



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 18 August 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 18 th August 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-4,855	-3,529
Estimated Excess Reserves before OMO	3,214	3,214
Estimated Excess Reserves after OMO	0	0
Required Reserves	69,873	69,873

ii. Known Projected Transactions

	Week ending 18 th August 2017	Week ending 25 th August 2017	Week ending 01 September 2017	August 2017	September 2017
Maturity of normal TBs/TNs/PNs	7,256	1,800	4,036	35,195	33,307
Maturity of OMO Repos	91,595	20,932	22,699	175,178	33,878

Commentary:

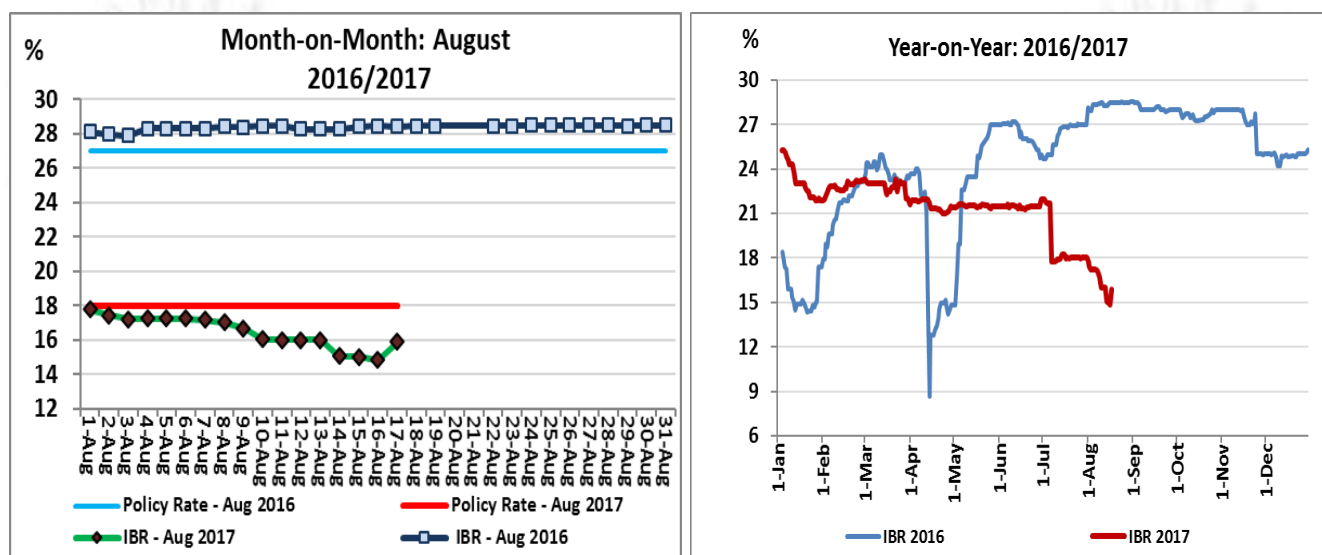
- Excess reserves increased to K10.38 billion yesterday, 17th August 2017 from K732.84 million recorded on Wednesday, 16th August 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,300	15.89
07 days	-	-
14 days	-	-
21 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	16,140	17.00
07 days	2,413	17.00
14 days	1,500	17.00
15 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	2,300	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K2.30 billion yesterday, 17th August 2017 from K450.00 million recorded during the previous day.
- The overnight interbank market rate (IBR) increased to 15.89 percent from 14.83 percent recorded on Wednesday, 16th August 2017.
- A total of K20.05 billion was withdrawn from the banking system through OMO repos yesterday, 17th August 2017.
- K2.30 billion was accessed from the Lombard Facility yesterday, 17th August 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

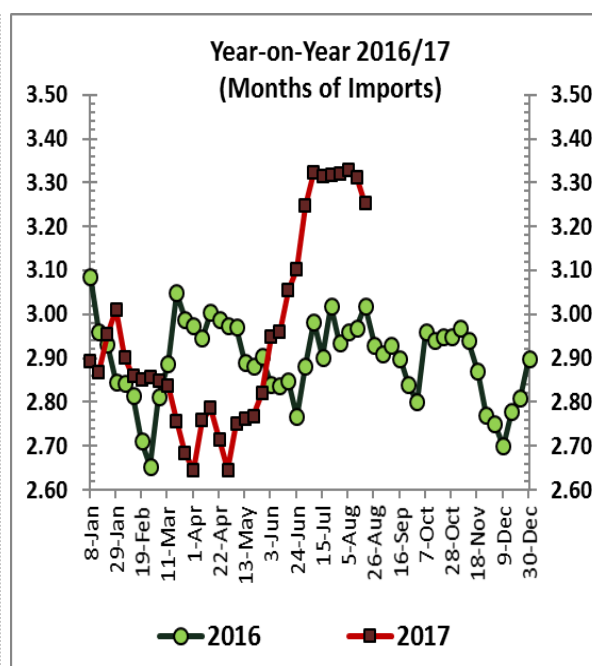
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
28 th July 2017	693.43	3.32
4 th August 2017	695.79	3.33
11 th August 2017	692.46	3.31
17 th August 2017	679.79	3.25

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

Commentary:

- Gross official reserves dropped marginally during the week ending 11th August 2017 compared to the previous week. As at 17th August 2017, gross official reserves stood at US\$679.79 million (3.25 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)
28 th July 2017	0.15	350.76	350.91	1.68
4 th August 2017	0.57	359.94	360.51	1.72
11 th August 2017	-8.94	347.95	339.01	1.62
17 th August 2017	-4.54	338.78	334.21	1.60

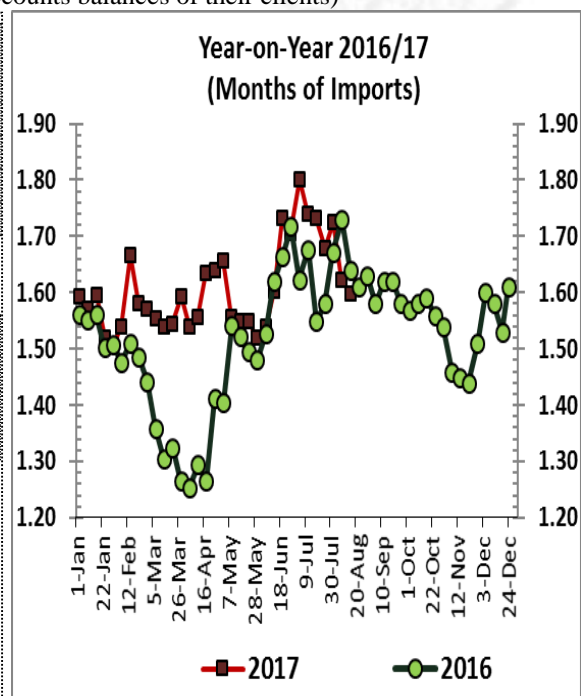
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
4 th August 2017	42.14	42.56
11 th August 2017	54.51	65.40
On 17 th August 2017	7.85	6.17

Commentary:

- ADB's purchased US\$54.51 million from the market and monetary authorities and sold US\$65.40 million during the week ending 11th August 2017. Yesterday, 17th August 2017, ADB's purchased US\$7.85 million and sold US\$6.17 million.

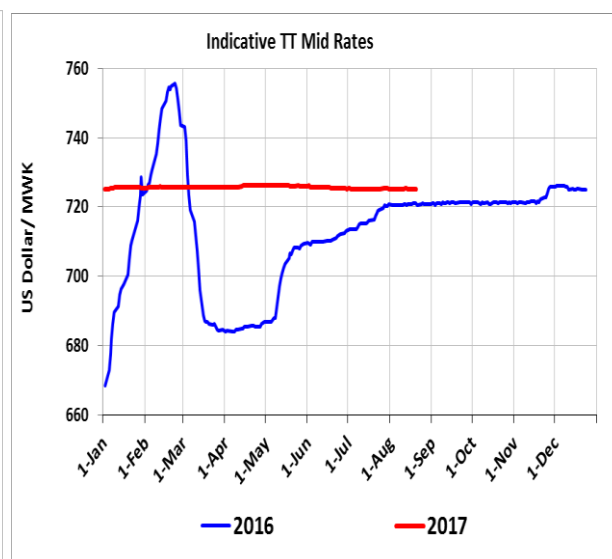
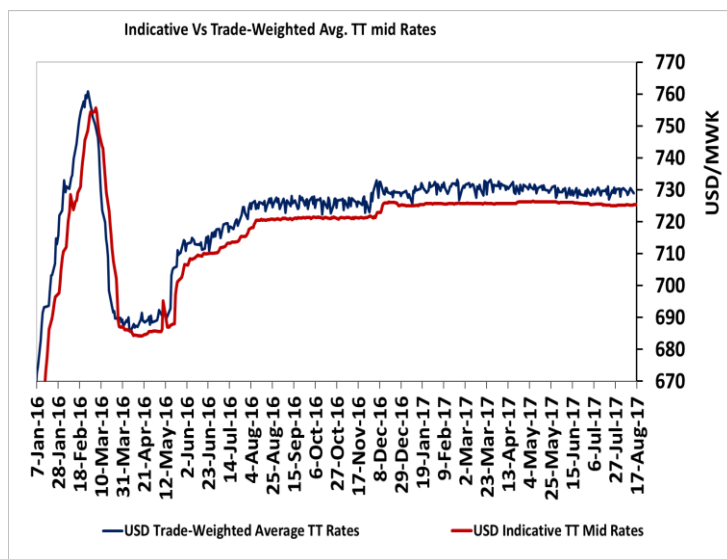


iii. Exchange Rate Developments

	11 th August 2017	14 th August 2017	15 th August 2017	16 th August 2017	17 th August 2017	Today's Indicative Rates
MWK/USD	730.4188	727.3935	730.7117	729.4690	730.9908	725.2669
MWK/GBP	950.7970	952.1159	946.0432	937.5727	941.2038	935.3042
MWK/EUR	854.9397	858.5987	856.0262	857.3120	860.5898	851.1732
MWK/ZAR	53.9932	54.3669	54.6654	54.7606	55.1552	54.6555

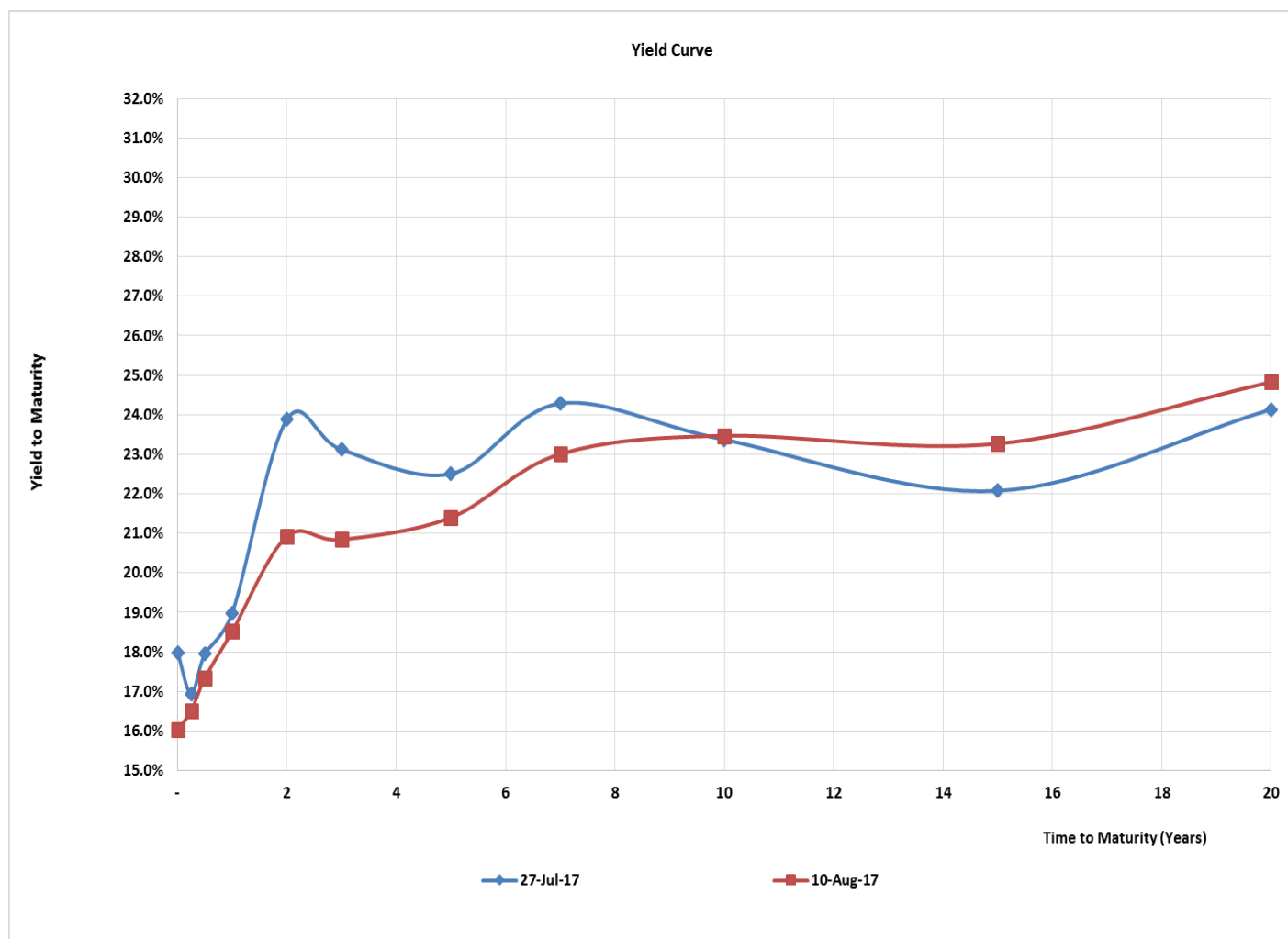
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 17th August 2017, the Kwacha appreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Kwacha is expected to trade around K725.2669 against the USD today, 18th August 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
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%
27 th July 2017	17.98%	16.94%	17.95%	18.99%	23.88%	23.12%	22.51%	24.29%	23.37%	22.08%	24.14%
10 th August 2017	16.03%	16.52%	17.33%	18.53%	20.92%	20.84%	21.40%	23.01%	23.47%	23.27%	24.83%
10 August 2017 - 27 July 2017 Change in Yield (Bp)	-195	-42	-61	-46	-296	-228	-111	-128	10	119	69



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