



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 24th October 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 27 th October 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-19,989	-30,511
Estimated Excess Reserves before OMO	-11,574	-29,622
Estimated Excess Reserves after OMO	0	0
Required Reserves	69,573	69,573

ii. Known Projected Transactions

	Week ending 20 October 2017	Week ending 27 October 2017	October 2017	November 2017
Maturity of normal TBs/TNs/PNs	7,316	6,106	17,971	6,636
Maturity of OMO Repos	13,652	7,559	48,108	44,430

Commentary:

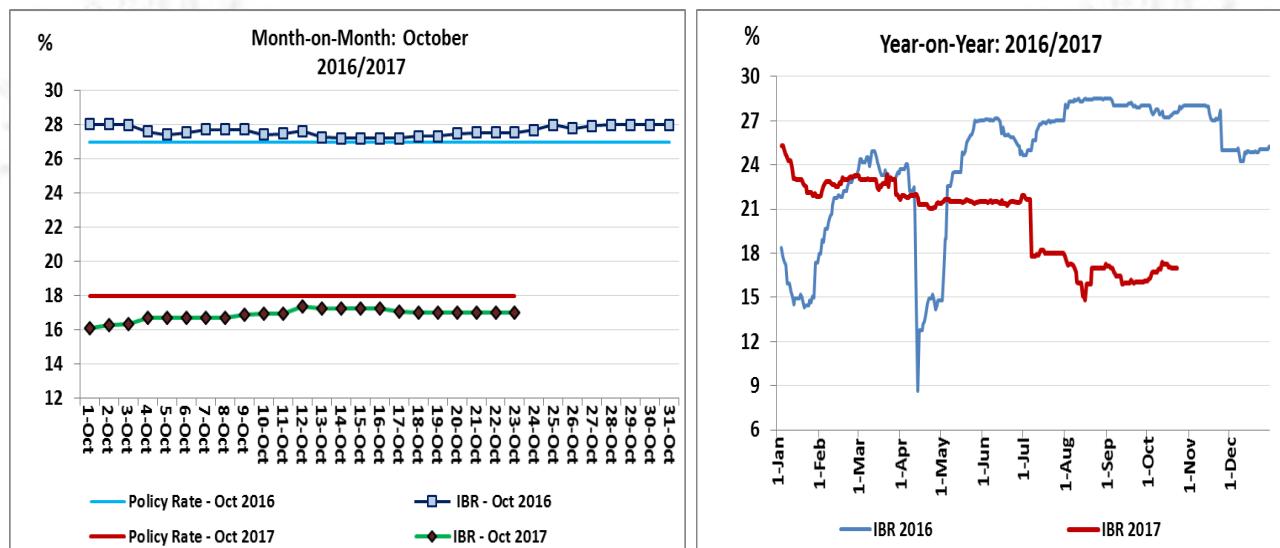
- Excess reserves increased to K8.442 billion on Monday, 23rd October 2017 from K3.22 billion recorded on Friday, 20th October 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,655	17.00
07 days	-	-
14 days	-	-
21 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	-	-
63 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	25,135	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K2.65 billion on 23rd October 2017 from K6.70 billion recorded on Friday, 20th October 2017.
- The weighted average overnight interbank market rate (IBR) remained unchanged at 17.00 percent on Monday 23rd October as it was on Friday, 20th October 2017.
- A total of K25.14 billion was accessed on the Lombard Facility on 23rd October 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

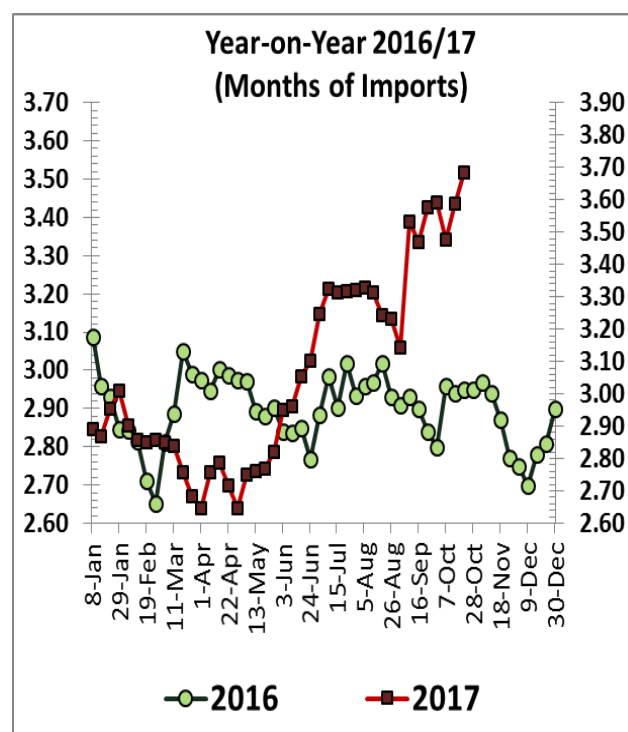
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
15 th September 2017	726.21	3.47
22 nd September 2017	747.71	3.58
29 th September 2017	750.23	3.59
06 th October 2017	726.79	3.48
13 th October 2017	749.75	3.59
On 20 th October 2017	769.61	3.68

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

Commentary:

- Gross official reserves increased during the week ending 13th October 2017 compared to the preceding week. The official reserves closed at US\$749.75 million (3.59 months of imports) on 13th October 2017 compared to US\$726.79 million (3.48 months of imports) recorded on 6th October 2017. As of the week ending 20th October, Gross Official Reserves stood at 769.61 million (3.68 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)
29 th September 2017	1.34	345.13	346.46	1.66
06 th October 2017	3.10	354.42	357.52	1.71
13 th October 2017	-0.30	342.52	342.22	1.64
On 19 th October 2017	-3.79	338.49	334.69	1.60

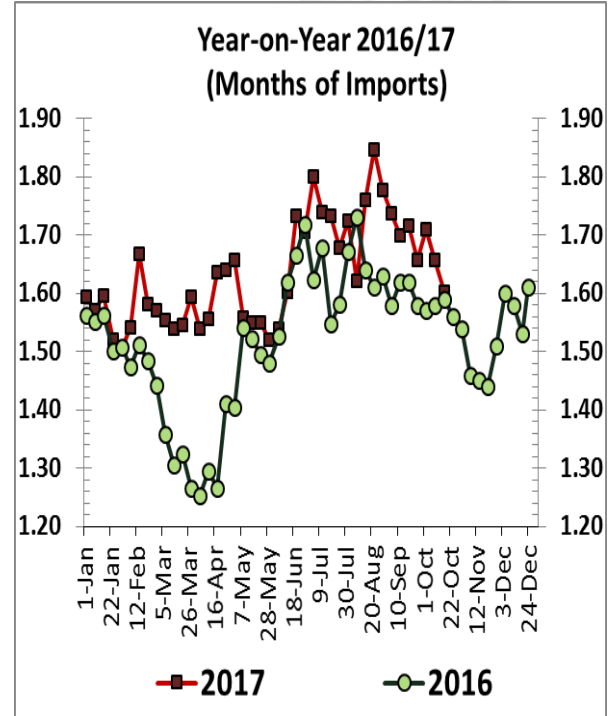
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
13 th October 2017	49.92	61.40
20 th October 2017	50.24	58.76
On 23 rd October 2017	6.25	5.21

Commentary:

- ADB's FX trading increased during the week ending 20th October 2017 compared to the previous week. ADBs purchased US\$50.24 million from the market and sold US\$58.76 million during the week. On Monday, 23rd October 2017, ADBs purchased US\$6.25 million and sold US\$5.21 million.

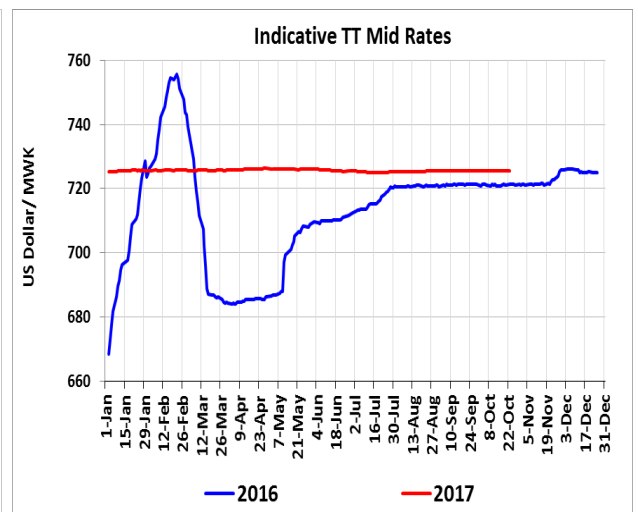
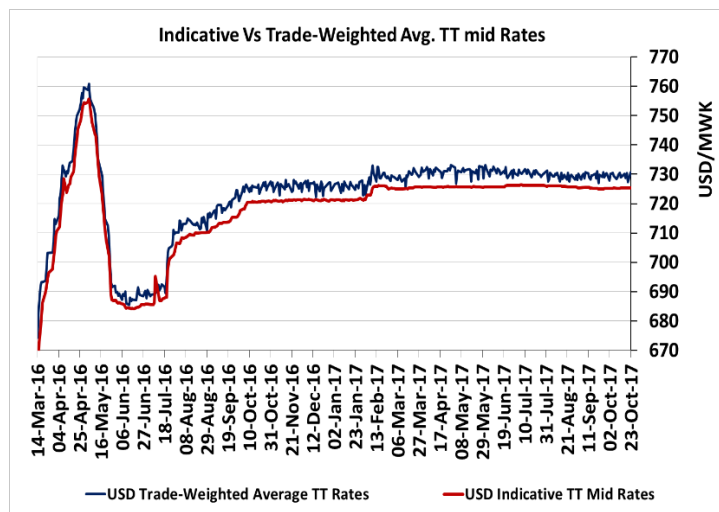


iii. Exchange Rate Developments

	17 th Oct 2017	18 th October 2017	19 th October 2017	20 th October 2017	23 rd October 2017	Today's Indicative Rates
MWK/USD	726.8088	731.8476	732.1094	732.4729	732.4217	725.4702
MWK/GBP	966.8791	964.7979	967.0291	960.6739	965.0779	969.0716
MWK/EUR	854.4650	856.9345	862.9109	863.3774	858.3497	853.4431
MWK/ZAR	54.3940	54.1543	53.8738	53.3662	53.2969	53.0043

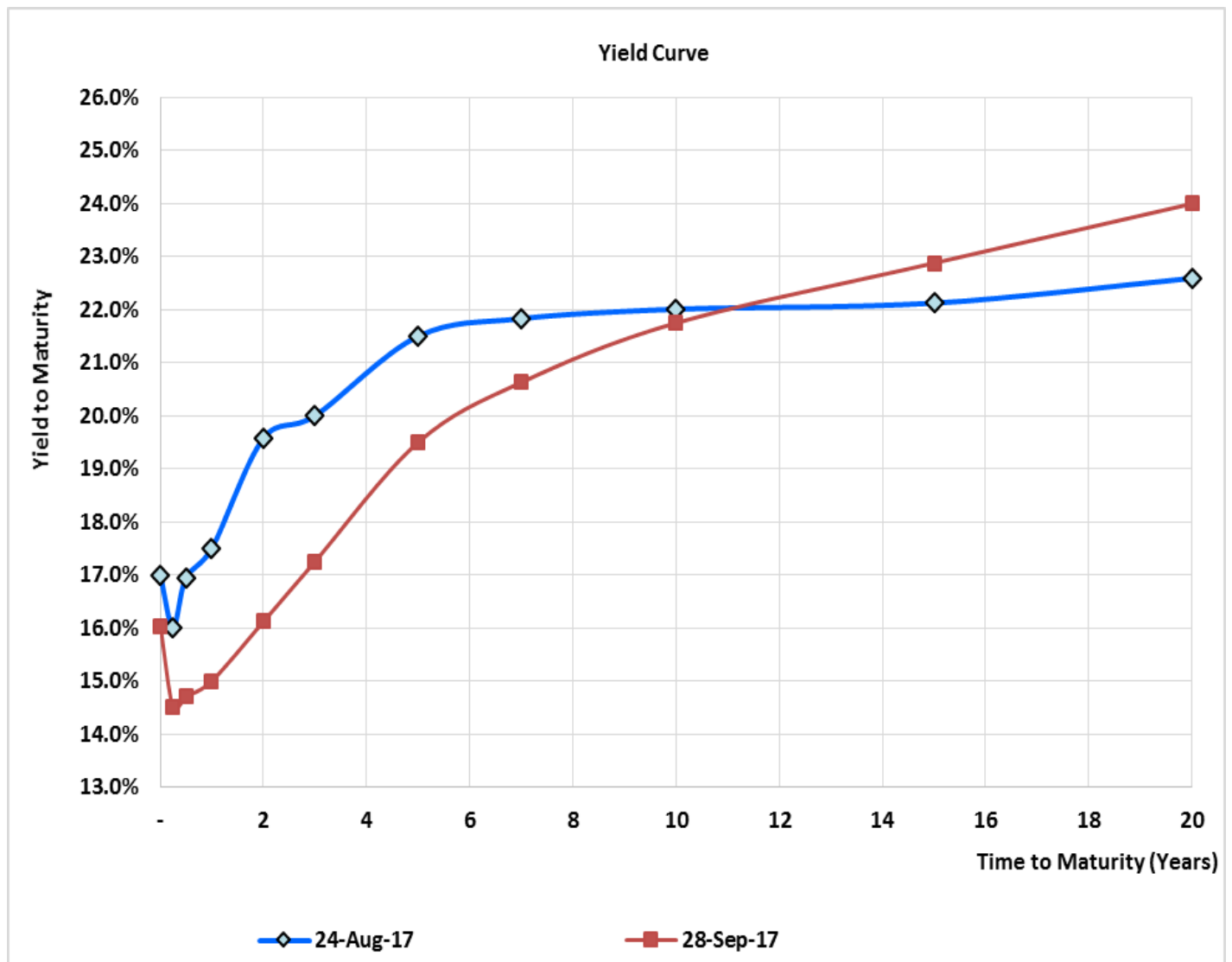
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Monday, 23rd October 2017, the Kwacha appreciated against the USD, the EUR and the ZAR, and depreciated against the GBP. Indicatively, the Kwacha is expected to trade around K725.4702 against the USD today, 24th October 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
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%
24 th August 2017	17.00%	16.01%	16.95%	17.50%	19.58%	20.00%	21.50%	21.83%	22.01%	22.13%	22.59%
28 th September 2017	16.04%	14.50%	14.70%	15.00%	16.12%	17.25%	19.50%	20.63%	21.75%	22.88%	24.00%
28 Sept - 24 Aug Change in Yield (Bp)	-96	-151	-225	-250	-346	-275	-200	-120	-26	75	141



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