



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 7<sup>th</sup> February 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 7 <sup>th</sup> February 2020	6 <sup>th</sup> February 2020
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-6,431	-20,961	
Excess Reserves before OMO	38,268	38,268	
Excess Reserves after OMO			44,699
Required Reserves	55,745	55,745	55,745

#### ii. Known Projected Transactions

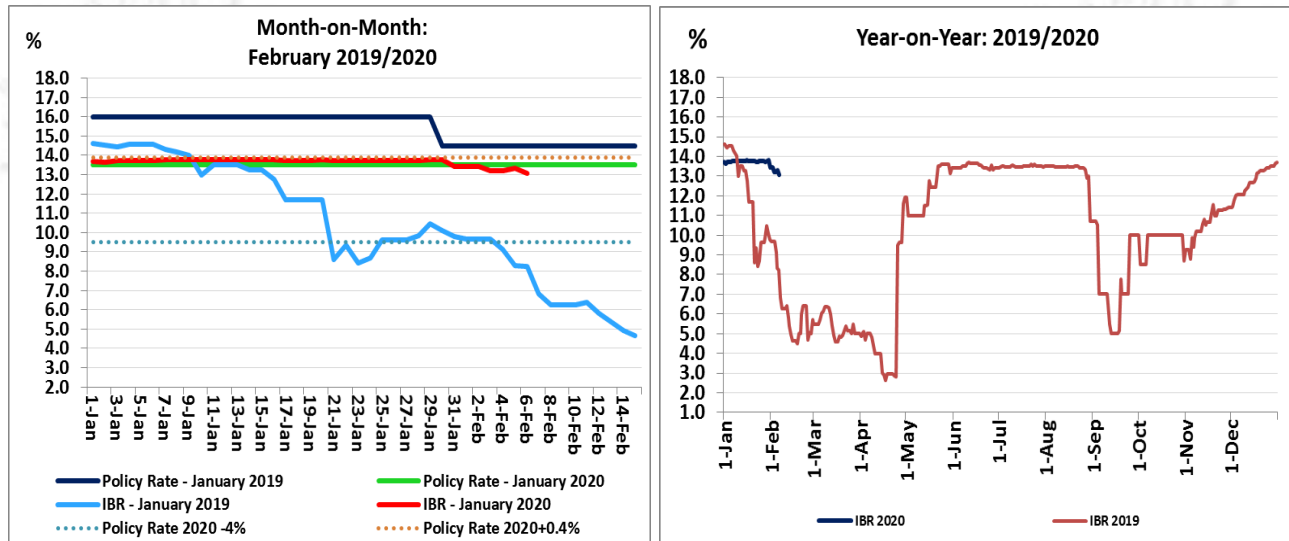
	Week ending 7 <sup>th</sup> Feb 2020	Week ending 14 <sup>th</sup> Feb 2020	Week ending 21 <sup>st</sup> Feb 2020	End Month Feb 2020
Maturity of normal TBs/TNs/PNs	3,647	17,130	3,515	35,761
Maturity of OMO Repos	0	0	0	25,672

### 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	5.0	13.08
2 days	-	-
7 days	-	-
<b>(b) RBM Open market operations</b>		
<b>(i) Repos</b>		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
<b>(ii) Reverse Repos</b>		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	8.05	13.90

## Weighted Average Interbank Rates

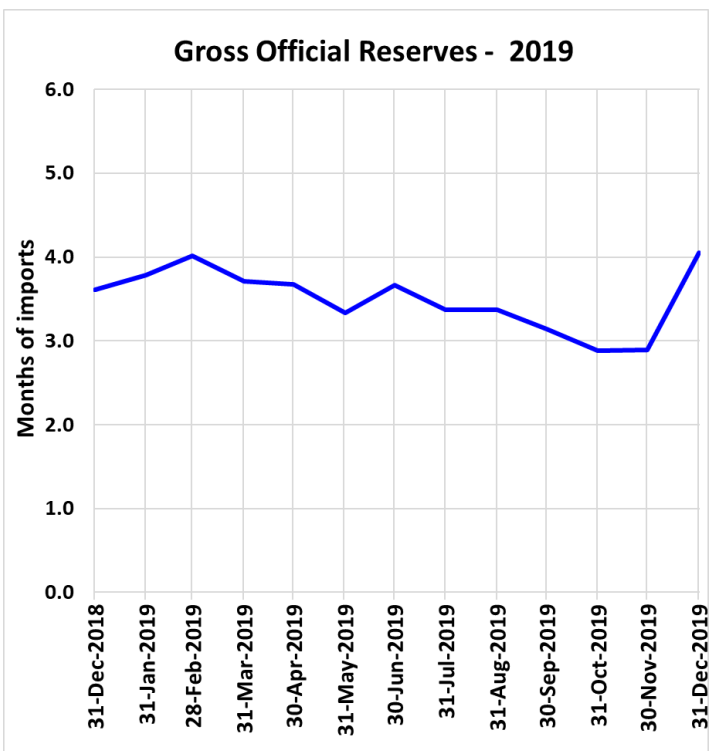


## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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)
31 <sup>st</sup> Jan 2019	790.28	3.78
28 <sup>th</sup> Feb 2019	837.49	4.01
31 <sup>st</sup> Mar 2019	775.45	3.71
30 <sup>th</sup> Apr 2019	766.10	3.67
31 <sup>st</sup> May 2019	696.30	3.33
30 <sup>th</sup> Jun 2019	765.82	3.66
31 <sup>st</sup> Jul 2019	704.14	3.37
30 <sup>th</sup> Aug 2019	705.68	3.37
30 <sup>th</sup> Sept 2019	656.04	3.14
31 <sup>st</sup> Oct 2019	601.80	2.88
30 <sup>th</sup> Nov 2019	603.82	2.89
31 <sup>st</sup> Dec 2019	846.55	4.05

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



## ii. Private Sector Foreign Exchange Reserves

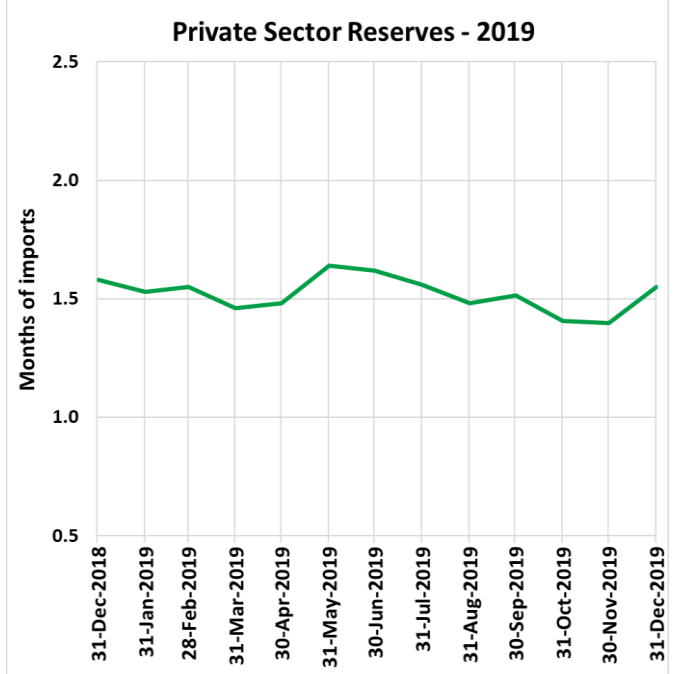
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
30 <sup>th</sup> September 2019	2.43	313.86	316.30	1.51
31 <sup>st</sup> October 2019	2.18	291.75	293.93	1.41
30 <sup>th</sup> November 2019	3.50	288.73	292.23	1.40
31 <sup>st</sup> December 2019	6.70	317.37	324.07	1.55

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

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

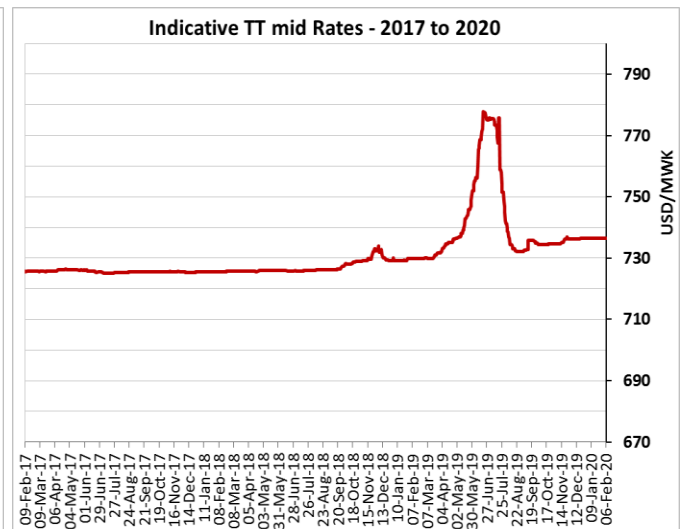
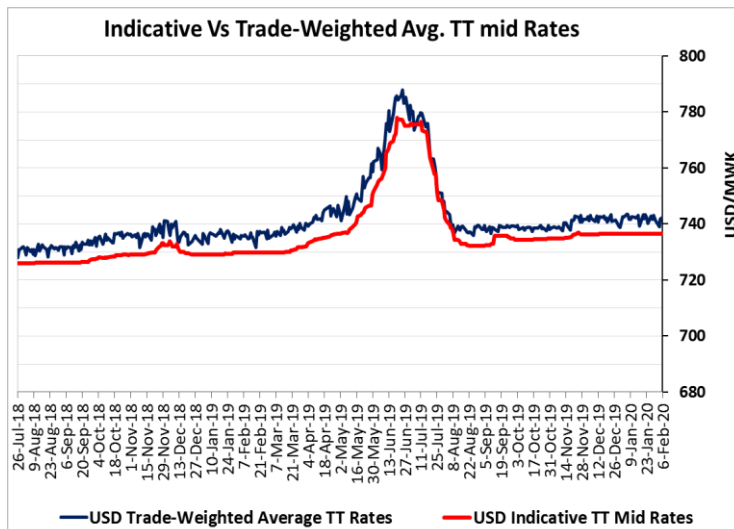
Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
17 <sup>th</sup> Jan 2020	18.33	30.21
24 <sup>th</sup> Jan 2020	30.06	23.56
31 <sup>st</sup> Jan 2020	22.74	30.46
On 6 <sup>th</sup> Feb 2020	2.72	3.63



## iii. Exchange Rate Developments

	31 <sup>st</sup> Jan 2020	3 <sup>rd</sup> Feb 2020	4 <sup>th</sup> Feb 2020	5 <sup>th</sup> Feb 2020	6 <sup>th</sup> Feb 2020	Today's indicative Rates
MWK/USD	741.1027	739.1321	741.5706	742.2075	742.3579	736.5198
MWK/GBP	970.2033	976.0409	963.3376	964.4099	961.8435	952.9093
MWK/EUR	819.2164	823.9370	822.5483	818.8831	817.0856	808.7724
MWK/ZAR	50.3756	49.4705	50.2245	50.2682	50.4732	49.3841

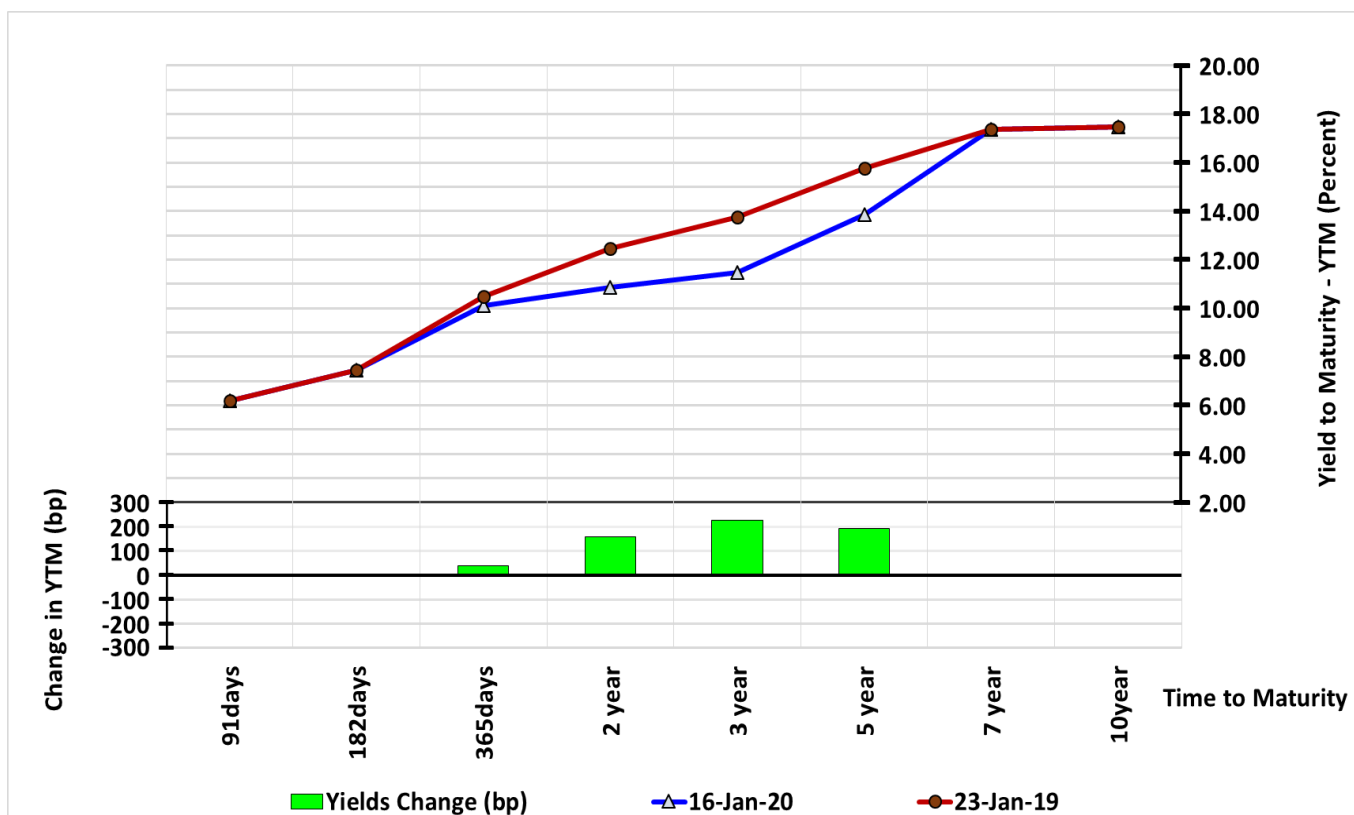
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus.



#### 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
16 January 2020	6.19	7.45	10.10	10.86	11.48	13.84	17.36	17.47
23 January 2020	6.19	7.45	10.48	12.44	13.73	15.76	17.36	17.47
16 Jan 2020 – 23 Jan 2019 Change in Yield (Bp)	0	0	38	158	225	191	0	0

**NOTE:** The 91 day, 182 day and 364 day Treasury bill yields (6.1500%, 7.20% and 10.7600% respectively) have been converted to semi-annual bond basis.



**DISCLAIMER:** This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and Accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.