



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 11 September 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 11 September 2020	10 Sept 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-48,847	-50,014	
Excess Reserves before OMO	-47,055	-47,055	
Excess Reserves after Central Bank Operations			1,793
Required Reserves	50,439	50,439	50,439

#### ii. Known Projected Transactions

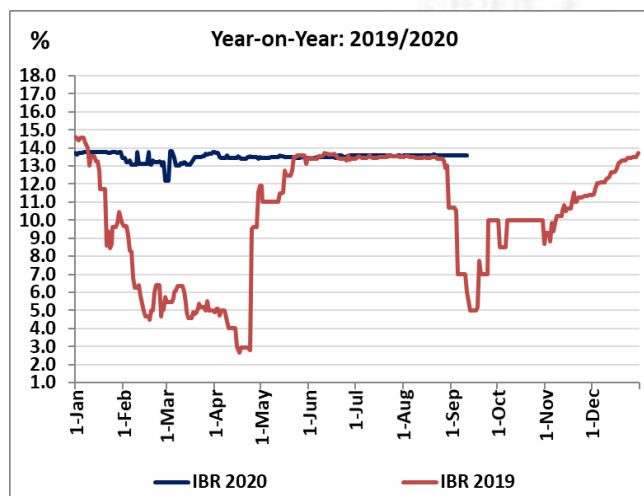
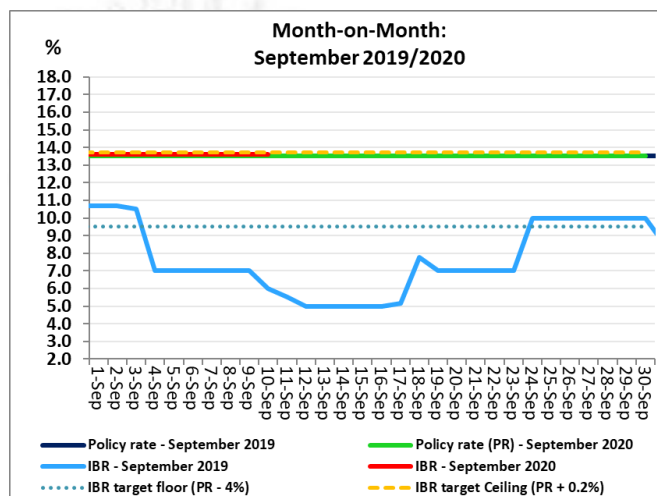
	Weekending			Month of	
	11-Sep-20	18-Sep-20	25-Sep-20	Sep-20	Oct-20
Maturity of normal Treasury Securities	3,967	7,173	105,981	153,412	37,114
Maturity of OMO Repos	0	0	0	0	0

### 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	4.20	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	50.23	13.70

## ii. Weighted Average Interbank Market Rates



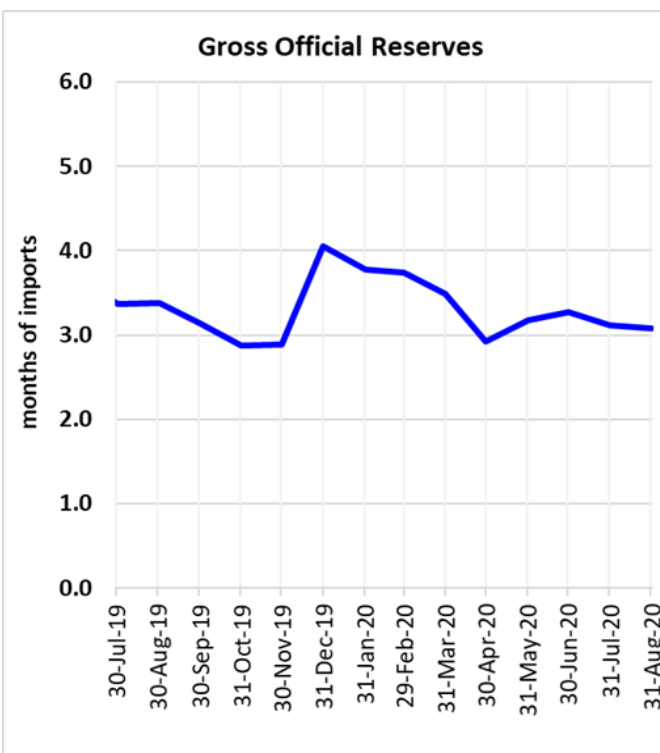
## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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

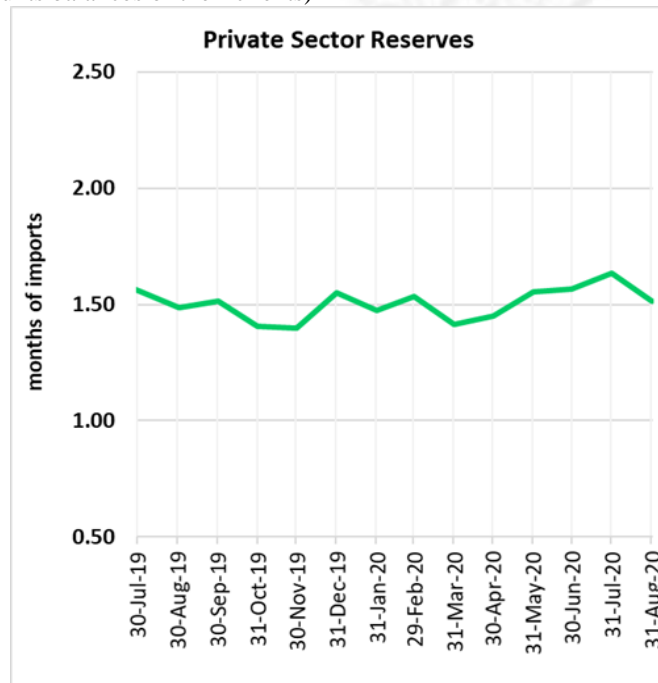
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

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
10 – 10 Sep 2020	2.98	2.96

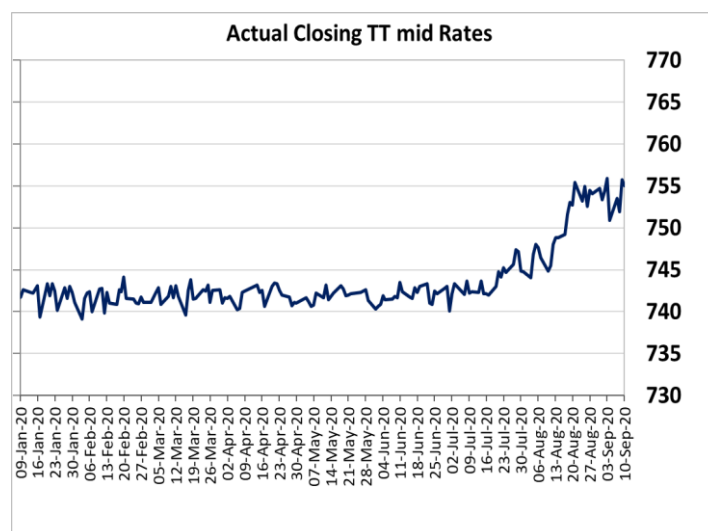
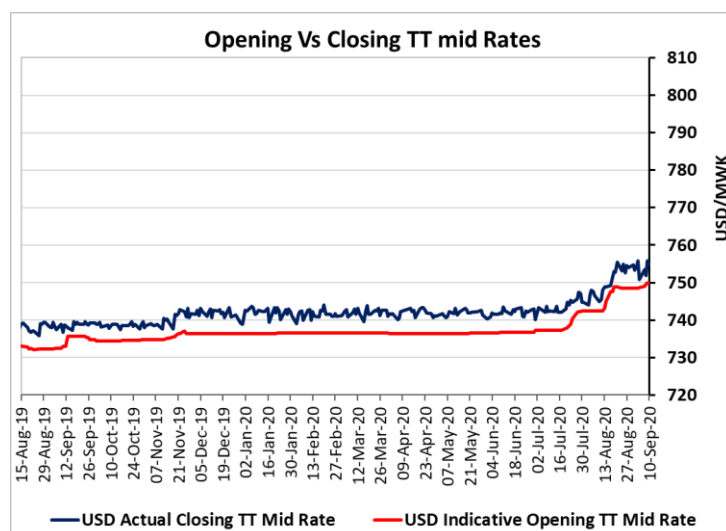


## iii. Kwacha Exchange Rate Developments

	10 September 2020 (Opening Rates)			10 September 2020 (Closing Rates)			11 Sep 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	749.8773	742.4535	757.3011	754.9919	752.3502	757.6337	749.8773
MWK/GBP	976.2653	966.6002	985.9303	999.9951	990.0647	1,009.9254	961.2677
MWK/EUR	886.9549	878.1740	895.7357	928.5806	924.0317	933.1295	887.2548
MWK/ZAR	45.1537	44.7067	45.6008	47.7162	47.2513	48.1811	44.5412

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

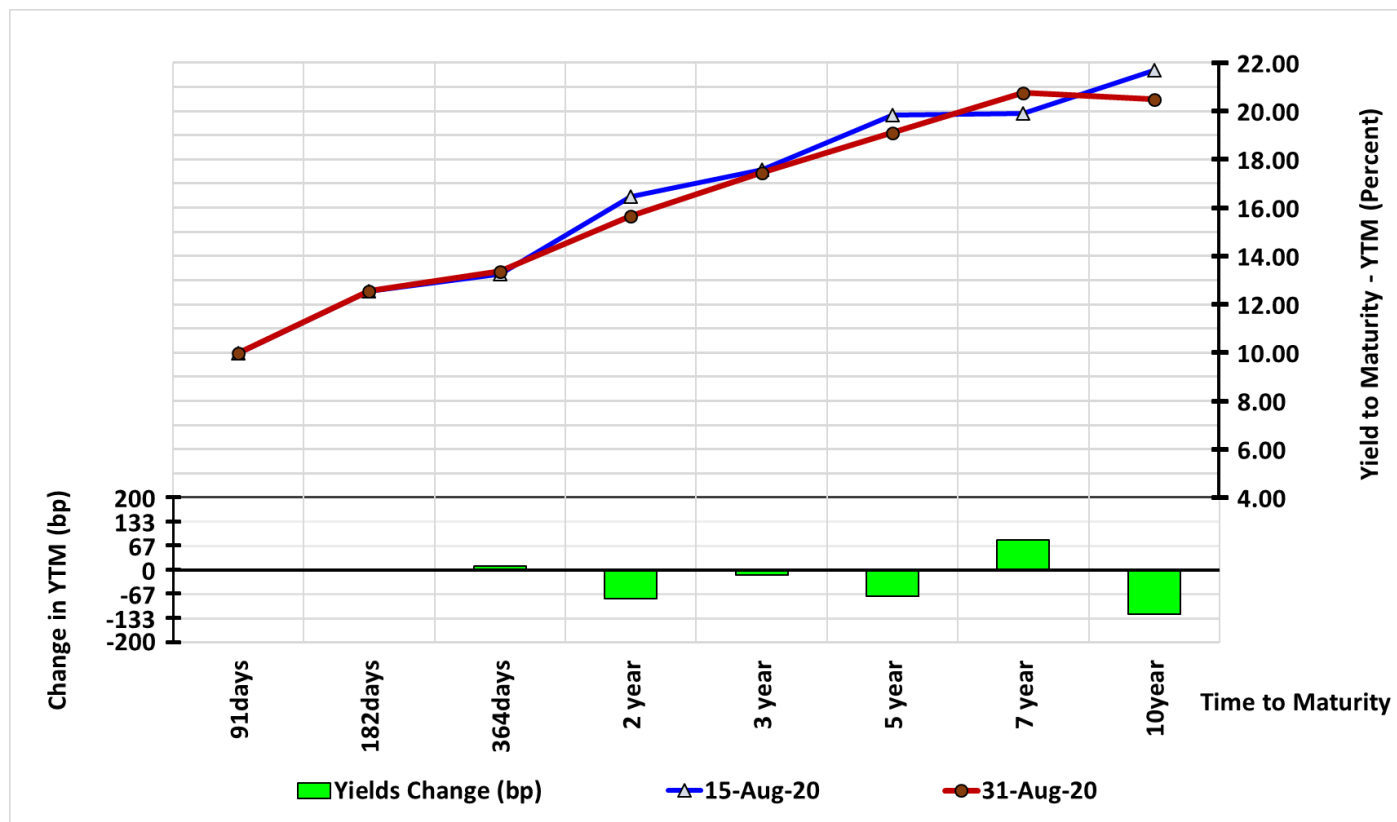
The reported closing rates are actual trade-weighted market average TT rates.



#### 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.



**DISCLAIMER:** All information in this report 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 or gain that may arise from reliance on the information contained herein.