



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 09 September 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 11 September 2020	08 Sept 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-42,153	-67,781	
Excess Reserves before OMO	-28,424	-64,822	
Excess Reserves after Central Bank Operations			13,729
Required Reserves	50,439	50,439	50,439

ii. Known Projected Transactions

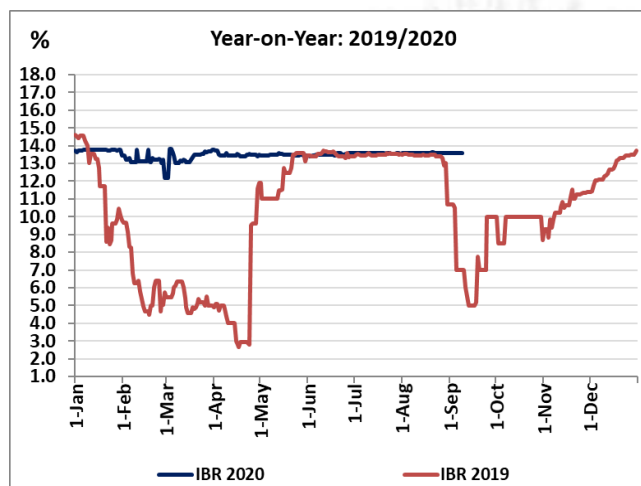
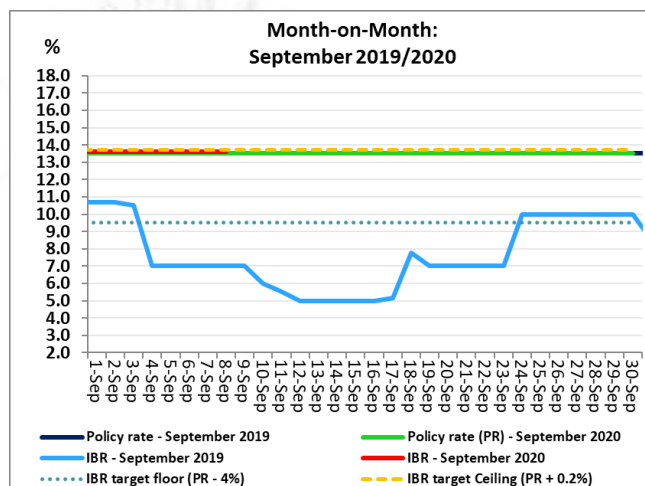
	Weekending			Month of	
	11-Sep-20	18-Sep-20	25-Sep-20	Sep-20	Oct-20
Maturity of normal Treasury Securities	3,967	7,173	105,981	153,412	37,114
Maturity of OMO Repos	0	0	0	0	0

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-Bank Market Borrowing	Volume (MWK' Billion)	Average Rate (%)
O/N	5.90	13.60
7 days	-	-
20 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	43.17	13.70

ii. Weighted Average Interbank Market Rates



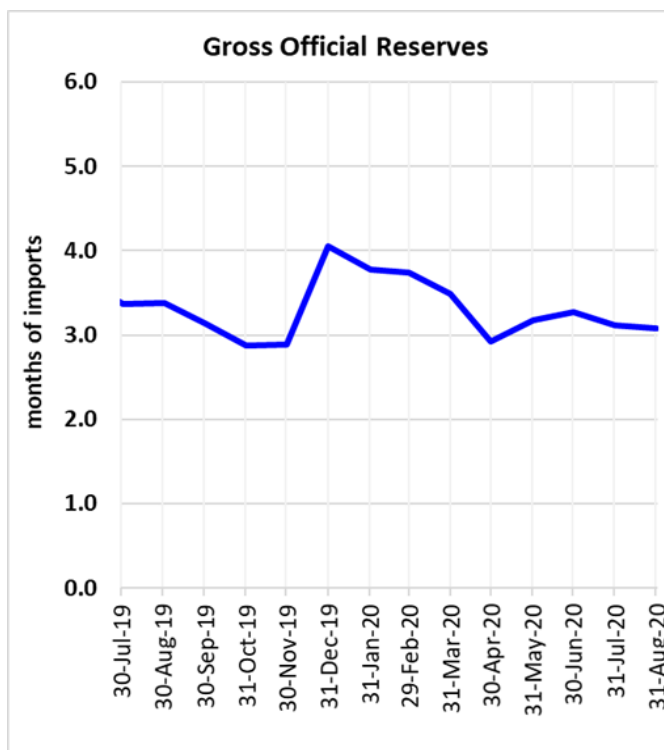
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Exchange Reserves Position

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

Date	Reserves (US\$ million)	Import Cover * (Months of Imports)
31 Jul 2019	704.14	3.37
30 Aug 2019	705.68	3.37
30 Sept 2019	656.04	3.14
31 Oct 2019	601.80	2.88
30 Nov 2019	603.82	2.89
31 Dec 2019	846.55	4.05
31 Jan 2020	786.71	3.76
29 Feb 2020	785.31	3.76
31 Mar 2020	730.17	3.49
30 Apr 2020	610.13	2.92
31 May 2020	662.98	3.17
30 Jun 2020	682.66	3.27
31 Jul 2020	651.41	3.12
31 Aug 2020	642.86	3.08

* US\$209.0 million import requirement per month is used in the calculations



ii. Private Sector Foreign Exchange Reserves

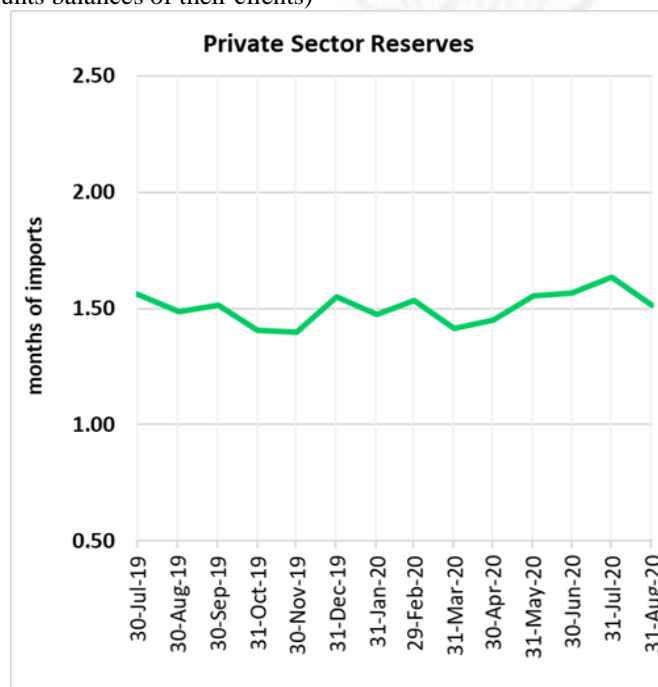
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
31 May 2020	-4.50	329.46	324.96	1.55
30 Jun 2020	-0.98	327.99	327.01	1.56
31 Jul 2020	0.77	341.23	342.01	1.64
31 Aug 2020	7.08	309.66	316.74	1.52

* US\$209.0 million import requirement per month is used in the calculations

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
17 – 21 Aug 2020	26.10	24.11
24 – 28 Aug 2020	22.28	31.98
31 Aug – 04 Sep 2020	26.66	33.25
08 – 08 Sep 2020	1.04	7.68

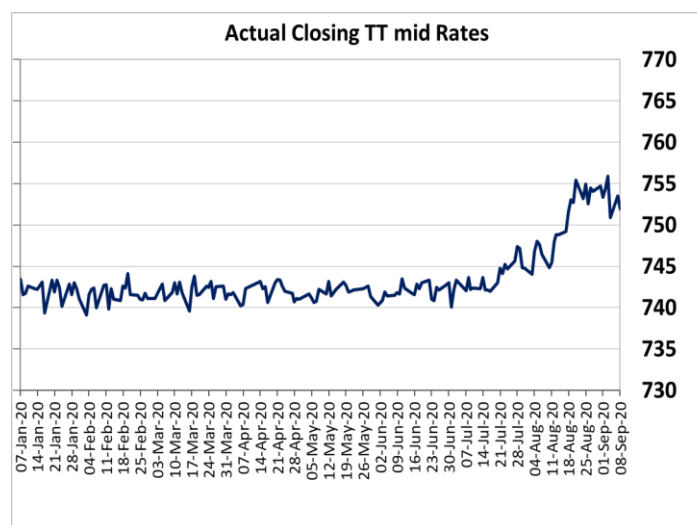
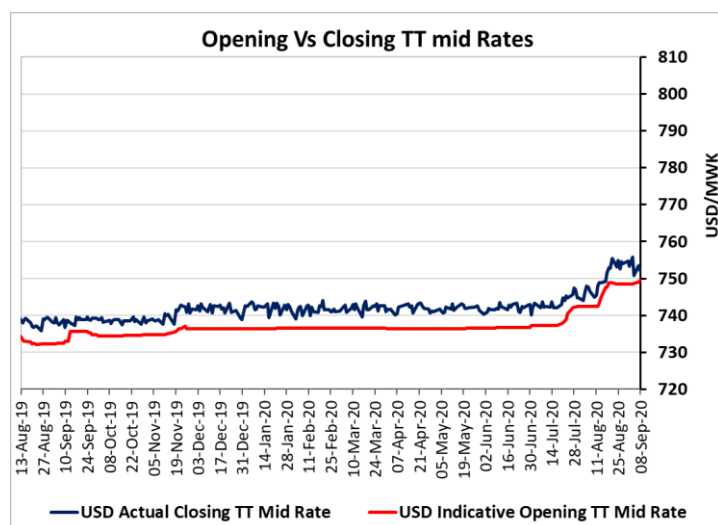


iii. Kwacha Exchange Rate Developments

	08 September 2020 (Opening Rates)			08 September 2020 (Closing Rates)			09 Sep 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	749.5704	742.1497	756.9911	751.9030	749.2056	754.6004	749.8773
MWK/GBP	985.6851	975.9268	995.4434	1,011.7890	1,002.8008	1,020.7772	972.2159
MWK/EUR	885.6924	876.9240	894.4607	923.0995	921.0637	925.1353	883.2805
MWK/ZAR	44.8571	44.4130	45.3011	47.5617	47.0401	48.0833	44.2850

Note: The reported opening rates are indicative market average TT rates.

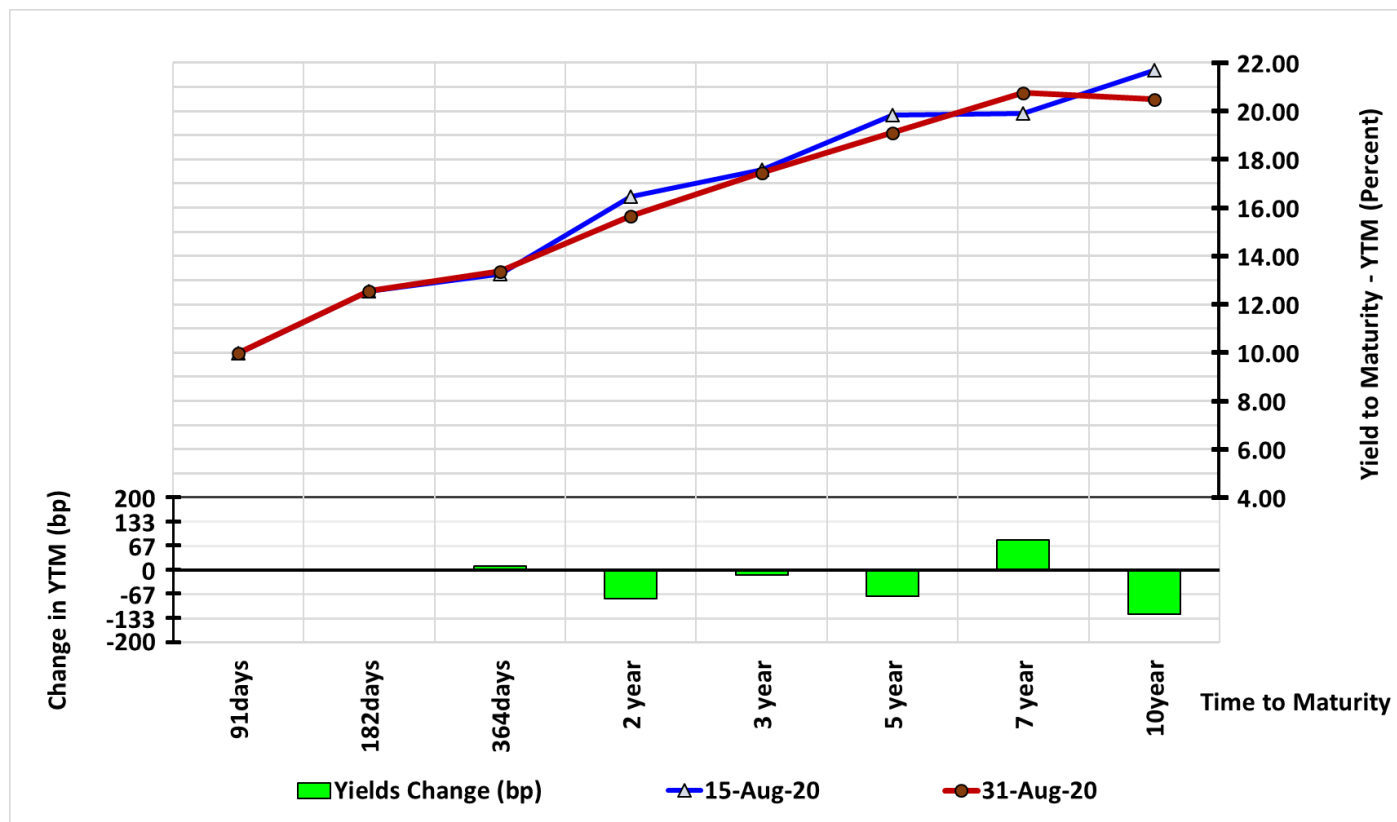
The reported closing rates are actual trade-weighted market average TT rates.



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
15 August 2020	9.97	12.55	13.24	16.64	17.57	19.82	19.91	21.70
31 August 2020	9.98	12.55	13.36	15.66	17.44	19.10	20.75	20.48
15 – 31 August 2020 Change in Yield (Bp)	1	0	12	-98	-13	-72	84	-122

NOTE: The 91-day, 182-day and 364-day Treasury bill yields converted to semi-annual bond basis. Bp means basis points.



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