RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 20th December 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 20th December 2019	19th December 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-33,635	-30,626	
Excess Reserves before OMO	-27,228	-27,228	
Excess Reserves after OMO			6,407
Required Reserves	54,434	54,434	54,434

ii. Known Projected Transactions

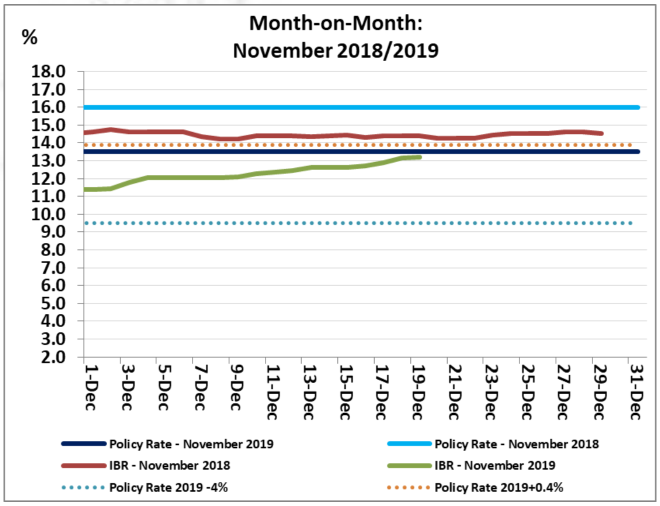
	Week ending 13th Dec 2019	Week ending 20th Dec 2019	Week ending 27th Dec 2019	End Month Dec 2019
Maturity of normal TBs/TNs/PNs	7,581	6,065	12,368	36,085
Maturity of OMO Repos	0	0	0	7,493

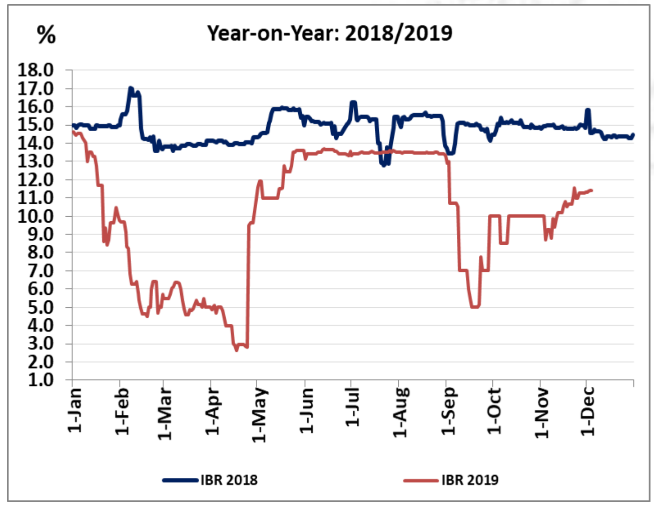
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	**Volume (Mk' bn)**	**Average rate (%)**
O/N	5.00	13.20
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	36.60	13.90

Weighted Average Interbank Rates





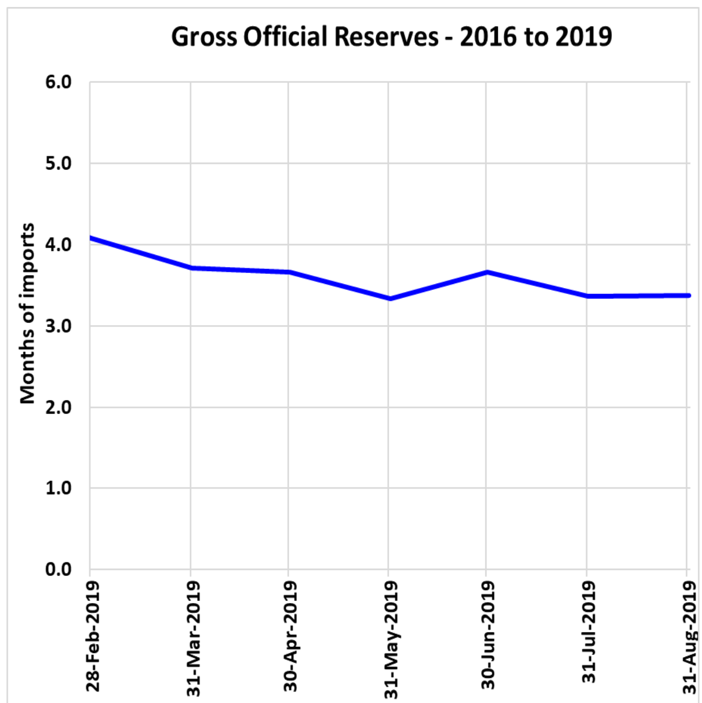
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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)
30th Nov 2018	631.92	3.04
31 Dec 2018	755.22	3.61
31st Jan 2019	790.28	3.78
28th Feb 2019	837.49	4.01
31st Mar 2019	775.45	3.71
30th Apr 2019	766.10	3.67
31st May 2019	696.30	3.33
30th June 2019	765.82	3.66
31st July 2019	704.14	3.37
30th August 2019	705.68	3.37

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



ii. Private Sector Foreign Exchange Reserves

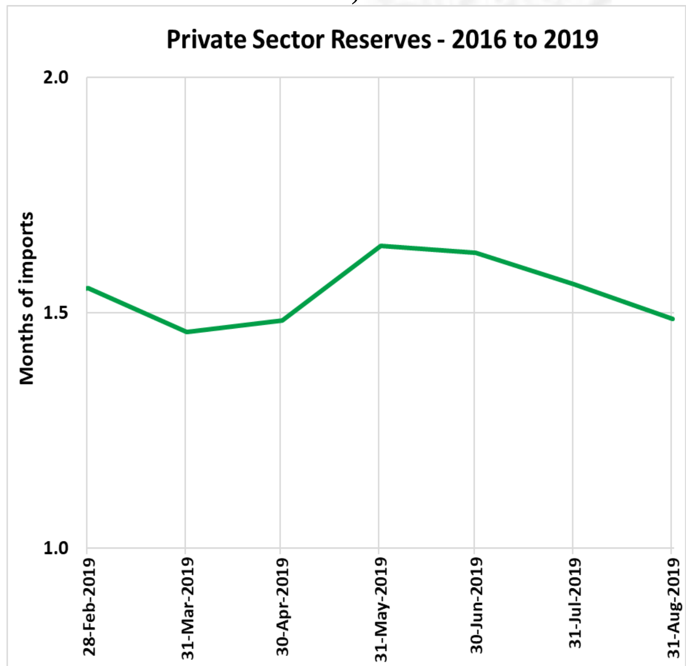
(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US$ mn)	**ADBs Own Position**	**FCDA**	**Total**	**Import Cover *** (Months)
31st May 2019	-4.42	347.70	343.28	1.64
30th June 2019	-1.43	341.63	340.20	1.62
31st July 2019	-13.42	339.52	326.10	1.56
30th August 2019	-9.43	320.22	310.79	1.48

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

ADBs FOREIGN EXCHANGE TRADING ACTIVITY

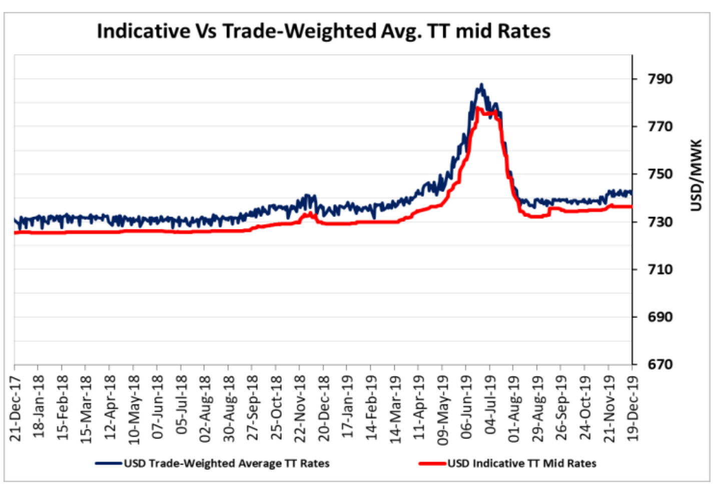
Week Ending (US$ mn)	**ADBs Purchases**	**ADBs Sales**
29th Nov 2019	29.10	31.59
6th Dec 2019	38.28	38.73
13th Dec 2019	36.91	34.58
On 19th Dec 2019	7.43	6.73

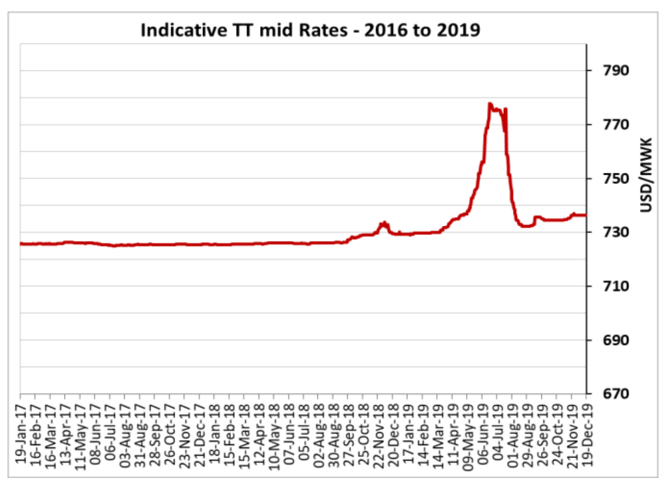


iii. Exchange Rate Developments

	13th Dec 2019	**16th Dec 2019**	**17th Dec 2019**	**18th Dec 2019**	**19th Dec 2019**	**Today's indicative Rates**
MWK/USD	742.6251	742.3832	742.8508	741.7354	742.1291	736.4016
MWK/GBP	999.7346	995.8155	986.2600	969.1223	969.9518	958.0158
MWK/EUR	824.2628	823.8283	826.1015	824.0015	825.4586	818.5840
MWK/ZAR	51.2575	51.4278	51.5997	51.0015	51.7492	51.7823

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.

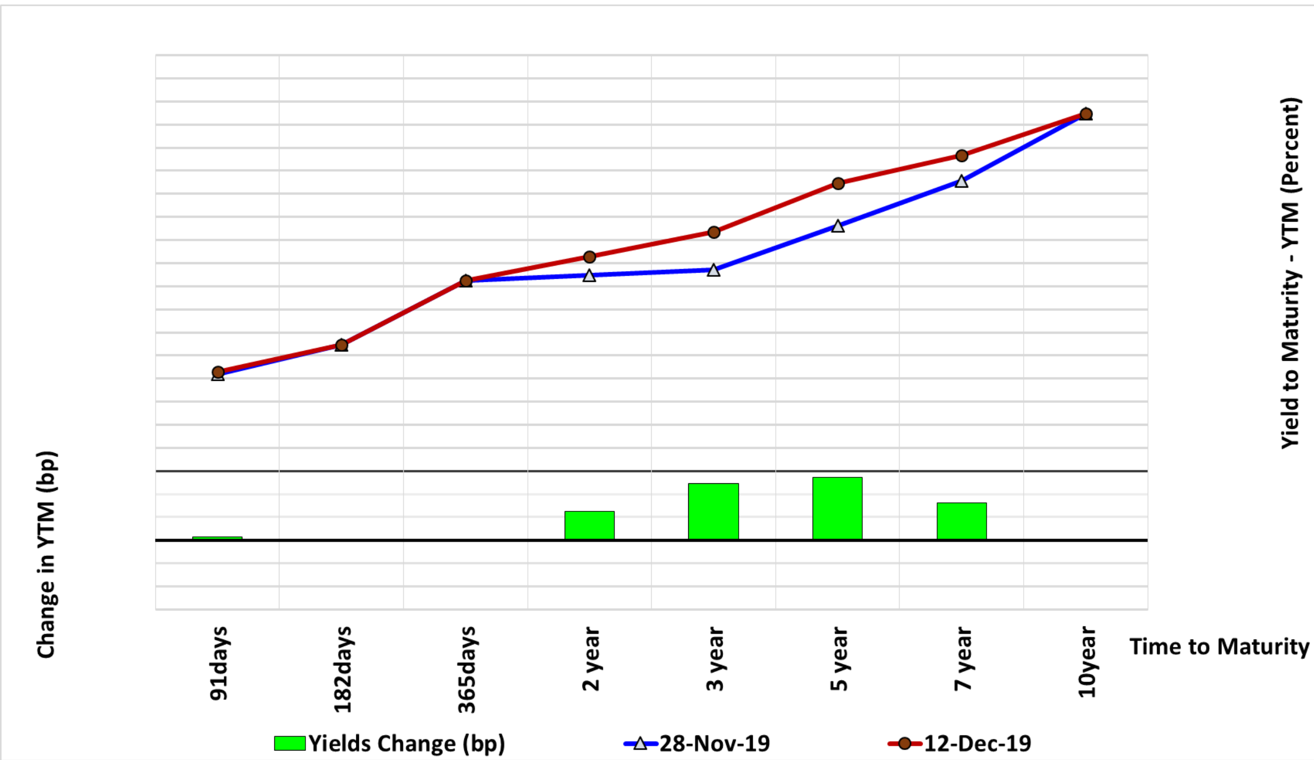




D. YIELD CURVE FOR GOVERNMENT SECURITIES (Based on actual trades)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
28 November 2019	6.19	7.45	10.23	10.46	10.70	12.63	14.56	17.47
12 December 2019	6.28	7.45	10.23	11.29	12.34	14.45	15.65	17.47
28 Nov 2019 – 12 Dec 2019 Change in Yield (Bp)	0.09	0.00	0.00	0.82	1.64	1.81	1.08	0

NOTE: The 91 day, 182 day and 364 day Treasury bill yields (5.9999%, 7.20% and 8.2996% respectively) have been converted to semi-annual bond basis.



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