



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 31 August 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 1 st September 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	30,491	43,244
Estimated Excess Reserves before OMO	33,463	26,055
Estimated Excess Reserves after OMO	0	0
Required Reserves	70,003	70,003

ii. Known Projected Transactions

	Week ending 01 September 2017	Week ending 08 September 2017	Week ending 15 September 2017	August 2017	September 2017
Maturity of normal TBs/TNs/PNs	10,687	20,460	4,116	37,553	54,984
Maturity of OMO Repos	122,774	3,829	4,101	346,902	33,652

Commentary:

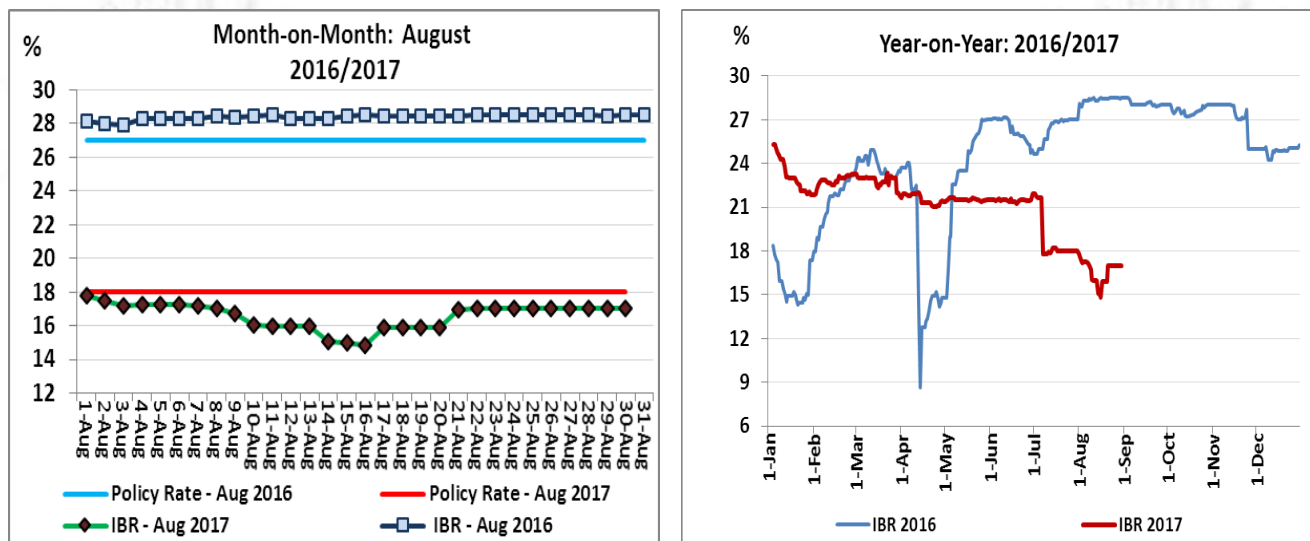
- Excess reserves declined to K2.97 billion yesterday on 30th August 2017 from K4.19 billion that was recorded on Tuesday, 29th August 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,700	17.00
07 days	-	-
14 days	-	-
21 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	15,990	17.00
03 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	840	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market marginally decreased to K2.70 billion on Wednesday, 30th August 2017, from K2.72 billion recorded during the previous day.
- The overnight interbank market rate (IBR) remained unchanged at 17.00 percent.
- K15.99 billion was withdrawn from the banking system through OMO repos yesterday, 30th August 2017.
- K840 million was accessed the Lombard Facility on Wednesday, 30th August 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

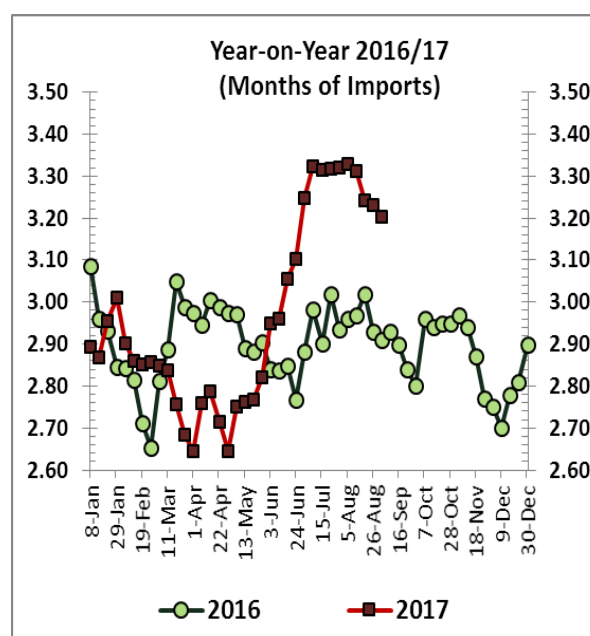
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
4 th August 2017	695.79	3.33
11 th August 2017	692.46	3.31
18 th August 2017	677.72	3.24
25 th August 2017	675.44	3.23
29 th August 2017	669.74	3.20

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

Commentary:

- Gross official reserves dropped marginally during the week ending 25th August 2017 compared to the previous week. As at 29th August 2017, the gross official reserves stood at US\$669.74 million (3.20 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)
11 th August 2017	-8.94	347.95	339.01	1.62
18 th August 2017	-3.24	371.04	367.80	1.76
25 th August 2017	1.01	384.84	385.85	1.85
29 th August 2017	2.02	388.64	390.65	1.87

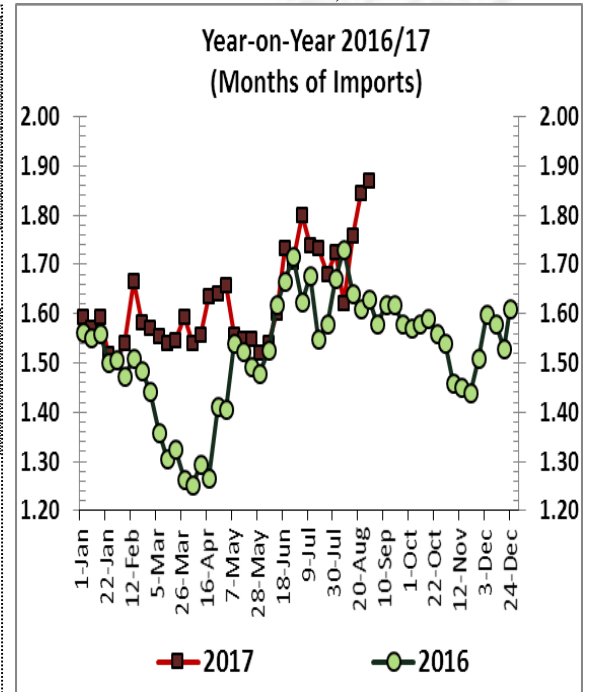
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 th August 2017	48.95	46.12
25 th August 2017	42.99	39.87
On 30 th August 2017	6.85	4.86

Commentary:

- ADB's purchased US\$42.99 million from the market and monetary authorities and sold US\$39.87 million during the week ending 25th August 2017. Yesterday, on 30th August 2017, ADB's purchased US\$6.85 million and sold US\$4.86 million.

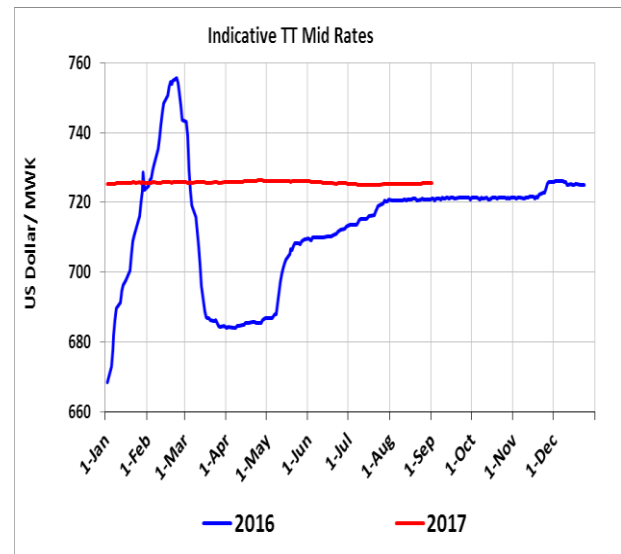
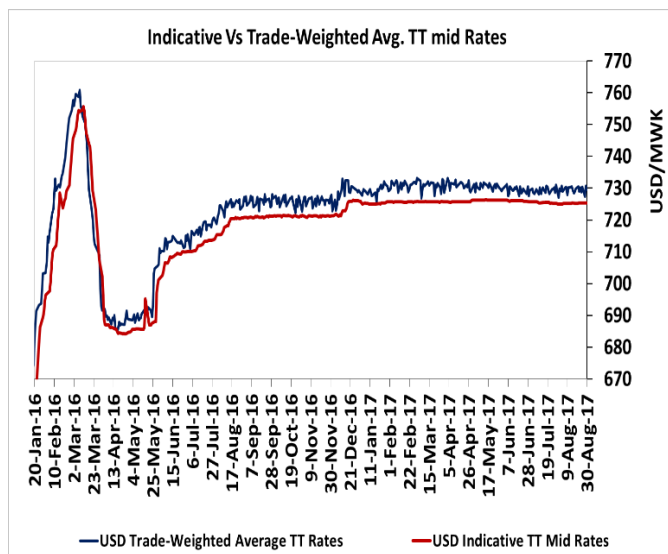


iii. Exchange Rate Developments

	24 th August 2017	25 th August 2017	28 th August 2017	29 th August 2017	30 th August 2017	Today's Indicative Rates
MWK/USD	731.9826	731.6130	727.8380	732.2892	731.9879	725.4922
MWK/GBP	938.6630	935.5051	940.5612	940.1364	938.6969	937.4810
MWK/EUR	857.5379	861.7785	868.9954	872.6939	869.8005	861.4494
MWK/ZAR	55.4436	55.3650	56.2271	55.6802	55.9720	55.7312

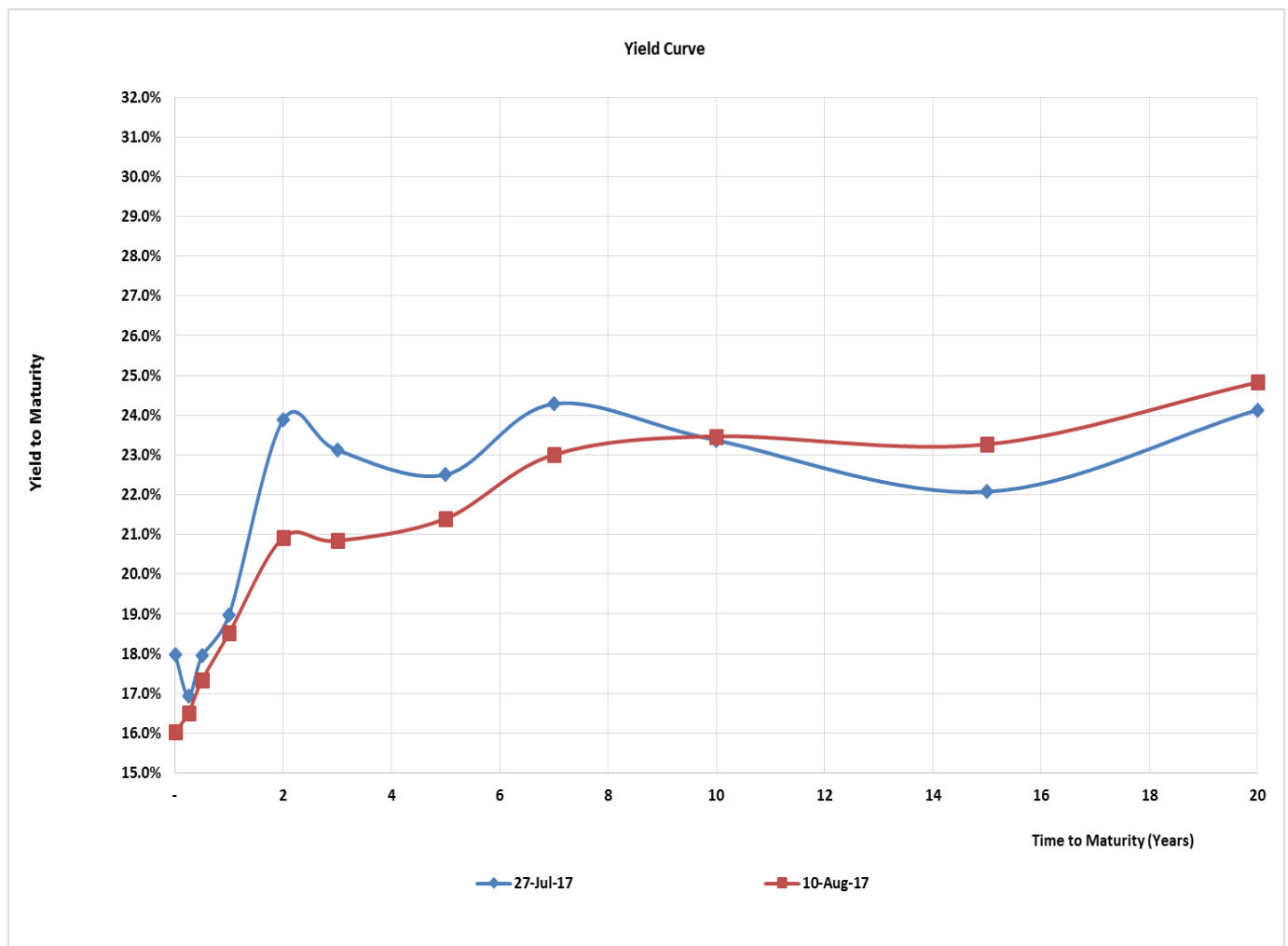
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Wednesday, 30th August 2017, the Kwacha appreciated against the USD, the GBP and, the EUR and depreciated against the ZAR. Indicatively, the Kwacha is expected to trade around K725.4922 against the USD today on 31st 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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