



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 14 July 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 14 th July 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-1,021	-17,792
Estimated Excess Reserves before OMO	7,406	7,406
Estimated Excess Reserves after OMO	0	0
Required Reserves	64,244	64,244

ii. Known Projected Transactions

	Week ending 14 th July 2017	Week ending 21 st July 2017	Week ending 28 th July 2017	July 2017	August 2017
+ Maturity of normal TBs/TNs/PNs	5,727	9,588	3,746	20,887	18,541
Maturity of OMO Repos	4,697	16,743	8,744	64,161	12,214

Commentary:

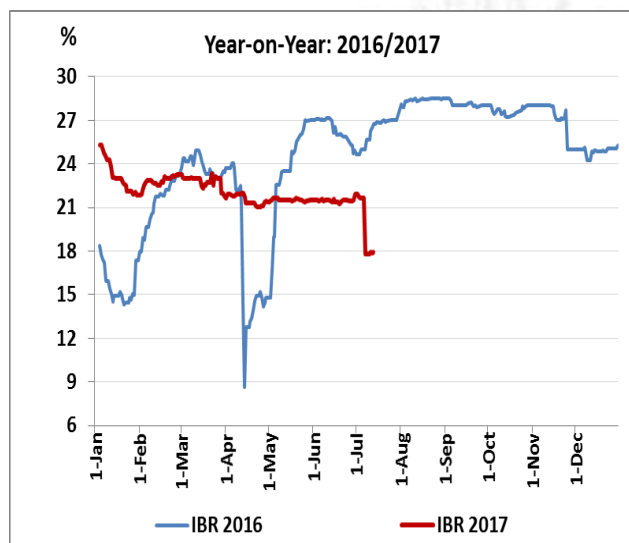
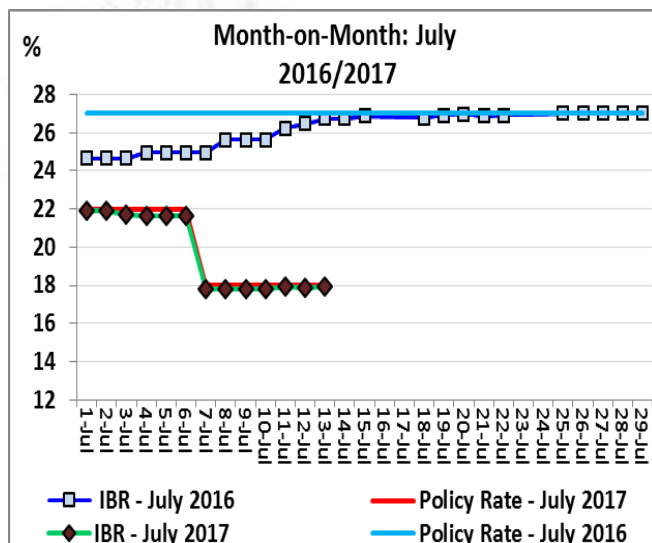
- Excess reserves increased to K8.43 billion yesterday, 13th July 2017 from K5.94 billion recorded on Wednesday, 12th July 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,450	17.93
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	1,900	17.00
14 days	59	17.00
32 days	17	17.00
61 days	-	-
273 days	-	-
364 days	98	19.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	1,020	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K7.45 billion yesterday, 13th July 2017 from K9.85 billion recorded on Wednesday, 12th July 2017.
- The overnight interbank market rate (IBR) increased to 17.93 percent from 17.87 percent recorded on Wednesday, 12th July 2017.
- About K2.07 billion was withdrawn from the banking system through OMO repos yesterday, 13th July 2017.
- K1.02 billion was accessed on the Lombard Facility yesterday, 13th July 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

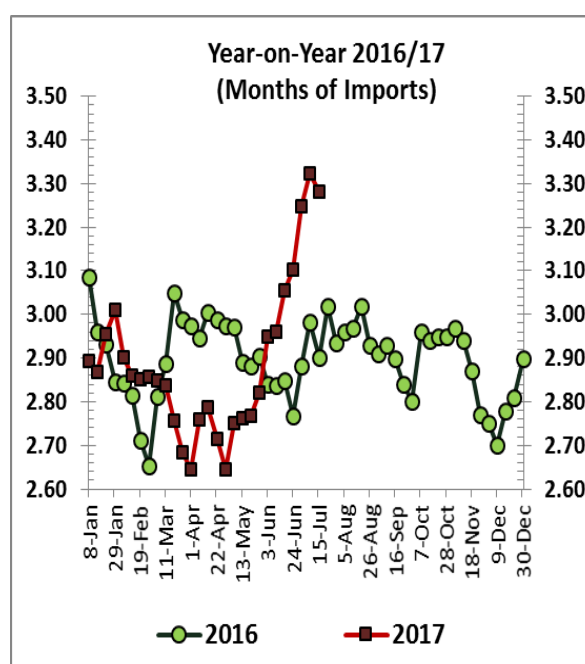
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
23 rd June 2017	648.63	3.10
30 th June 2017	678.70	3.25
7 th July 2017	694.58	3.32
12 th July 2017	685.87	3.28

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

Commentary:

- Gross official reserves increased during the week ending 7th July 2017 compared to the previous week. As at 12th July 2017, gross official reserves stood at US\$685.87 million (3.28 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)
23 rd June 2017	-4.05	366.14	362.09	1.73
30 th June 2017	-3.51	359.91	356.40	1.71
7 th July 2017	-7.84	384.10	376.26	1.80
12 th July 2017	-9.59	381.22	371.63	1.78

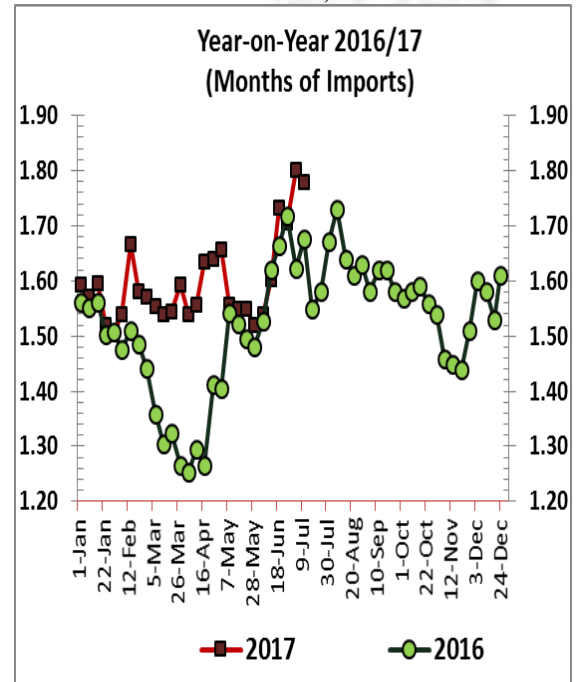
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
30 th June 2017	47.90	47.79
7 th July 2017	59.31	62.74
On 13 th July 2017	6.25	6.65

Commentary:

- ADB's purchased US\$59.31 million from the market and monetary authorities and sold US\$62.74 million during the week ending 7th July 2017. Yesterday, 13th July 2017, ADB's purchased US\$6.25 million from the market and sold US\$6.65 million.

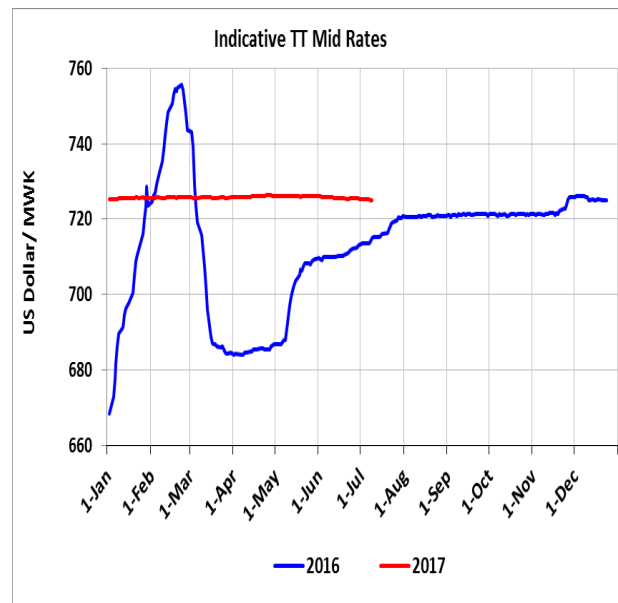
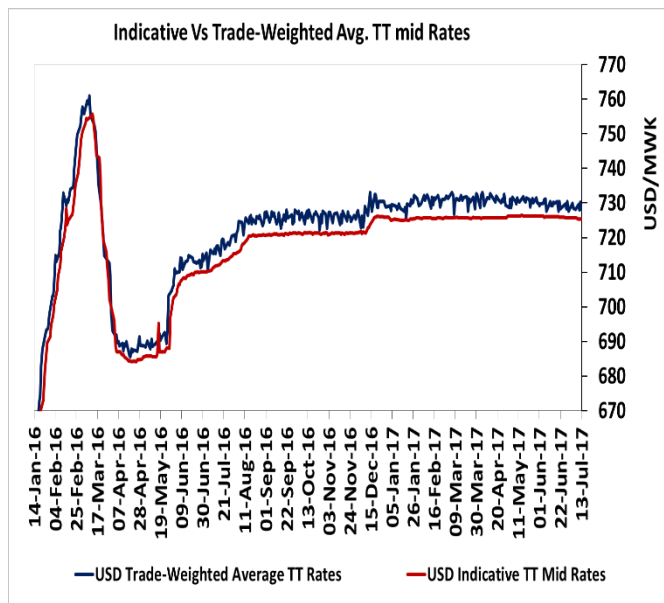


iii. Exchange Rate Developments

	7 th July 2017	10 th July 2017	11 th July 2017	12 th July 2017	13 th July 2017	Today's Indicative Rates
MWK/USD	728.1760	729.5772	729.7078	730.1928	728.6437	725.0117
MWK/GBP	945.9507	939.8915	943.3329	937.0722	941.3380	939.5427
MWK/EUR	832.3340	830.8541	830.2666	834.6043	831.3384	826.8758
MWK/ZAR	54.5981	54.4691	54.1149	54.0857	55.2092	54.8752

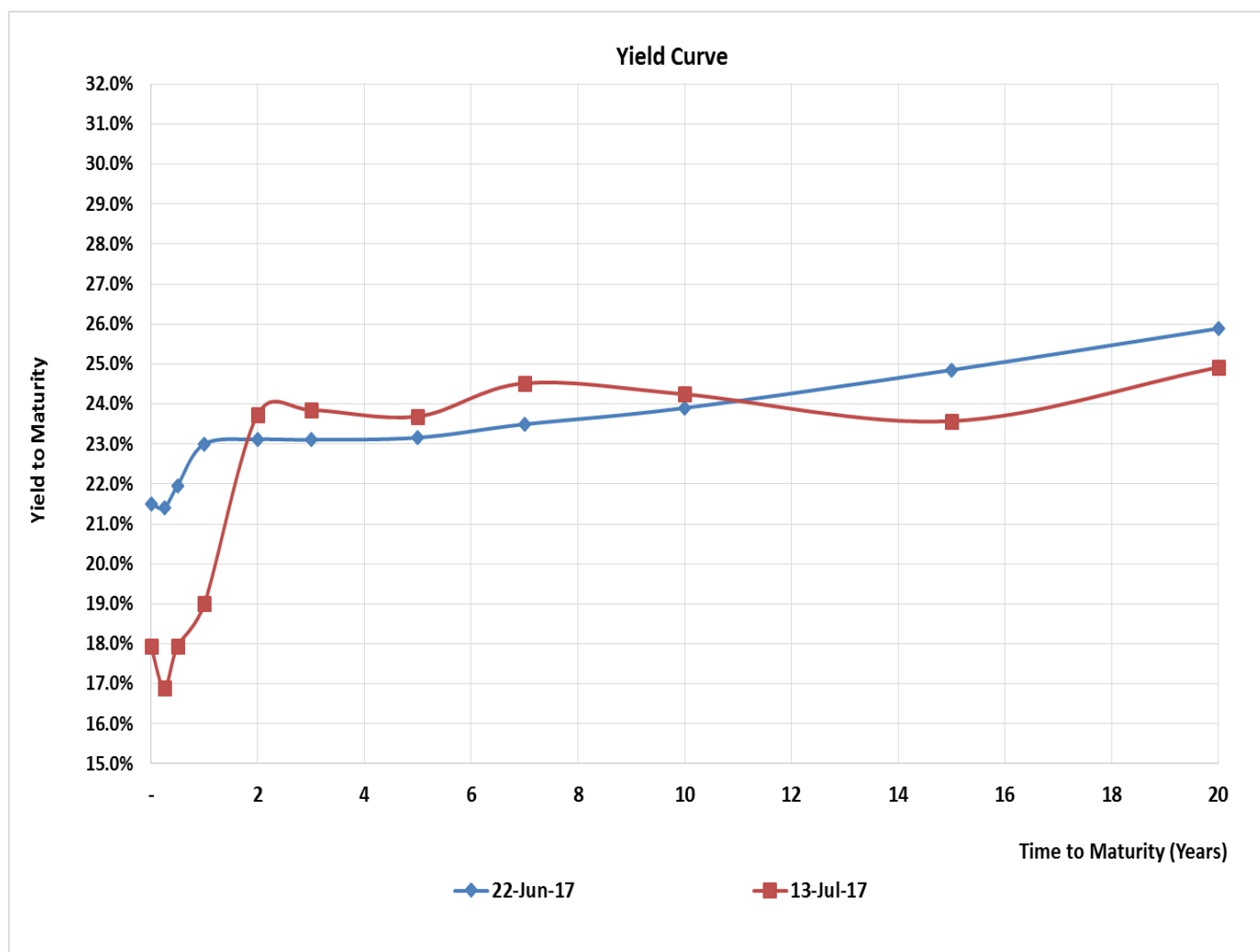
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 13th July 2017, the Kwacha appreciated against the USD and the EUR. The local currency, however, lost value versus the GBP and the ZAR. Indicatively, the local currency is expected to trade around K725.0117 against the USD today, 14th July 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
16th 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%
13 th July 2017	17.93%	16.89%	-	19.00%	23.74%	23.85%	23.69%	24.52%	24.25%	23.57%	24.92%
13 July 2017-22 June 2017 Change in Yield (Bp)	-357	-452	-	-400	63	75	53	102	34	-128	-97



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