



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 28 June 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 30 th June 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-10,857	-28,668
Estimated Excess Reserves before OMO	-7,128	-20,560
Estimated Excess Reserves after OMO	0	0
Required Reserves	59,320	59,320

ii. Known Projected Transactions

	Week ending 30 th June 2017	Week ending 07 th July 2017	Week ending 14 th July 2017	June 2017	July 2017
+ Maturity of normal TBs/TNs/PNs	1,608	1,826	5,727	31,717	20,887
Maturity of OMO Repos	45,109	33,587	3,192	55,085	45,500

Commentary:

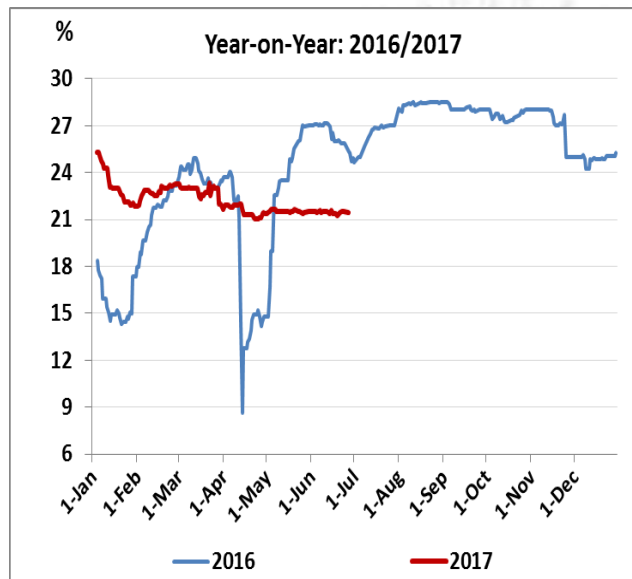
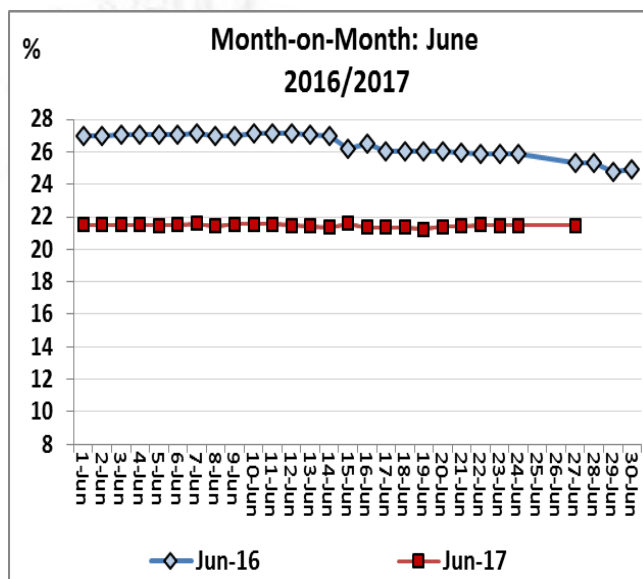
- Excess reserves dropped to K3.73 billion yesterday, 27th June 2017 from K3.90 billion recorded on Friday, 23rd June 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,810	21.46
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	7,000	20.00
14 days	-	-
32 days	-	-
60 days	-	-
273 days	-	-
364 days	3,937	23.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	10,850	24.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K2.81 billion yesterday, 27th June 2017 from K7.85 billion recorded on Friday, 23rd June 2017.
- The overnight interbank market rate (IBR) dropped by 2 basis points and closed at 21.46 percent.
- About K10.94 billion was withdrawn from the banking system through OMO repos yesterday, 27th June 2017.
- A total of K10.85 billion was accessed on the Lombard Facility yesterday, 27th June 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

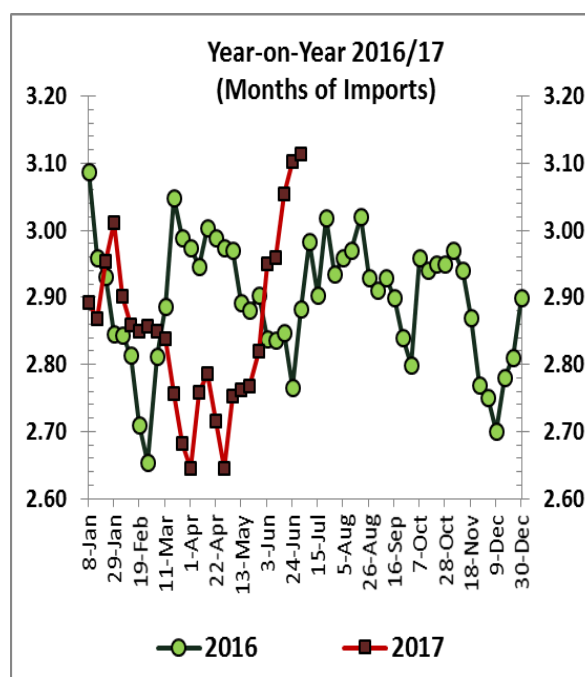
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
9 th June 2017	617.64	2.96
16 th June 2017	638.51	3.06
23 rd June 2017	648.63	3.10
26 th June 2017	650.84	3.11

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

Commentary:

- Gross official reserves increased during the week ending 23rd June 2017 compared to the previous week. As at 26th June 2017, gross official reserves increased further and stood at US\$650.84 million (3.11 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)
2 nd June 2017	-9.21	326.11	316.90	1.52
9 th June 2017	-8.71	329.86	321.15	1.54
16 th June 2017	-2.96	337.97	335.02	1.60
22 nd June 2017	-4.36	363.82	359.45	1.72

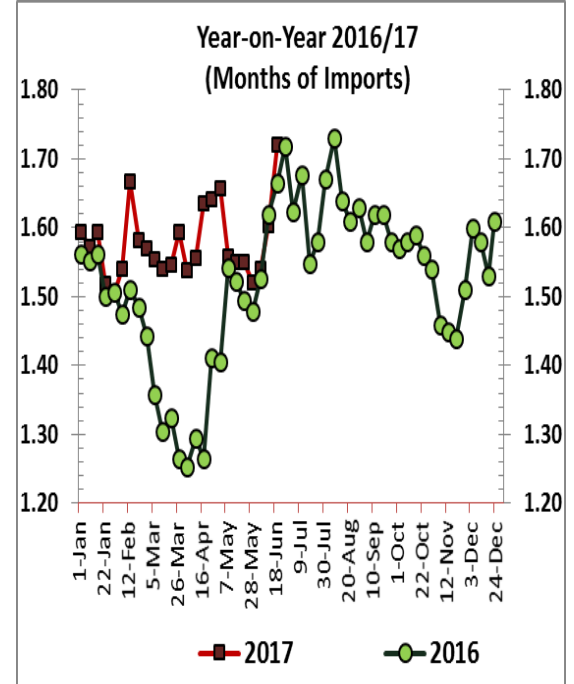
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
16 th June 2017	51.43	49.24
23 rd June 2017	51.69	57.93
On 27 th June 2017	4.19	5.21

Commentary:

- ADB's purchased US\$51.69 million from the market and monetary authorities and sold US\$57.93 million during the week ending 23rd June 2017. Yesterday, 27th June 2017, ADB's purchased US\$4.19 million from the market and sold US\$5.21 million.

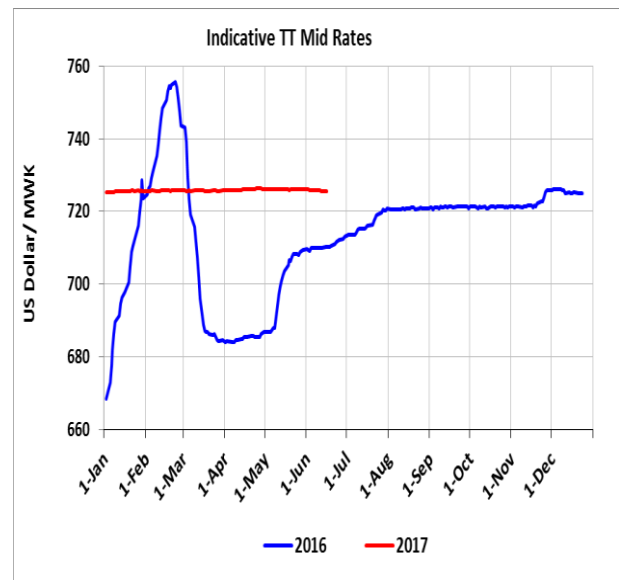
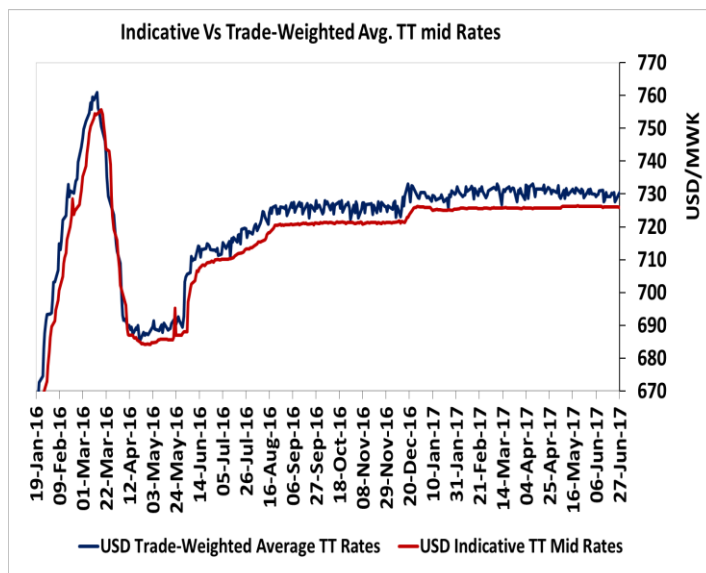


iii. Exchange Rate Developments

	20 th June 2017	21 st June 2017	22 nd June 2017	23 rd June 2017	27 th June 2017	Today's Indicative Rates
MWK/USD	728.1689	729.5707	727.9774	730.1786	728.2102	725.4464
MWK/GBP	931.6823	926.6424	927.2102	928.4954	930.2962	929.6596
MWK/EUR	814.7652	812.4434	813.9387	815.8563	815.9883	823.4542
MWK/ZAR	56.0481	55.7215	56.3113	56.2096	56.8877	55.8418

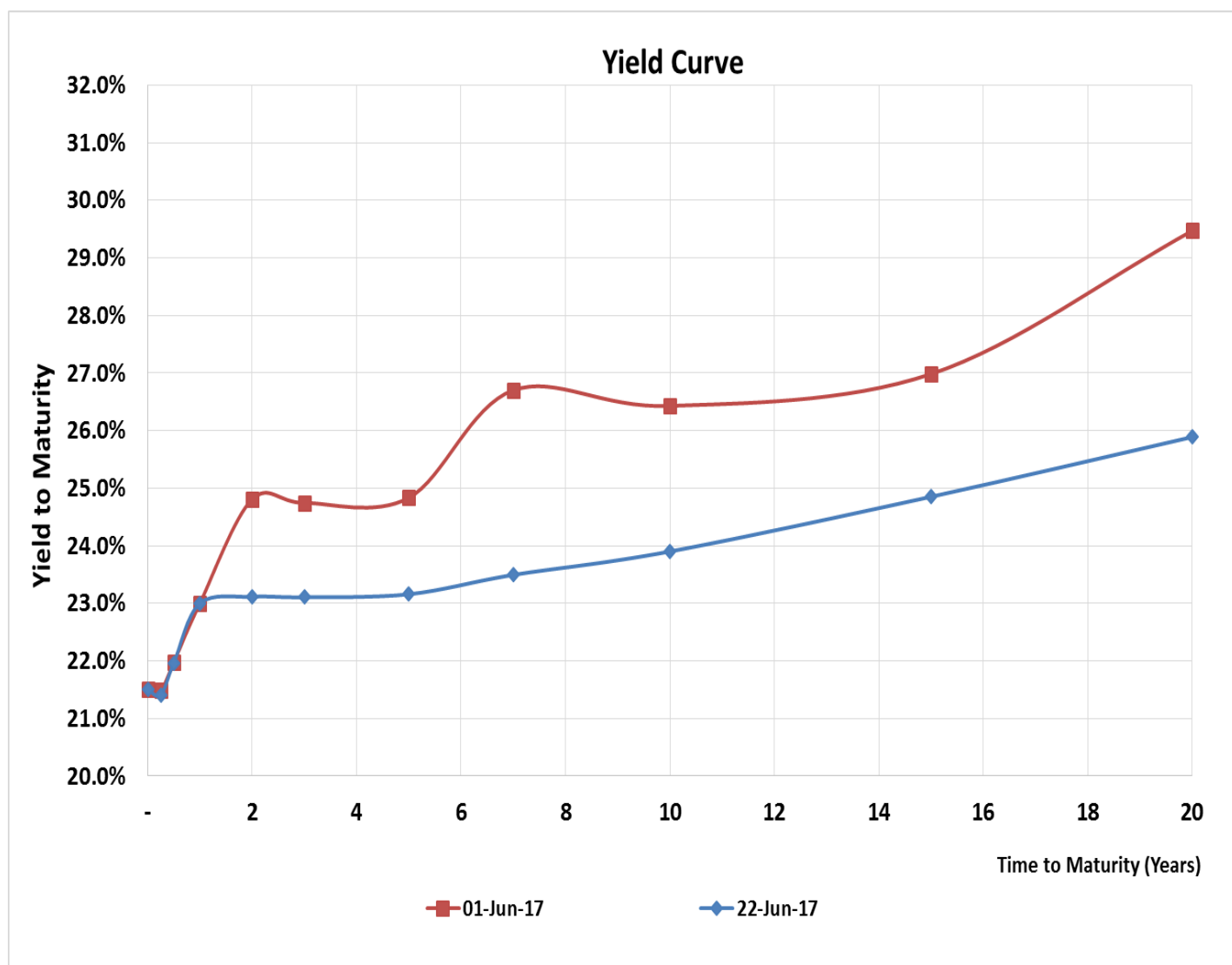
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 27th June 2017, the Kwacha appreciated against the USD but depreciated versus the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to trade around K725.4464 against the USD today, 28th June 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
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	21.91%
16 th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	29.57%
2 nd March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	25.73%
30 th March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	34.91%
27 April 2017	21.46%	21.50%	22.47%	23.47%	24.81%	23.67%	23.24%	25.08%	23.91%	23.64%	28.08%
11 th May 2017	21.51%	21.48%	22.08%	23.30%	25.28%	25.32%	25.69%	27.14%	27.36%	28.46%	25.14%
1 st June 2017	21.50%	21.49%	21.97%	23.00%	24.81%	24.75%	24.83%	26.70%	26.43%	26.98%	29.47%
22 nd June 2017	21.50%	21.41%	21.96%	23.00%	23.11%	23.11%	23.16%	23.49%	23.90%	24.85%	25.89%
22 June 2017-01 June 2017 Change in Yield (Bp)	0	-8	-1	0	-169	-164	-167	-321	-253	-213	-358



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