



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 30<sup>th</sup> November 2018

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Projections

	Today	Week ending 30 <sup>th</sup> November 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-20,203	5,486
Estimated Excess Reserves before OMO	15,607	14,014
Estimated Excess Reserves after OMO	0	0
Required Reserves	77,548	77,548

#### ii. Known Projected Transactions

	Week ending 16 <sup>th</sup> November 2018	Week ending 23 <sup>rd</sup> November 2018	Week ending 30 <sup>th</sup> November 2018	November 2018
Maturity of normal TBs/TNs/PNs	2,504	4,534	9,660	28,135
Maturity of OMO Repos	25,895	4,964	17,130	51,121

#### Commentary:

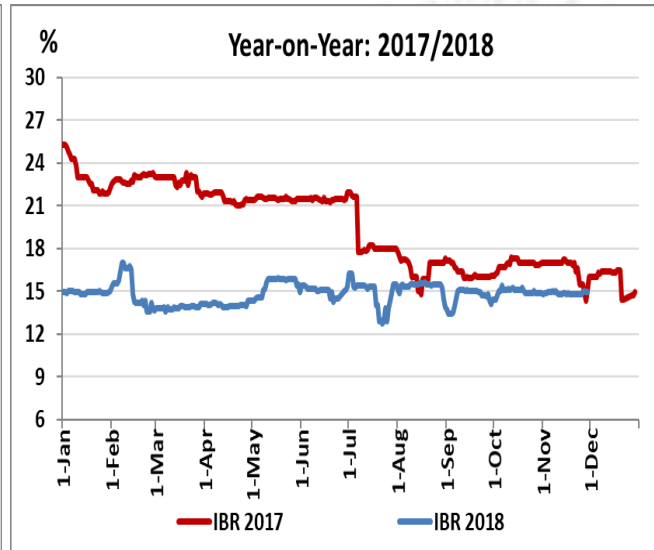
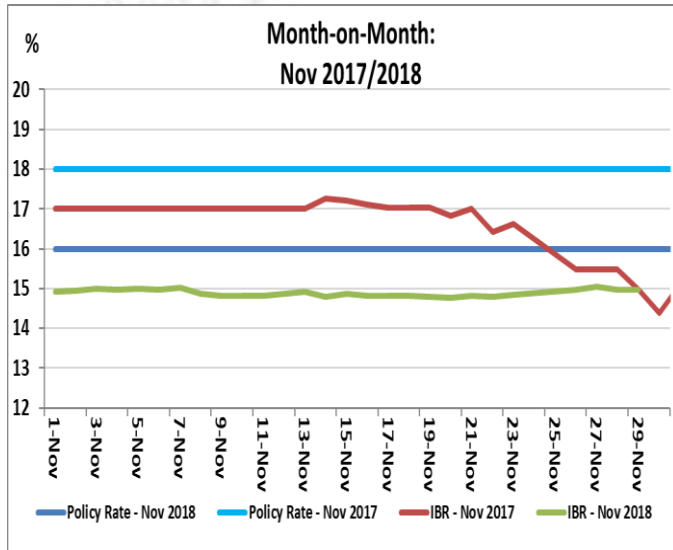
Excess reserves increased to K35.81 billion on Thursday, 29<sup>th</sup> November 2018, from K9.63 billion recorded on Wednesday, 28<sup>th</sup> November 2018.

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk'mn)	Average rate (%)
O/N	9,220	14.98
4 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
91 days	-	-
150 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	-	-

## Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased to K9.22 billion on Thursday, 29<sup>th</sup> November 2018, from K8.69 billion on Wednesday, 28<sup>th</sup> November 2018.
- The overnight interbank market rate (IBR) remained steady at 14.98 percent on 29<sup>th</sup> November 2018, just like on 28<sup>th</sup> November 2018.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

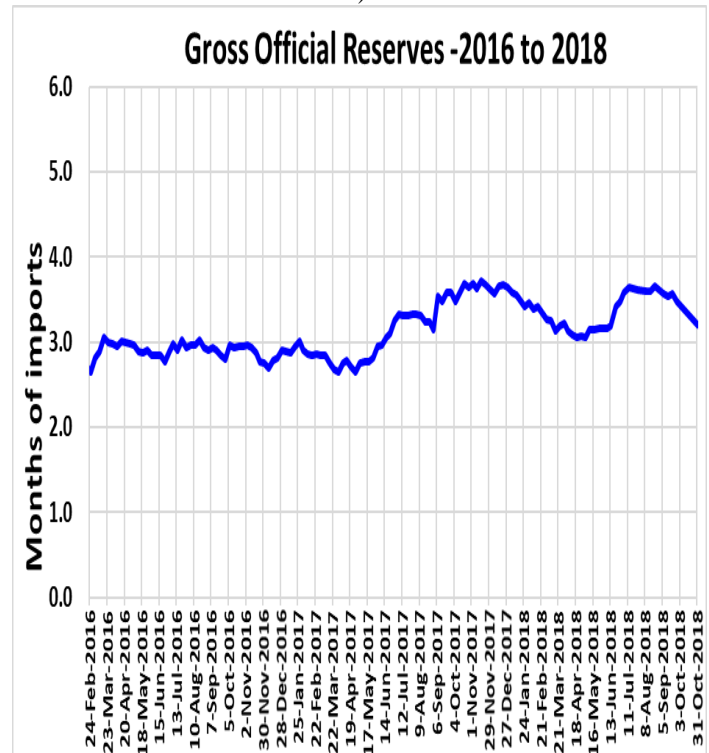
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
31 <sup>st</sup> May 2018	662.21	3.17
29 <sup>th</sup> June 2018	728.10	3.48
31 <sup>st</sup> July 2018	754.23	3.61
31 <sup>st</sup> Aug 2018	753.52	3.61
28 <sup>th</sup> Sep 2018	727.63	3.48
31 <sup>st</sup> Oct 2018	669.92	3.20

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

### Commentary:

- Gross official reserves decreased during October 2018 to \$669.92 million (3.20 months of imports) from \$727.63 million (3.48 months of imports) at the end of the preceding month.



## 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)
31 <sup>st</sup> July 2018	1.87	336.61	338.48	1.62
31 <sup>st</sup> Aug 2018	-9.18	341.24	332.06	1.59
28 <sup>th</sup> Sep 2018	0.80	318.43	319.23	1.53
31 <sup>st</sup> Oct 2018	0.80	328.43	329.23	1.58

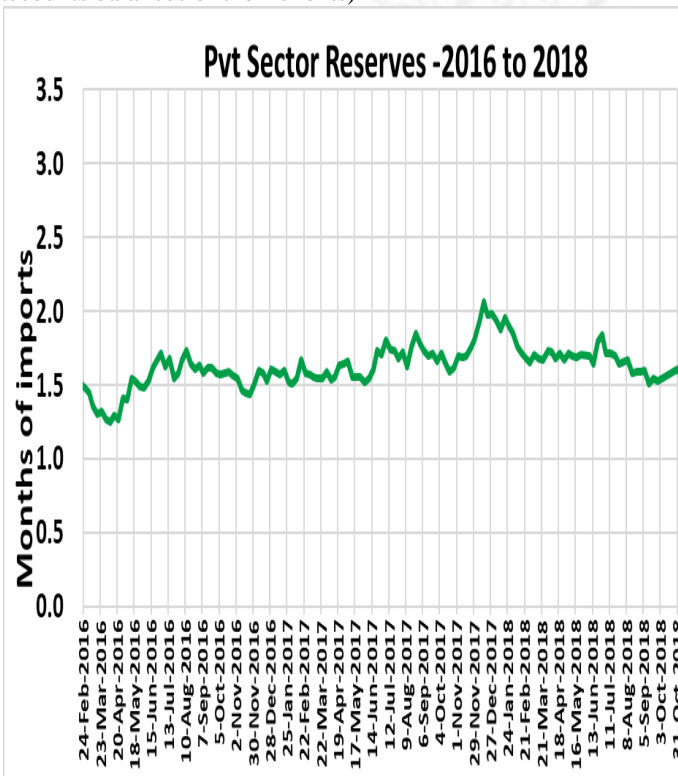
\* US\$209.0 million per month is used in this calculation

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
9 <sup>th</sup> Nov 2018	43.10	43.29
16 <sup>th</sup> Nov 2018	36.18	40.03
23 <sup>rd</sup> Nov 2018	54.73	47.17
On 29 <sup>th</sup> Nov 2018	17.83	13.49

#### Commentary:

- ADB's FX trading increased during the week ending 23<sup>rd</sup> November 2018 compared to the previous week. ADBs purchased a total of US\$54.73 million from the market and sold a total of US\$47.17 million during the week. On Thursday, 29<sup>th</sup> November 2018, ADBs purchased US\$17.83 million from the market and sold US\$13.49 million.

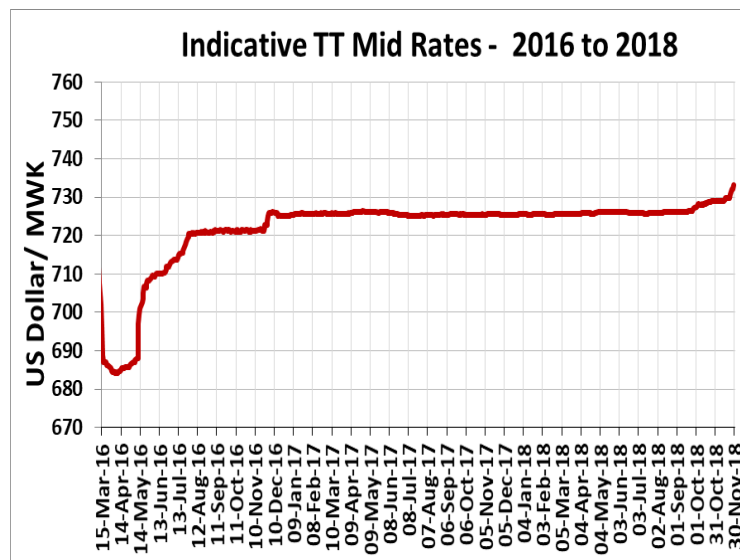
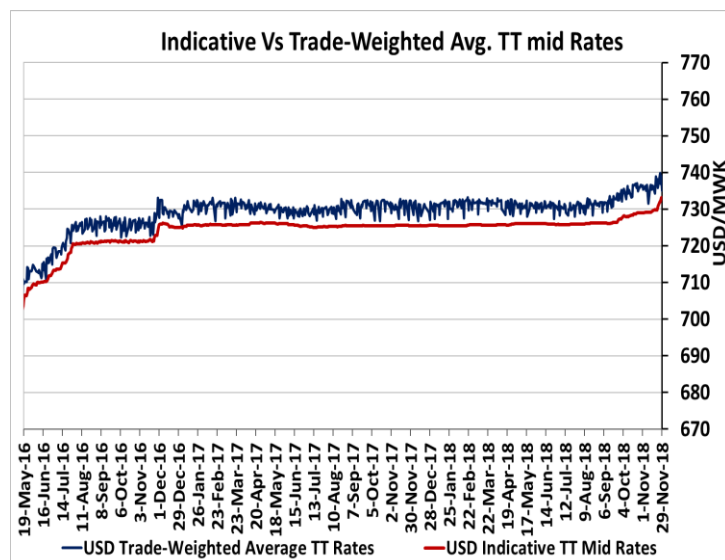


## iii. Exchange Rate Developments

	23 <sup>rd</sup> Nov 2018	26 <sup>th</sup> Nov 2018	27 <sup>th</sup> Nov 2018	28 <sup>th</sup> Nov 2018	29 <sup>th</sup> Nov 2018	Today's indicative Rates
MWK/USD	735.8780	739.8892	736.9695	739.0026	735.1137	732.4239
MWK/GBP	944.5353	945.0337	945.5052	936.7115	949.7321	936.1110
MWK/EUR	839.7005	839.1171	834.7828	833.5439	838.3739	834.4505
MWK/ZAR	53.3630	54.0792	53.1451	53.2871	53.2871	53.6005

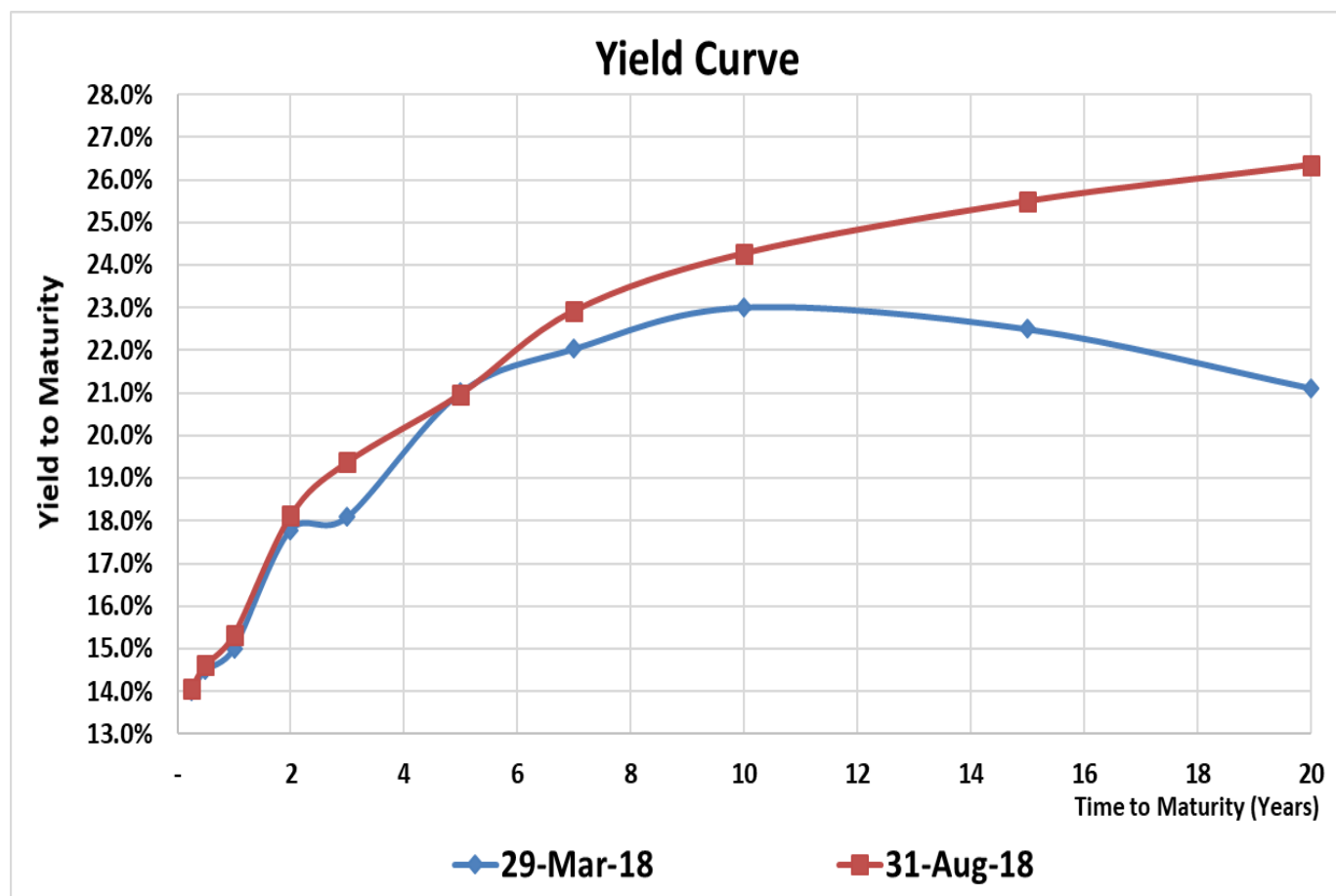
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** On Thursday, 29<sup>th</sup> November 2018, the Kwacha appreciated against the USD, remained stable against the ZAR, but lost value against the GBP and the EUR. Indicatively, the local currency is expected to be trading at 732.4239 per US Dollar, today 30<sup>th</sup> November 2018.



#### D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
12 <sup>th</sup> October 2017	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
9 <sup>th</sup> November 2017	14.32%	14.79%	14.73%	17.03%	19.04%	20.56%	20.79%	21.12%	20.60%	21.07%
23 <sup>rd</sup> November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%	21.16%	22.58%	22.44%
14 <sup>th</sup> December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%	22.45%	23.91%	25.17%
11 <sup>th</sup> January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%	23.00%	23.64%	24.07%
8 <sup>th</sup> February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%	24.01%	24.51%	25.12%
22 <sup>nd</sup> February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%	24.01%	24.51%	25.12%
29 <sup>th</sup> March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%	23.01%	22.51%	21.12%
31 <sup>st</sup> August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%	24.28%	25.50%	26.35%
31 Aug – 29 Mar 2018 Change in Yield (Bp)	7	13	33	32	129	(4)	89	126	299	523



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