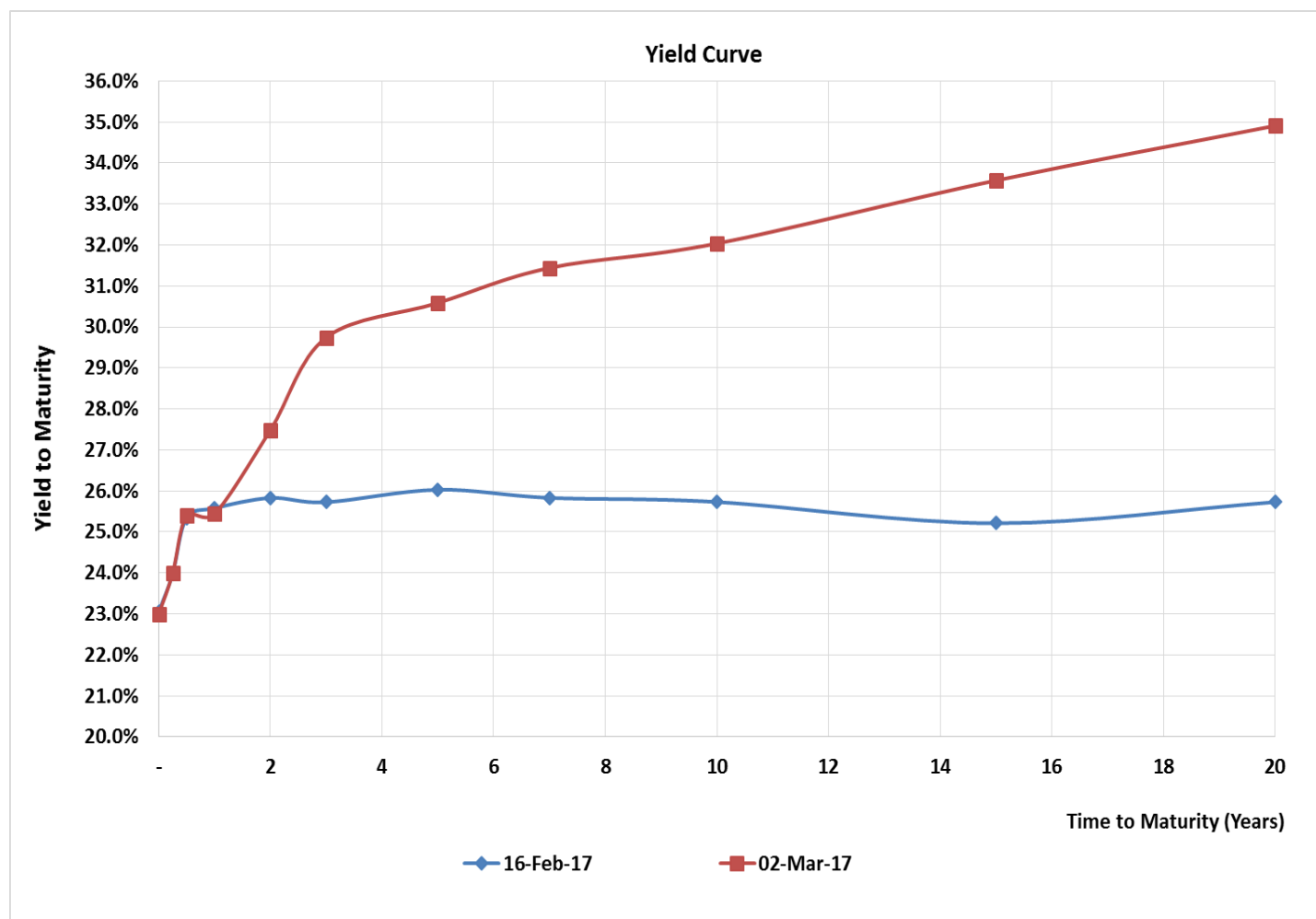
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 9th March 2017, the Kwacha appreciated against the USD, the EUR and the ZAR, however the Kwacha depreciated against the GBP. Indicatively, the Malawi Kwacha is expected to trade around K725.8002 against the USD today, 10th March 2017.



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
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%
24 th November 2016	27.72%	27.74%	27.88%	28.18%	29.08%	30.05%	30.86%	31.22%	31.78%	32.42%	32.86%
12 th January 2017	23.00%	23.98%	25.47%	26.00%	26.82%	27.19%	28.41%	28.31%	29.57%	30.43%	29.88%
19 th January 2017	22.51%	23.80%	25.19%	25.84%	30.00%	30.50%	32.00%	32.50%	33.00%	34.00%	35.00%
26 th January 2017	22.04%	23.85%	25.27%	25.99%	23.80%	22.89%	22.33%	22.09%	22.31%	22.41%	21.91%
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	29.57%
16 th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	25.73%
2 nd March 2017	23.00%	24.46%	23.99%	25.40%	25.35%	29.74%	30.59%	31.44%	32.04%	33.58%	34.91%
02 March 2017-16 February 2017 Change in Yield (Bp)	-6	48	-135	-18	-48	402	455	561	631	836	918



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