



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 11th February 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 15 th February 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-4,062	8,516
Estimated Excess Reserves before OMO	22,938	35,516
Estimated Excess Reserves after OMO	0	0
Required Reserves	51,624	51,624

ii. Known Projected Transactions

	Week ending 1 st February 2019	Week ending 8 th February 2019	Week ending 15 th February 2019	February 2019
Maturity of normal TBs/TNs/PNs	13,263	4,210	5,012	53,737
Maturity of OMO Repos	33,315	-	7,564	60,320

Commentary:

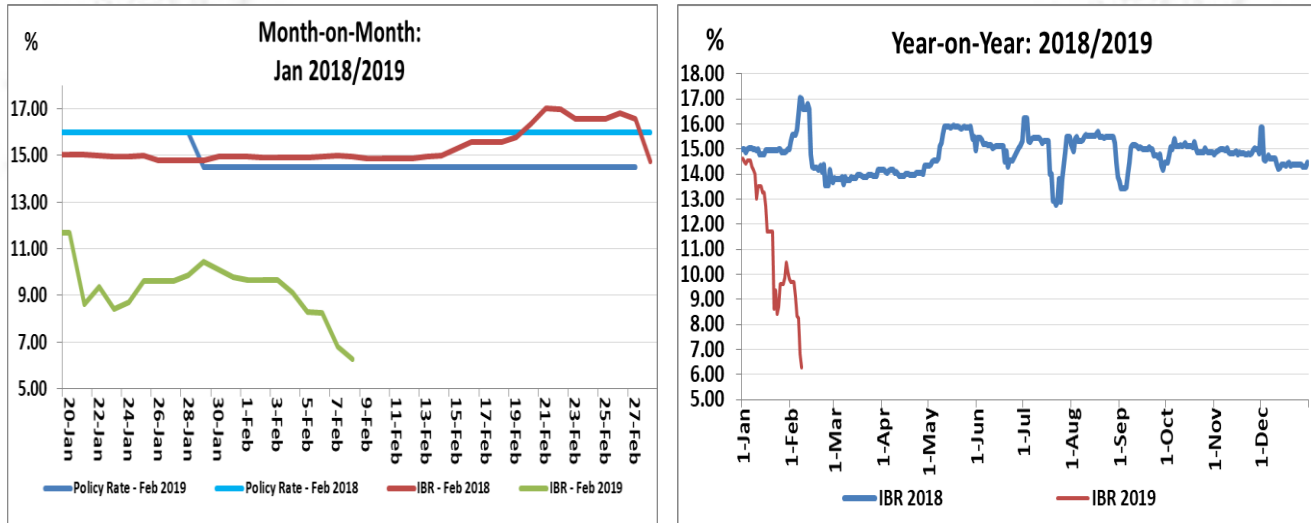
Excess reserves increased to K27.00 billion on Friday, 8th February 2019, from K24.17 billion recorded on Thursday, 7th February 2019.

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	5,750	6.26
2 days		
7 days		
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market dropped to K5.75 billion on Friday, 8th February 2019, from K10.95 billion on Thursday, 7th February 2019.
- The overnight interbank market rate (IBR) dropped by 55 basis points (bps) to 6.26 percent on 8th February 2019 from 6.81 percent on 7th February 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

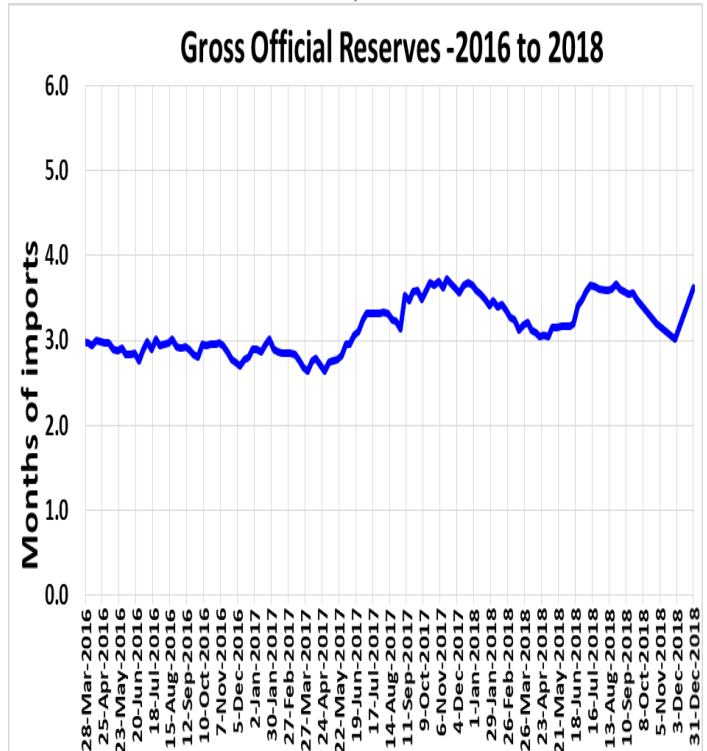
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ million)	Reserves (US\$ million)	Import Cover * (Months)
31 st July 2018	754.23	3.61
31 st Aug 2018	753.52	3.61
28 th Sep 2018	727.63	3.48
31 st Oct 2018	669.92	3.20
30 th Nov 2018	631.21	3.04
31 st Dec 2018	755.22	3.61

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

Commentary:

- Gross official reserves increased during December 2018 to \$755.22 million (3.61 months of imports) from \$631.21 million (3.04 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)
28th Sep 2018	0.80	318.43	319.23	1.53
31 st Oct 2018	0.80	328.43	329.23	1.58
30 th Nov 2018	1.63	336.28	337.92	1.62
31 st Dec 2018	2.37	328.47	330.84	1.58

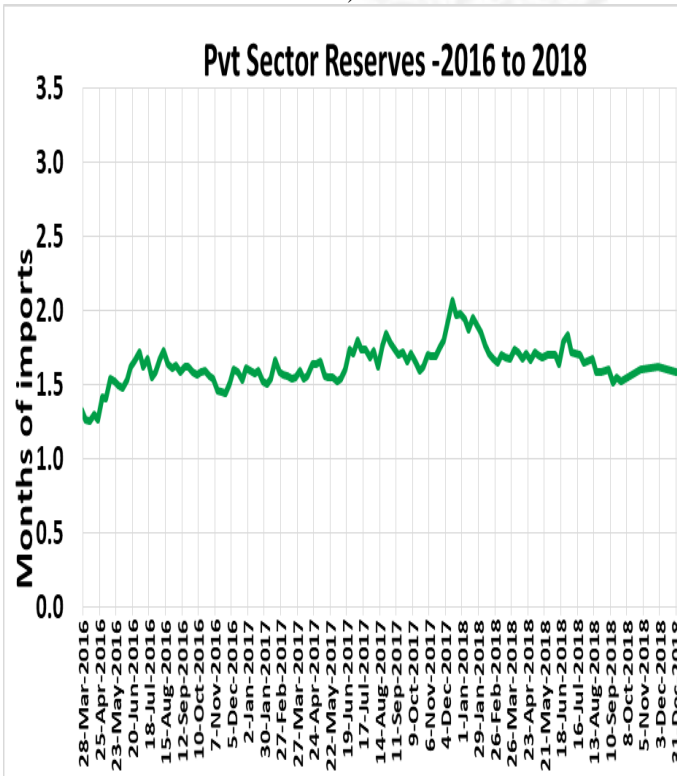
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
25 th Jan 2019	42.44	46.65
1 st Feb 2019	56.45	58.78
8 th Feb 2019	25.06	25.42
On 8 th Feb 2019	12.39	10.19

Commentary:

- ADB's FX trading dropped during the week ending 8th February 2019 compared to the previous week. ADBs purchased a total of US\$25.06 million from the market and sold a total of US\$25.42 million during the week. On Friday, 8th February 2019, ADBs purchased US\$12.39 million from the market and sold US\$10.19 million.

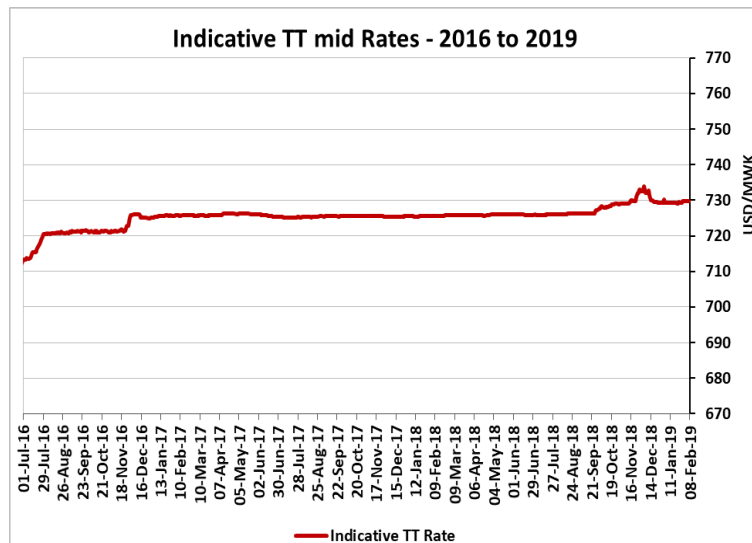
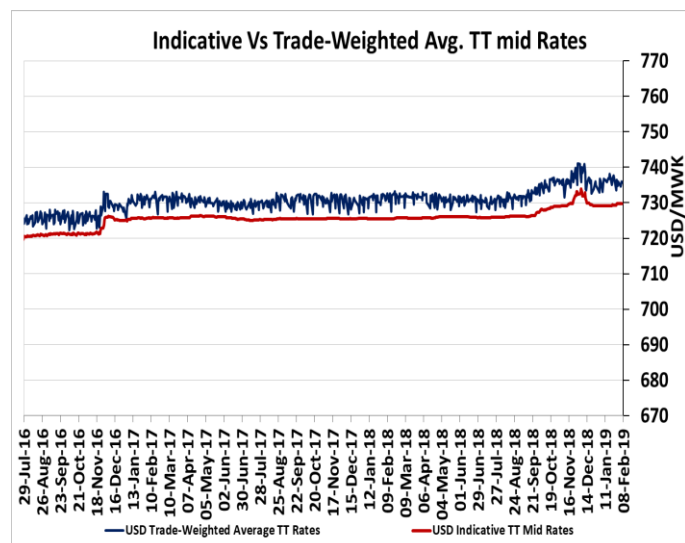


iii. Exchange Rate Developments

	4 th Feb 2019	5 th Feb 2019	6 th Feb 2019	7 th Feb 2019	8 th Feb 2019	Today's indicative Rates
MWK/USD	734.5921	735.9266	735.7539	735.6297	736.1260	729.8105
MWK/GBP	959.2092	956.0242	951.7186	952.4174	949.4787	943.5720
MWK/EUR	839.7879	840.9804	832.9418	835.1984	833.8655	825.9995
MWK/ZAR	54.9105	55.2672	55.2372	54.0317	53.7334	53.6335

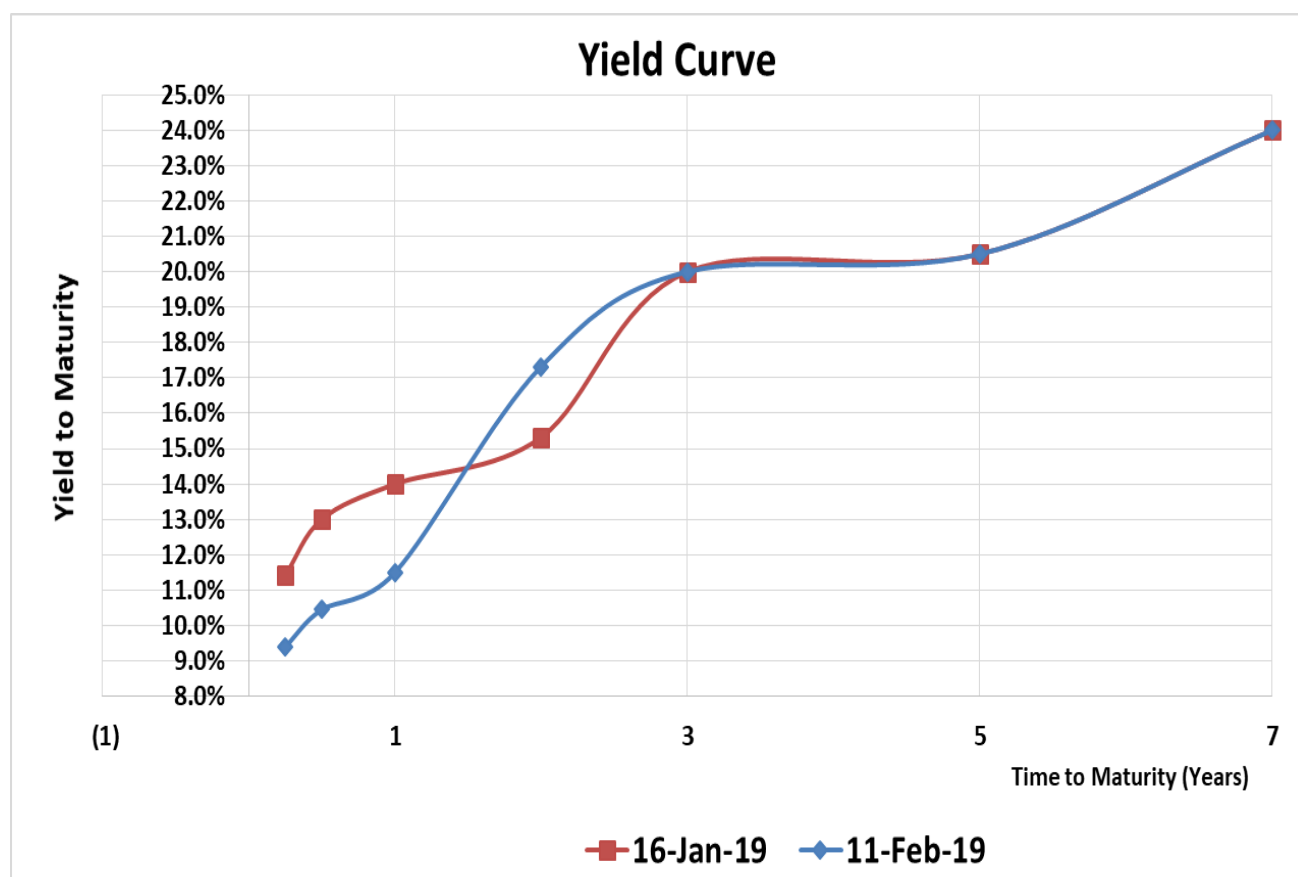
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 8th February 2019, the Kwacha depreciated against the USD but appreciated against the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to be trading at 729.8105 per US Dollar today, 11th February 2019.



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
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%
16 th January 2019	11.42%	13.00%	14.00%	15.32%	20.00%	20.50%	24.00%
11 th February 2019	9.40%	10.45%	11.50%	17.32%	20.00%	20.50%	24.00%
11 Feb 2019 – 16 Jan 2018 Change in Yield (Bp)	(2.02)	(2.55)	(2.50)	2.00	0.00	0.00	0.00



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