RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 26th February 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	26 Feb 2021	Week ending 26 February 2021	25 Feb 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-5,767	599	
Excess Reserves before Open Market Operations	9,336	9,336	
Excess Reserves after Central Bank Operations			15,103
Required Reserves	54,047	54,047	54,047

ii. Known Projected Transactions

	Weekending				Month of		
	26-Feb-21	5-Mar-21	12-Mar-21	19-Mar-21	Feb-21	Mar-21	Apr-21
Maturity of Normal Treasury Securities	11,398	16,727	13,084	6,951	58,719	52,548	50,893
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	70,535	0	15,402	33,516	99,116	69,252	99,469

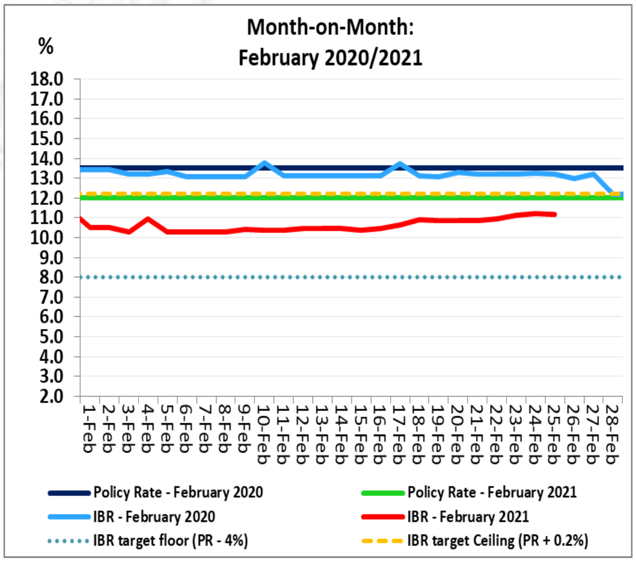
B. INTER-BANK MARKET DEVELOPMENTS

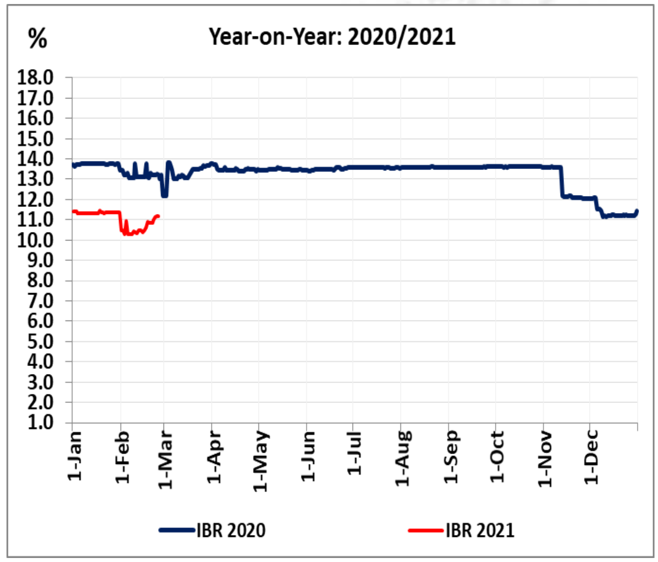
i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	**Average Rate (%)**	**Number of Trades**
(a) Inter-Bank Market Borrowing			
O/N	13.90	11.18	5
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(b) RBM Open Market Operations			
(i) Repos	-	-	-
(ii) Reverse Repos	-	-	-
30 days	-	-	-
60 days	-	-	-
90 days	-	-	-
(iii) Outright Sale of Securities	-	-	-
(iv) Outright Purchase of Securities	-	-	-
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility[1]	10.30	12.20	2

[1] The number of trades in this item refers to number of banks that accessed the Lombard facility.

ii. Weighted Average Interbank Market Rates





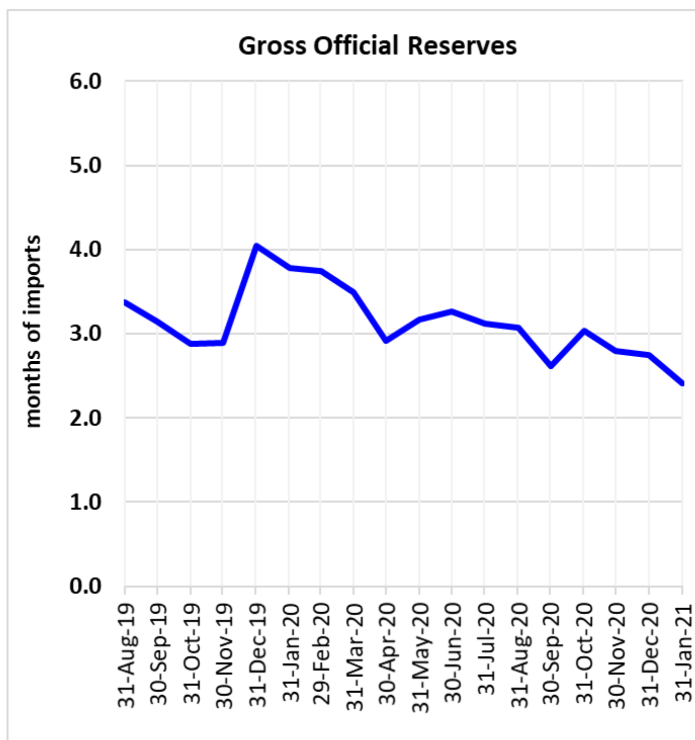
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Exchange Reserves Position

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

Date	Reserves (US$ mn)	Import Cover * (Months)
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
30 Nov 2020	584.89	2.80
31 Dec 2020	574.26	2.75
31 Jan 2021	502.98	2.41

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



ii. Private Sector Foreign Exchange Reserves

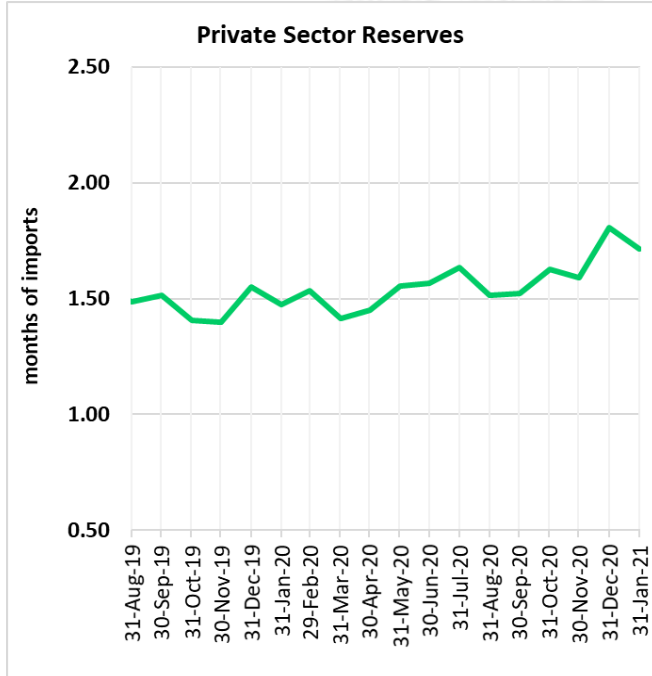
(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADBs Own Position (US$ mn)	FCDA (US$ mn)	Total Reserves (US$ mn)	Import Cover * (Months)
31 Oct 2020	6.48	333.74	340.22	1.63
30 Nov 2020	7.23	325.27	332.51	1.59
31 Dec 2020	8.29	369.68	377.97	1.81
31 Jan 2021	3.28	355.01	358.29	1.71

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

ADBs FOREIGN EXCHANGE TRADING ACTIVITY

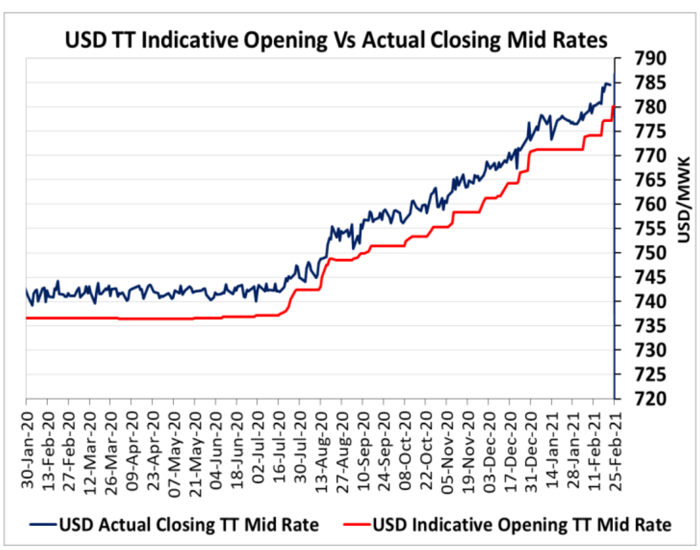
	ADBs Purchases (US$ mn)	ADBs Sales (US$ mn)
01 Feb – 05 Feb 2021	38.35	67.96
08 Feb – 12 Feb 2021	21.52	26.39
15 Feb – 19 Feb 2021	25.05	27.67
25 – 25 Feb 2021	4.97	3.97

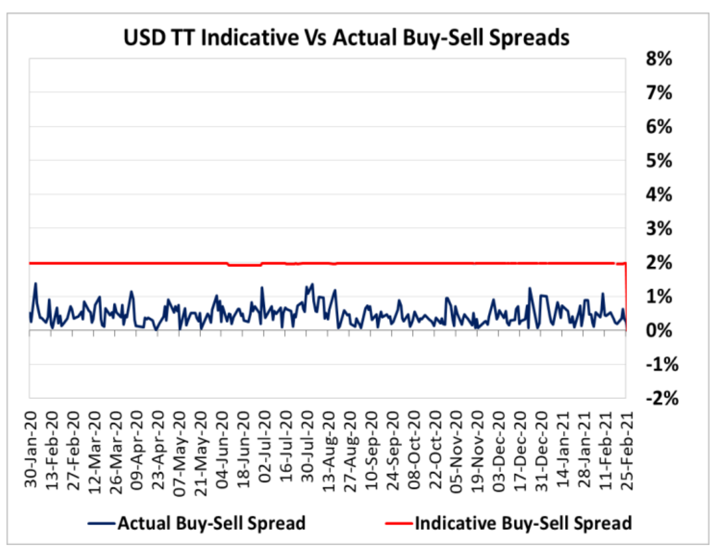


iii. Kwacha Exchange Rate Developments

	25 February 2021 (Opening Rates)			25 February 2021 (Closing Rates)			26 Feb 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	780.1309	772.4076	787.8542	786.7803	785.8012	787.7595	780.1309
MWK/GBP	1,104.2753	1,093.3430	1,115.2076	1,160.0885	1,151.3422	1,168.8348	1,087.2684
MWK/EUR	949.9654	940.5607	959.3701	1,013.0588	1,010.5153	1,015.6024	948.1711
MWK/ZAR	53.7810	53.2486	54.3134	57.5850	56.8997	58.2703	52.0830

Note: The reported opening rates are indicative market average TT rates.
The reported closing rates are actual trade-weighted market average TT rates.

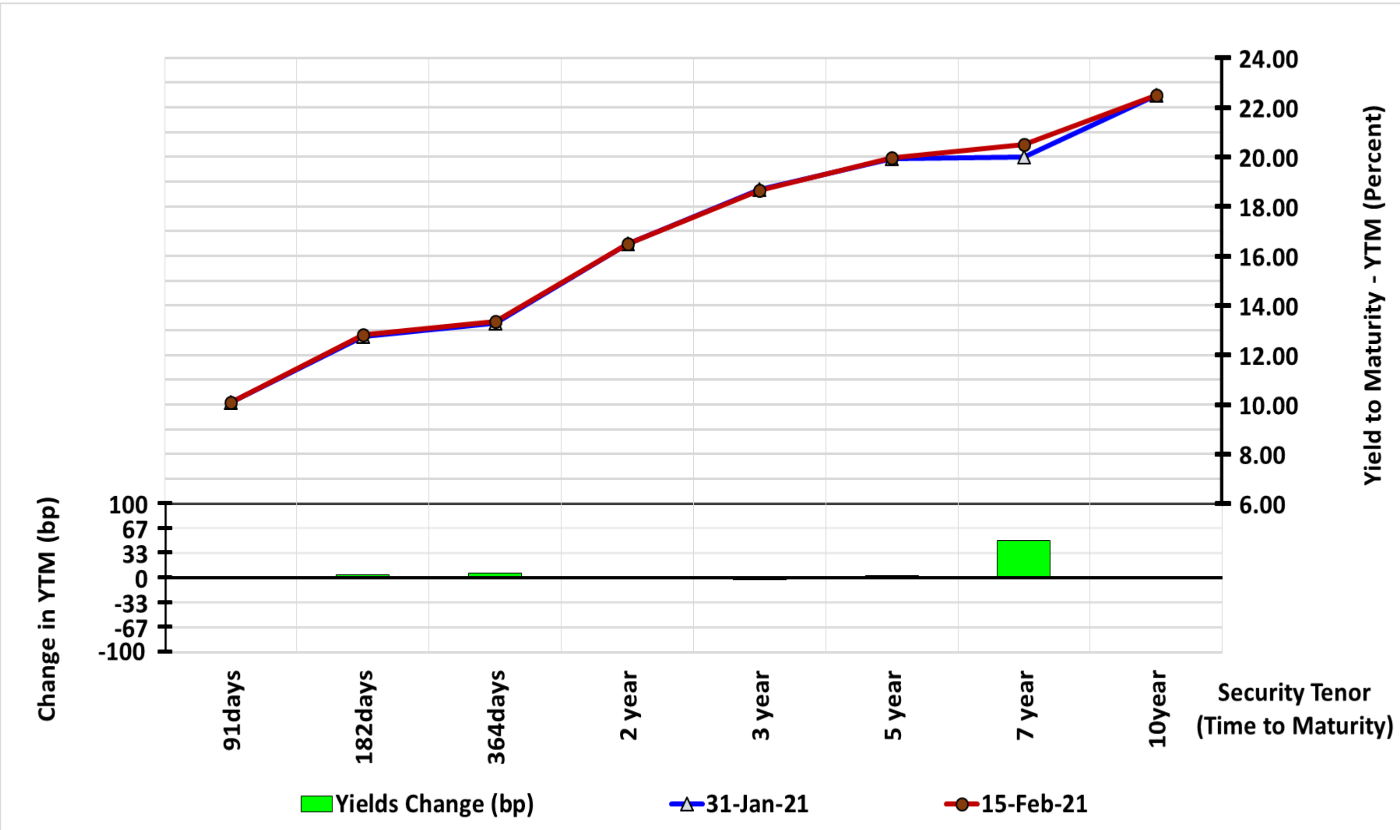




D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
31 January 2021	10.07	12.76	13.29	16.50	18.69	19.94	20.00	22.50
15 February 2021	10.08	12.80	13.36	16.50	18.66	19.97	20.50	22.50
31 Jan – 15 Feb 2021 Change in Yield (Bp)	1	4	6	0	-3	3	50	0

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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