



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 24 November 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	24 Nov 2020	Week ending 27 November 2020	23 Nov 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-17,284	-15,219	
Excess Reserves before Open Market Operations	3,040	4,660	
Excess Reserves after Central Bank Operations			20,324
Required Reserves	49,146	49,146	49,146

#### ii. Known Projected Transactions

	Weekending				Month of		
	20-Nov-20	27-Nov-20	4-Dec-20	11-Dec-20	Nov-20	Dec-20	Jan-21
Maturity of Normal Treasury Securities	14,377	14,402	6,589	3,544	41,215	41,899	82,452
Maturity of OMO Repos	0	0	0	0	0	0	0

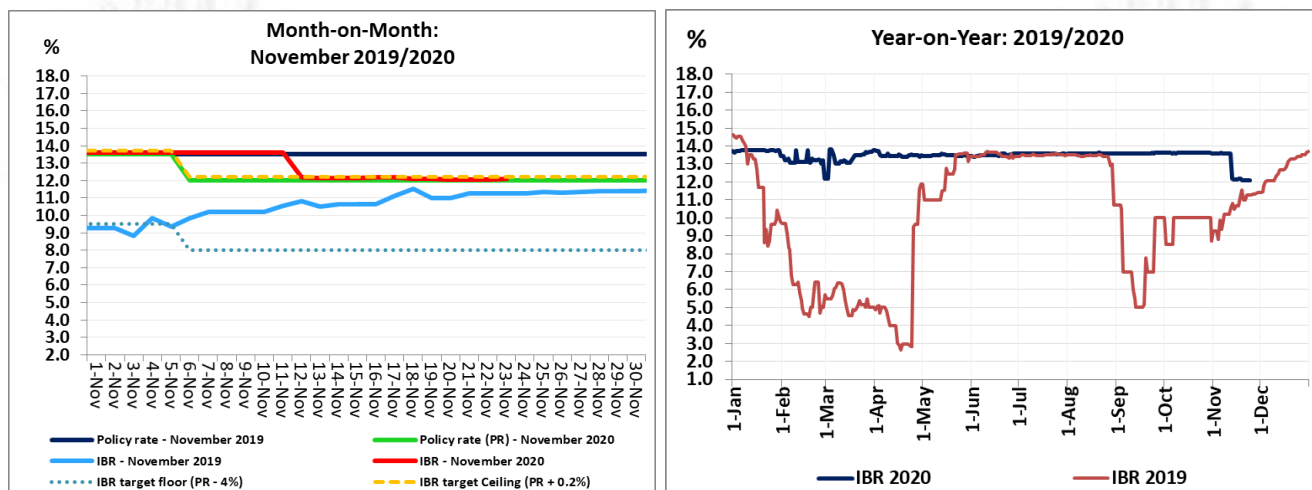
### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
<b>(a) Inter-Bank Market Borrowing</b>			
O/N	5.00	12.10	1
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
<b>(b) RBM Open Market Operations</b>			
(i) Repos	-	-	-
(ii) Reverse Repos			
31 days	-	-	-
60 days	-	-	-
90 days	-	-	-
(iii) Outright Sale of Securities	-	-	-
(iv) Outright Purchase of Securities	-	-	-
<b>(c) Access on Re-discounting Standing Facility</b>	-	-	-
<b>(d) Access on Lombard Standing Facility<sup>1</sup></b>	20.75	12.20	4

<sup>1</sup> The number of trades in this item refers to number of banks that accessed the Lombard facility.

## ii. Weighted Average Interbank Market Rates



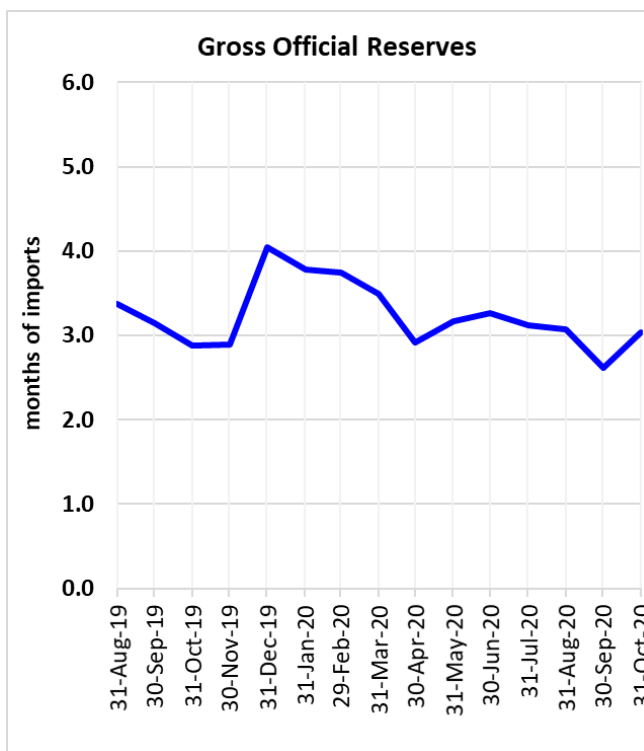
## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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)
30 Sep 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
30 Sep 2020	546.99	2.62
31 Oct 2020	635.05	3.04

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



## ii. Private Sector Foreign Exchange Reserves

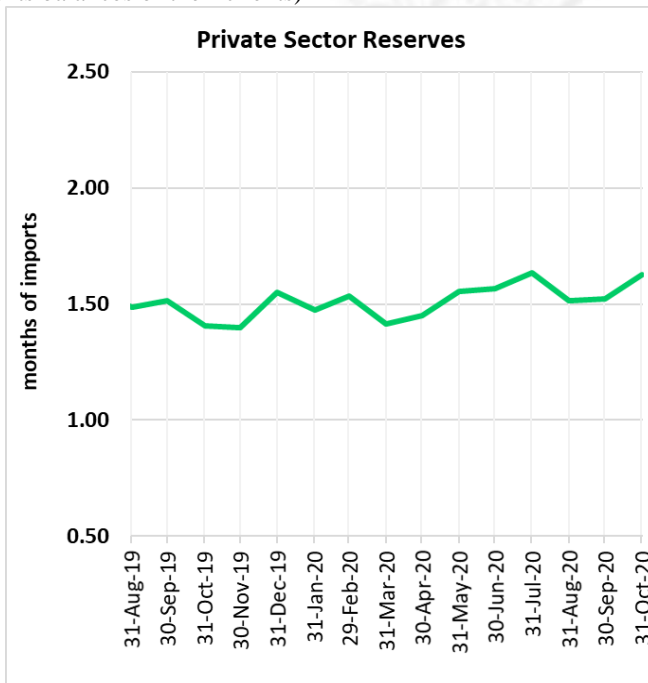
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
31 Jul 2020	0.77	341.23	342.01	1.64
31 Aug 2020	7.08	309.66	316.74	1.52
30 Sep 2020	4.38	314.09	318.47	1.52
31 Oct 2020	6.48	333.74	340.22	1.63

\* 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)
02 – 06 Nov 2020	20.72	40.91
09 – 13 Nov 2020	28.01	28.04
16 – 20 Nov 2020	21.44	51.37
23 – 23 Nov 2020	6.50	6.59

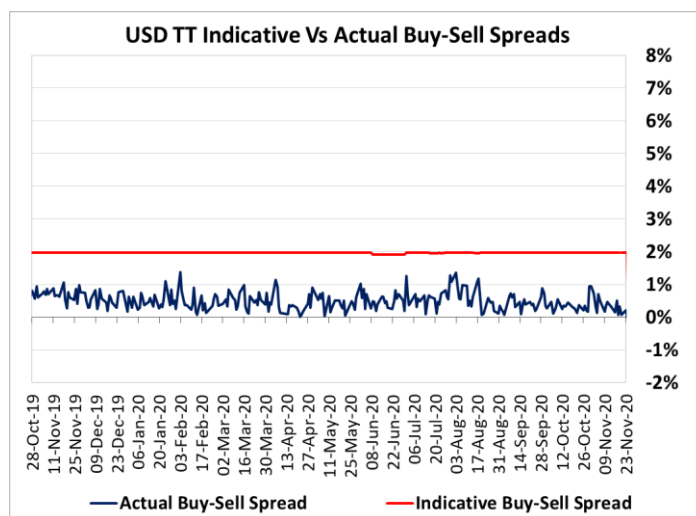
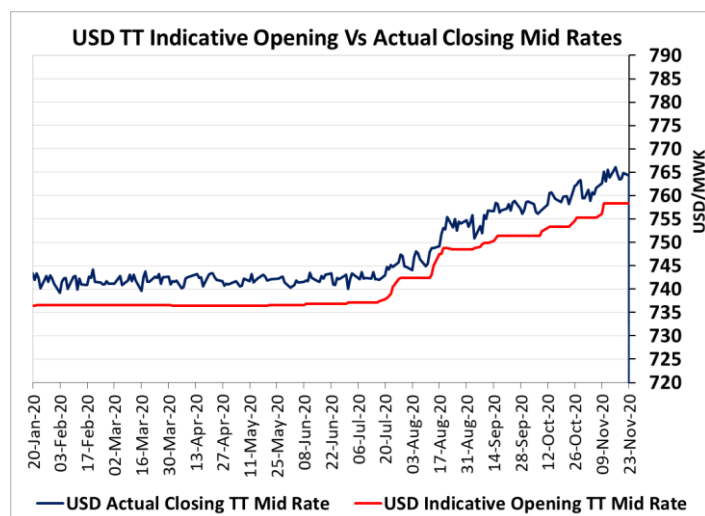


## iii. Kwacha Exchange Rate Developments

	23 November 2020 (Opening Rates)			23 November 2020 (Closing Rates)			24 Nov 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	758.3002	750.7930	765.8074	764.3215	763.4999	765.1430	758.3002
MWK/GBP	1,010.3592	1,000.3566	1,020.3617	1,054.9154	1,053.0735	1,056.7573	1,011.4208
MWK/EUR	900.4815	891.5667	909.3963	946.8646	945.1025	948.6268	898.7374
MWK/ZAR	49.3865	48.8976	49.8754	52.8066	52.3150	53.2981	49.3396

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

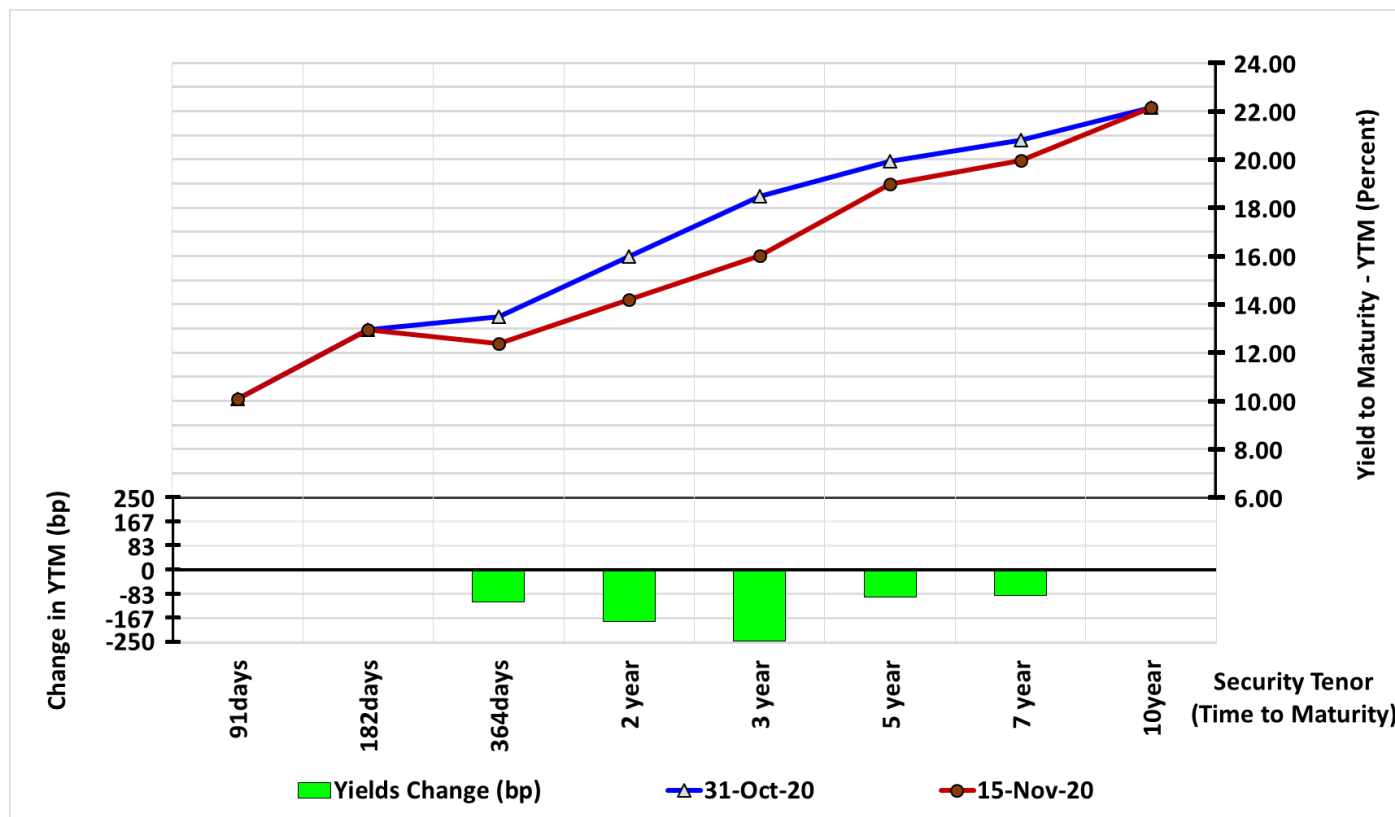
The reported closing rates are actual trade-weighted market average TT rates.



## D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
31 October 2020	10.07	12.95	13.48	15.98	18.47	19.95	20.82	22.14
15 November 2020	10.07	12.95	12.37	14.20	16.02	19.00	19.95	22.14
31 Oct – 15 Nov 2020 Change in Yield (Bp)	0	0	-111	-178	-244	-95	-87	0

**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.