



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 14<sup>th</sup> June 2021

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

|   | Projections  |                             | Actuals      |
|---|--------------|-----------------------------|--------------|
|   | 14 June 2021 | Week ending<br>11 June 2021 | 11 June 2021 |
| Central Bank Monetary Transactions with Banking System<br>(+= Net injection / - = Net withdrawal) | -36,822      | -37,988                     |              |
| Excess Reserves before Open Market Operations   | -19,550      | -19,550                     |              |
| Excess Reserves after Central Bank Operations   |              |                             | 19,137       |
| Required Reserves   | 58,074       | 58,074                      | 58,074       |

#### ii. Known Projected Transactions

|  | Weekending |           |           |          | Month of |        |        |
|--|------------|-----------|-----------|----------|----------|--------|--------|
|  | 18-Jun-21  | 25-Jun-21 | 02-Jul-21 | 9-Jul-21 | Jun-21   | Jul-21 | Aug-21 |
| Maturity of Normal Treasury Securities | 6,318      | 11,912    | 17,162    | 8,702    | 47,992   | 71,268 | 89,679 |
| Maturity of OMO Repos                  | 0          | 0         | 0         | 0        | 0        | 0      | 0      |
| Maturity of OMO Reverse-Repos          | 30,336     | 0         | 0         | 17,373   | 45,738   | 67,516 | 35,876 |

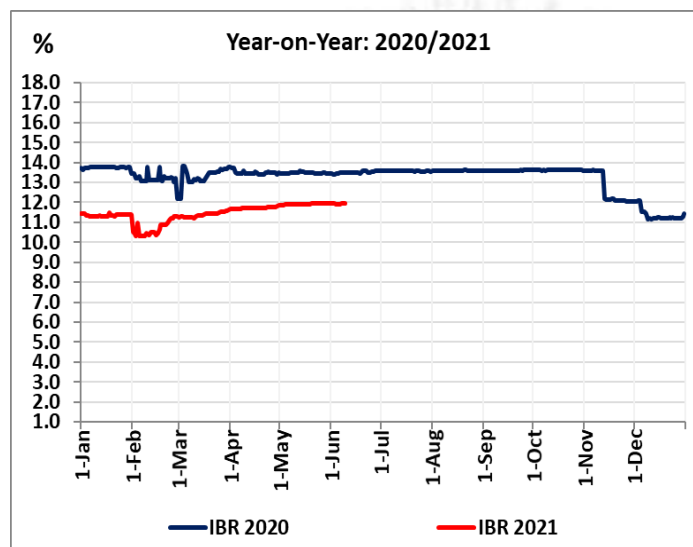
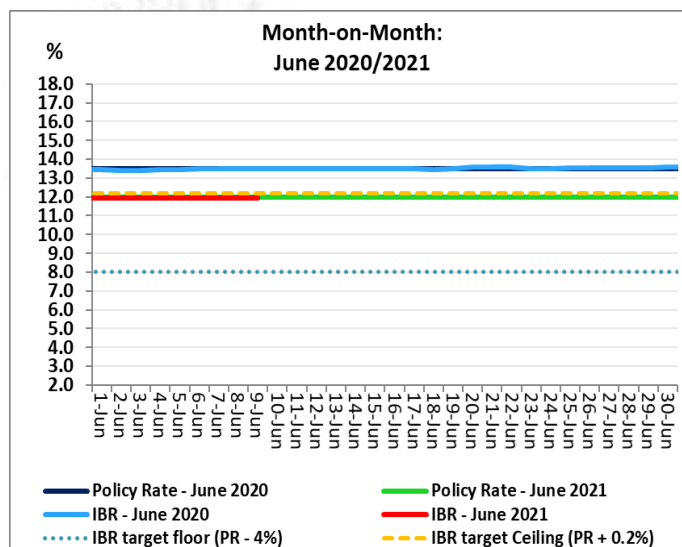
### B. INTER-BANK MARKET DEVELOPMENTS

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

|  | Volume<br>(MWK' Billion) | Average Rate<br>(%) | Number of Trades |
|--|--------------------------|---------------------|------------------|
| <b>(a) Inter-Bank Market Borrowing</b>                     |                          |                     |                  |
| O/N  | 12.95                    | 11.94               | 4                |
| 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> | 42.19                    | 12.20               | 5                |

<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

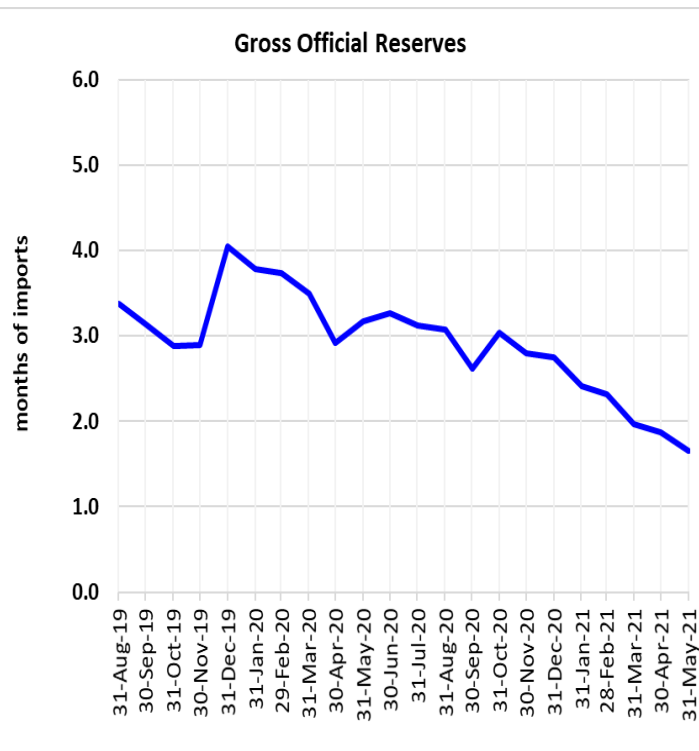


## C. FOREIGN EXCHANGE MARKET DEVELOPMENT

### 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

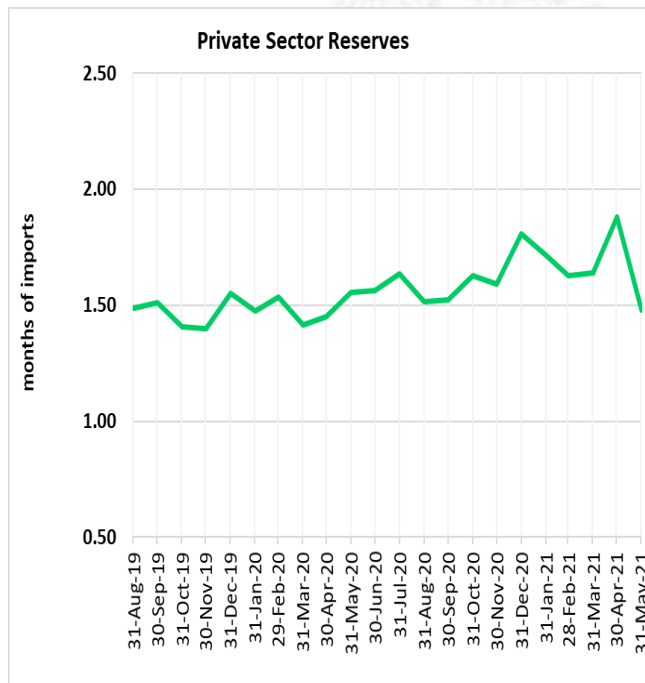
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

| 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) |
|------------------------|---------------------------|-----------------------|
| 24 May – 28 May 2021   | 31.20                     | 31.21                 |
| 31 May – 04 June 2021  | 24.96                     | 37.80                 |
| 07 June – 11 June 2021 | 34.87                     | 30.78                 |
| 11 – 11 June 2021      | 7.10                      | 4.96                  |

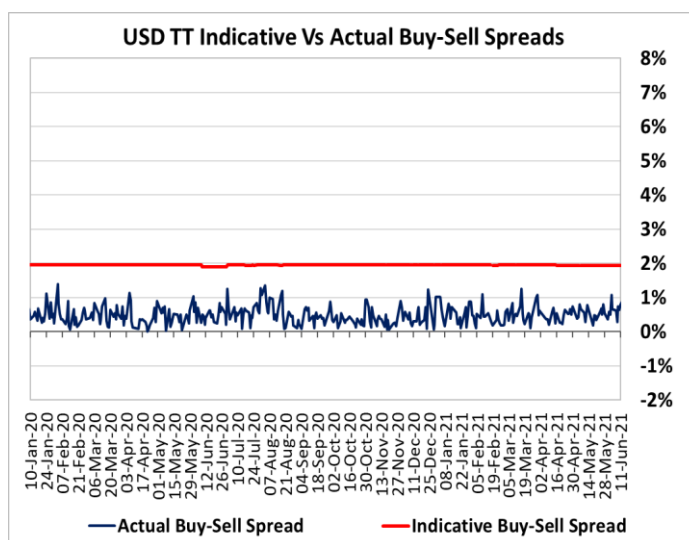
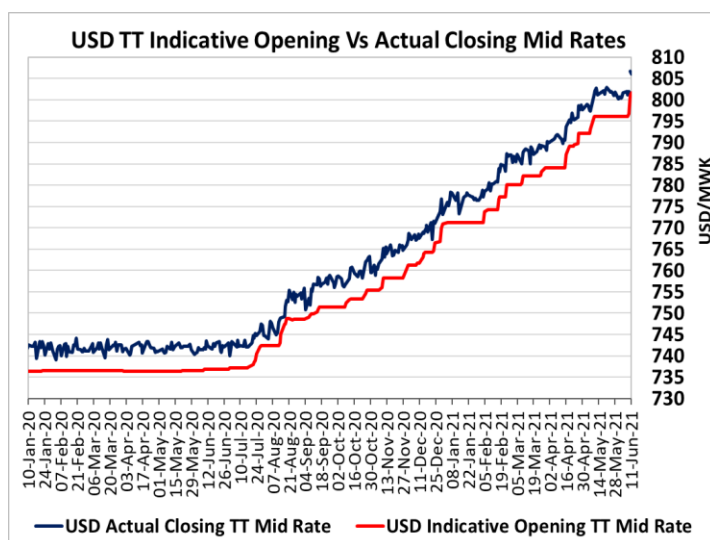


## iii. Kwacha Exchange Rate Developments

|         | 11 June 2021<br>(Opening Rates) |           |           | 11 June 2021<br>(Closing Rates) |           |           | 14 June 2021<br>(Opening rates) |
|---------|---------------------------------|-----------|-----------|---------------------------------|-----------|-----------|---------------------------------|
|         | Middle                          | Buying    | Selling   | Middle                          | Buying    | Selling   | Middle                          |
| MWK/USD | 801.5914                        | 793.7358  | 809.4470  | 806.1501                        | 802.9420  | 809.3581  | 801.5914                        |
| MWK/GBP | 1136.3360                       | 1125.1999 | 1141.3288 | 1205.0348                       | 1198.8930 | 1211.1766 | 1131.1256                       |
| MWK/EUR | 976.6590                        | 967.0877  | 986.2302  | 1047.3486                       | 1035.4677 | 1059.2295 | 970.0859                        |
| MWK/ZAR | 59.1297                         | 58.5502   | 59.7091   | 63.7771                         | 63.2516   | 64.3026   | 58.4144                         |

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

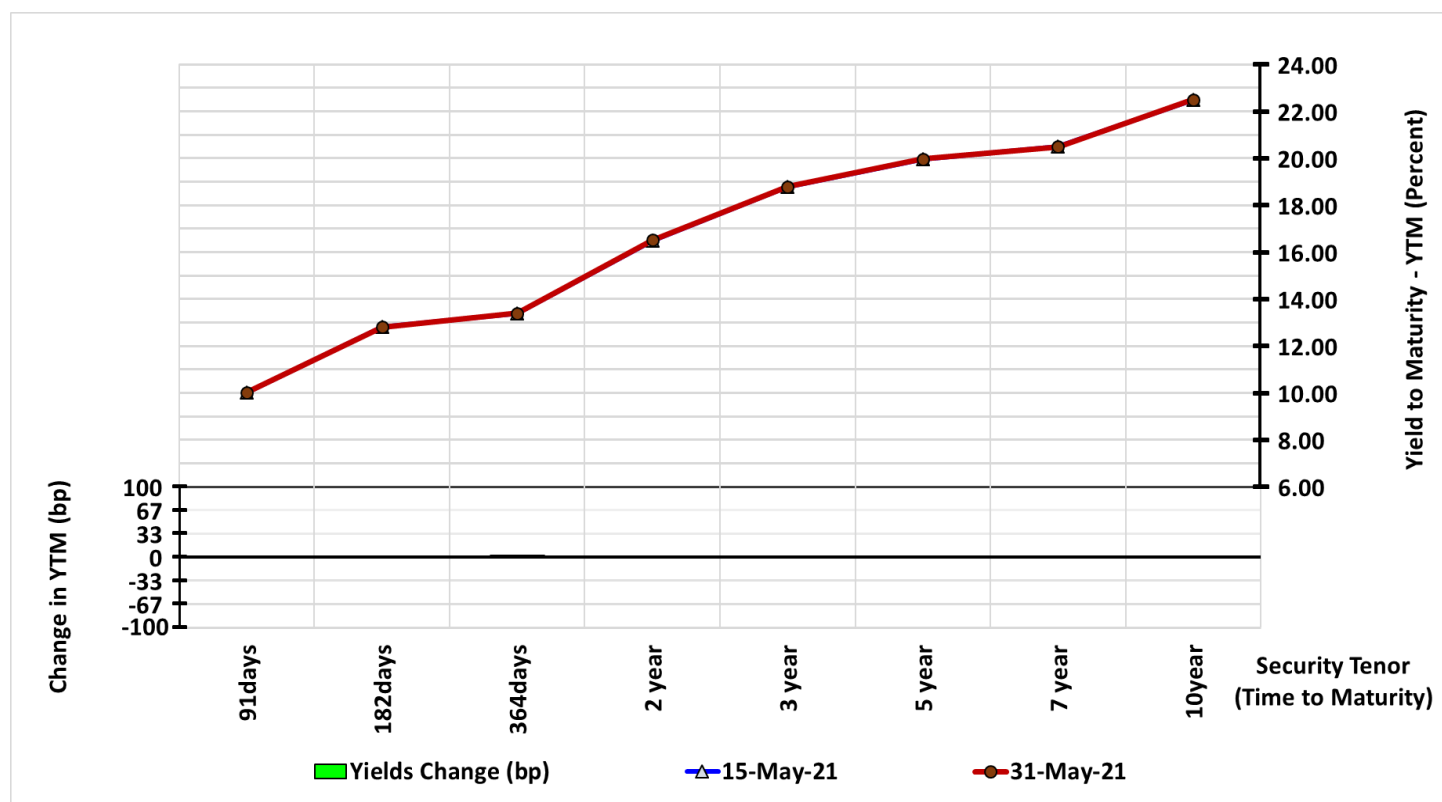
The reported closing rates are actual trade-weighted market average TT rates.



## 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.