



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 9<sup>th</sup> June 2021

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	9 June 2021	Week ending 11 June 2021	8 June 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-35,386	-38,923	
Excess Reserves before Open Market Operations	-11,763	-20,485	
Excess Reserves after Central Bank Operations			23,623
Required Reserves	57,635	57,635	57,635

#### ii. Known Projected Transactions

	Weekending				Month of		
	11-Jun-21	18-Jun-21	25-Jun-21	02-Jul-21	Jun-21	Jul-21	Aug-21
Maturity of Normal Treasury Securities	6,341	6,318	11,912	20,915	47,992	63,475	76,929
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	15,402	30,336	0	0	45,738	67,516	35,876

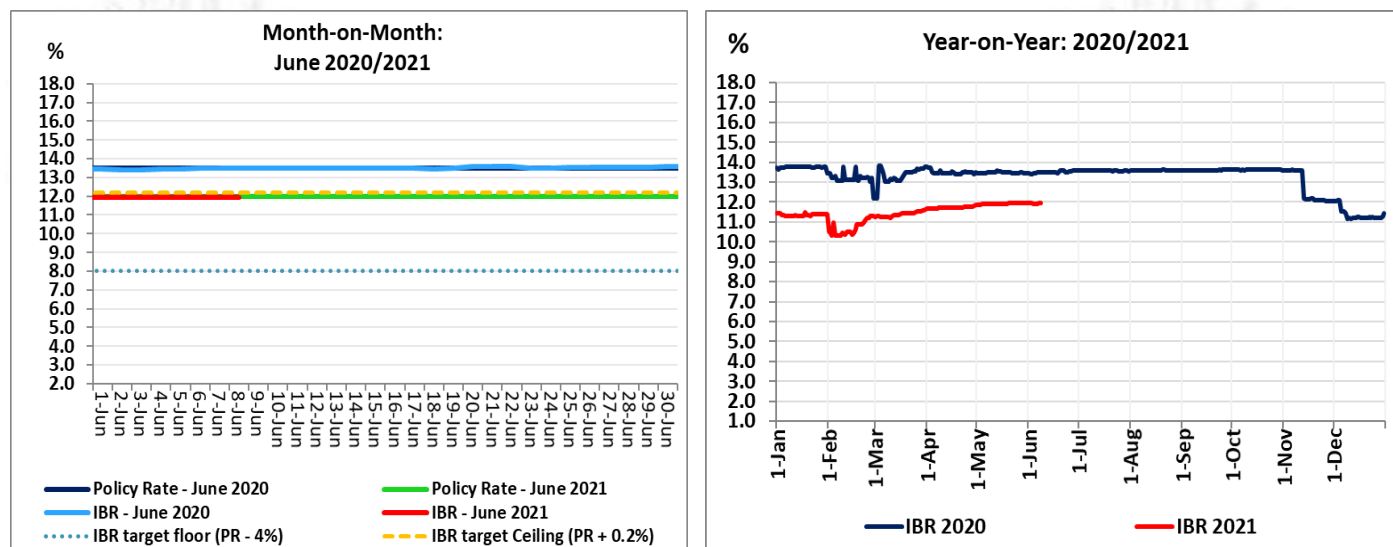
### B. INTER-BANK MARKET DEVELOPMENTS

#### 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	18.45	11.94	5
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
<b>(b) RBM Open Market Operations</b>			
(i) Repos	-	-	-
(ii) Reverse Repos	-	-	-
30 days	-	-	-
60 days	-	-	-
91 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>	19.40	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

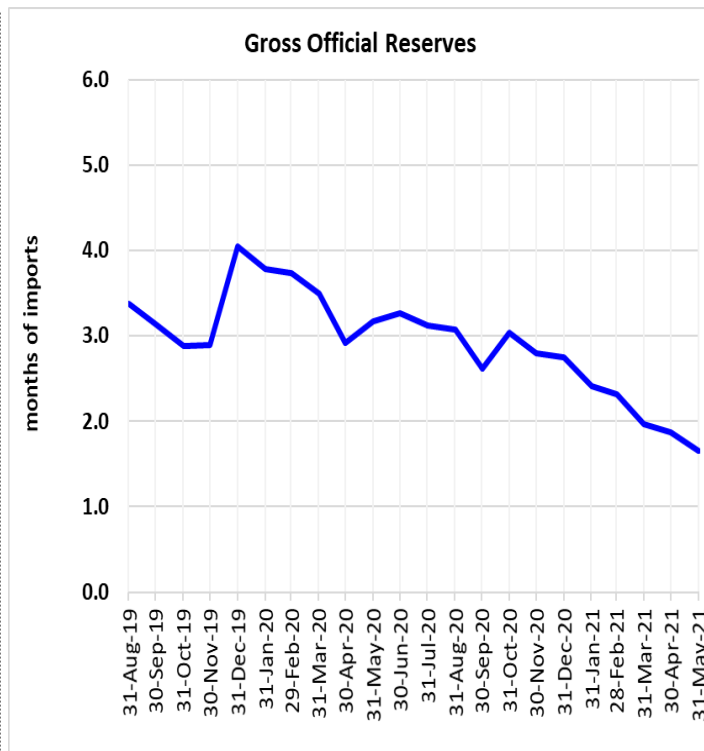


## C. FOREIGN EXCHANGE MARKET DEVELOPMENT

### 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)
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
28 Feb 2021	483.38	2.31
31 Mar 2021	410.16	1.96
30 Apr 2021	392.01	1.88
31 May 2021	414.41	1.66

\* US\$250.0 million import requirement per month is used in the calculations from May 2021 onwards while US\$209.0 million is used in the preceding months.



## ii. Private Sector Foreign Exchange Reserves

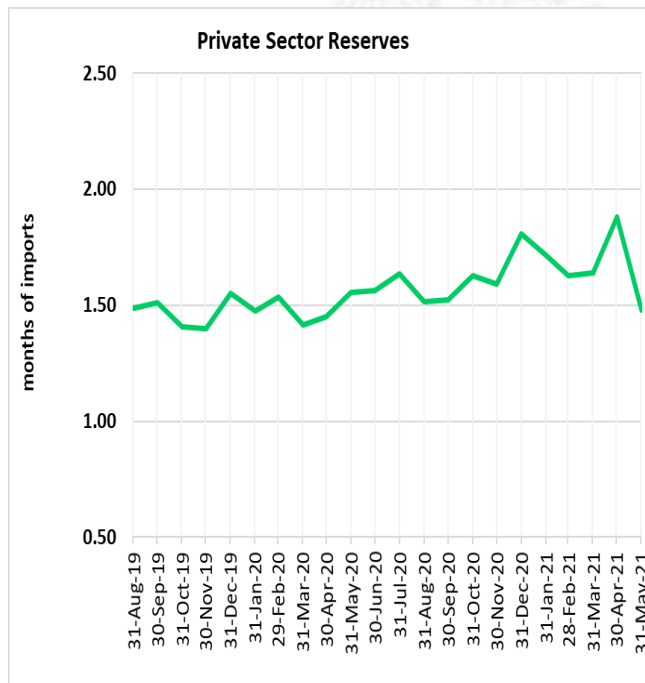
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total Reserves (US\$ mn)	Import Cover * (Months)
28 Feb 2021	2.55	337.95	340.50	1.63
31 Mar 2021	-0.13	342.71	342.58	1.64
30 Apr 2021	-0.18	392.78	392.61	1.88
31 May 2021	5.12	364.43	369.64	1.48

\* US\$250.0 million import requirement per month is used in the calculations from May 2021 onwards while US\$209.0 million is used in the preceding months.

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
17 May – 21 May 2021	39.12	40.18
24 May – 28 May 2021	31.20	31.21
31 May – 04 June 2021	24.96	37.80
08 – 08 June 2021	9.67	8.69

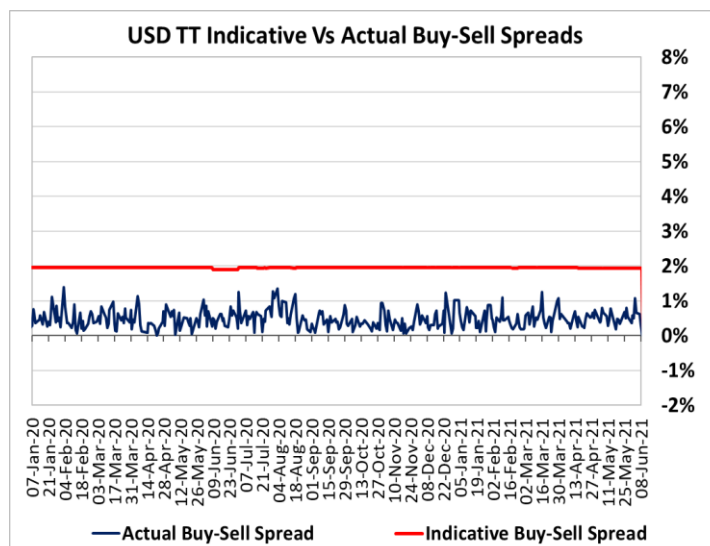
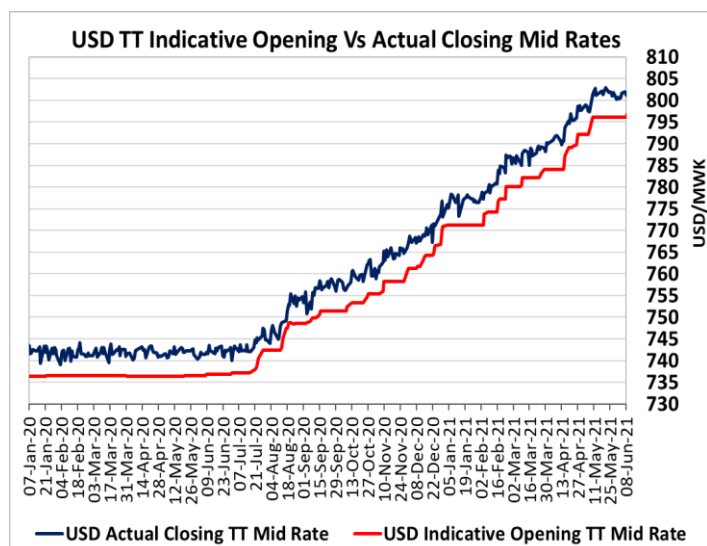


## iii. Kwacha Exchange Rate Developments

	08 June 2021 (Opening Rates)			08 June 2021 (Closing Rates)			09 June 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	796.0580	788.2566	803.8594	801.1674	800.0464	802.2883	796.6768
MWK/GBP	1126.8201	1115.7773	1137.8629	1187.4609	1178.4271	1196.4948	1127.7757
MWK/EUR	969.4394	959.9389	978.9399	1042.1697	1040.6006	1043.7388	970.1930
MWK/ZAR	58.7024	58.1272	59.2777	63.4429	62.7581	64.1276	58.6594

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

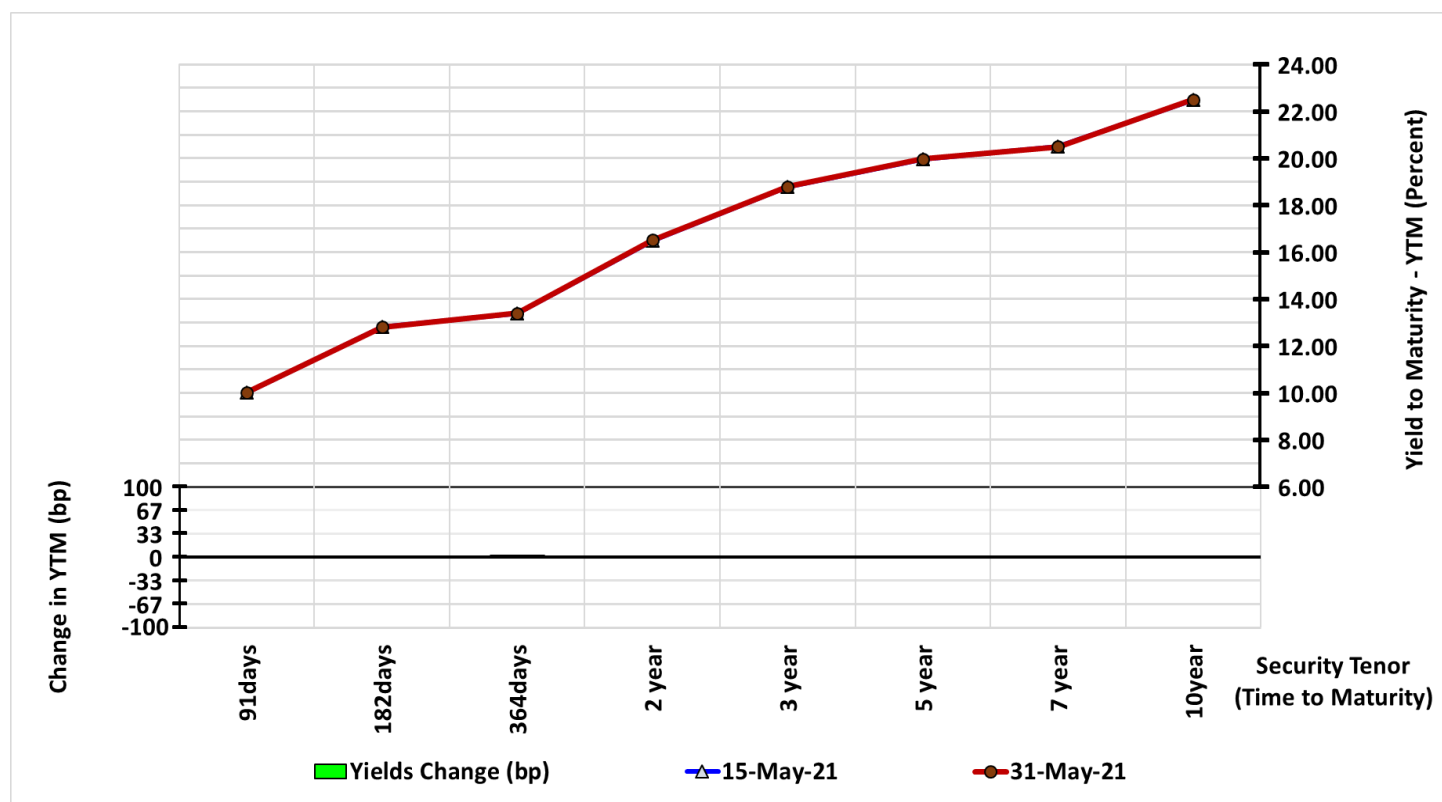
The reported closing rates are actual trade-weighted market average TT rates.



## D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
15 May 2021	10.02	12.80	13.38	16.50	18.80	19.98	20.50	22.50
31 May 2021	10.02	12.80	13.40	16.51	18.80	19.98	20.50	22.50
15 – 31 May 2021 Change in Yield (Bp)	0	0	3	1	0	0	0	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.