



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 2nd August 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	2 August 2021	Week ending 6 August 2021	30 July 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-58,636	-105,120	
Excess Reserves before Open Market Operations	-54,120	-100,687	
Excess Reserves after Central Bank Operations			978
Required Reserves	60,253	60,253	60,253

ii. Known Projected Transactions

	Weekending				Month of		
	06-Aug-21	13-Aug-21	20-Aug-21	27-Aug-21	Aug-21	Sep-21	Oct-21
Maturity of Normal Treasury Securities	12,642	16,704	10,919	3,727	65,458	41,226	4,078
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	35,876	0	0	52,977	88,853	21,622	0

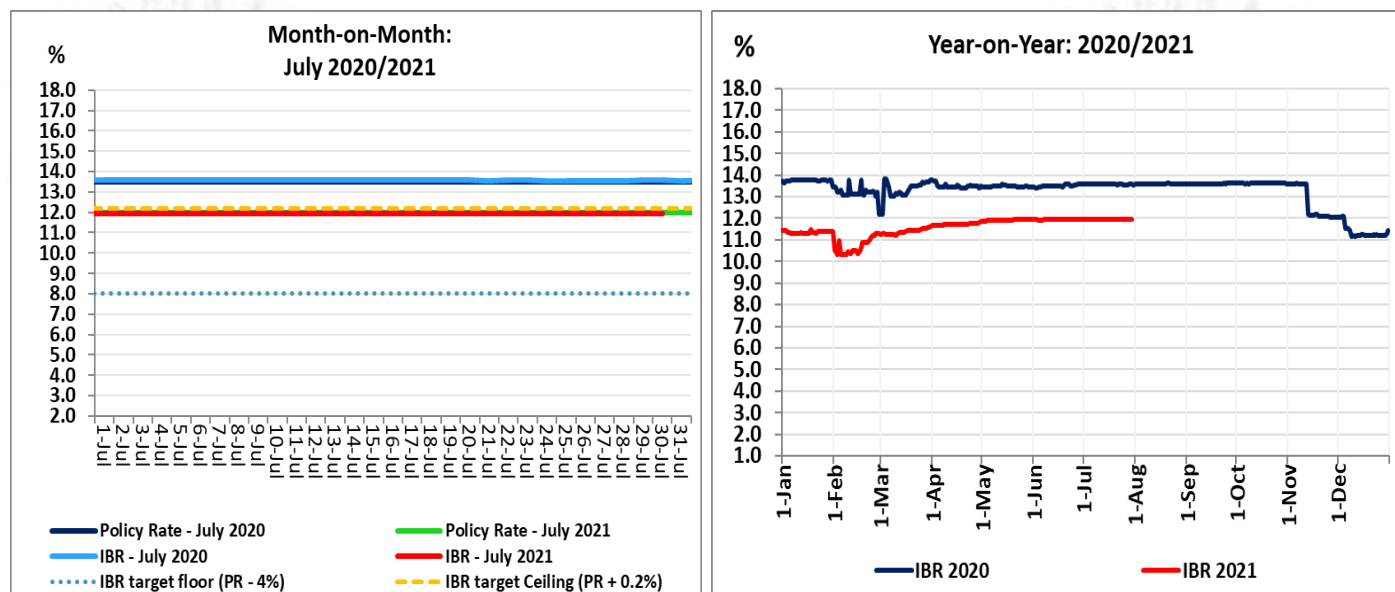
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	4.50	11.96	3
4 days	-	-	-
14 days	-	-	-
30 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 Facility¹	36.35	12.20	3

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

ii. Weighted Average Interbank Market Rates

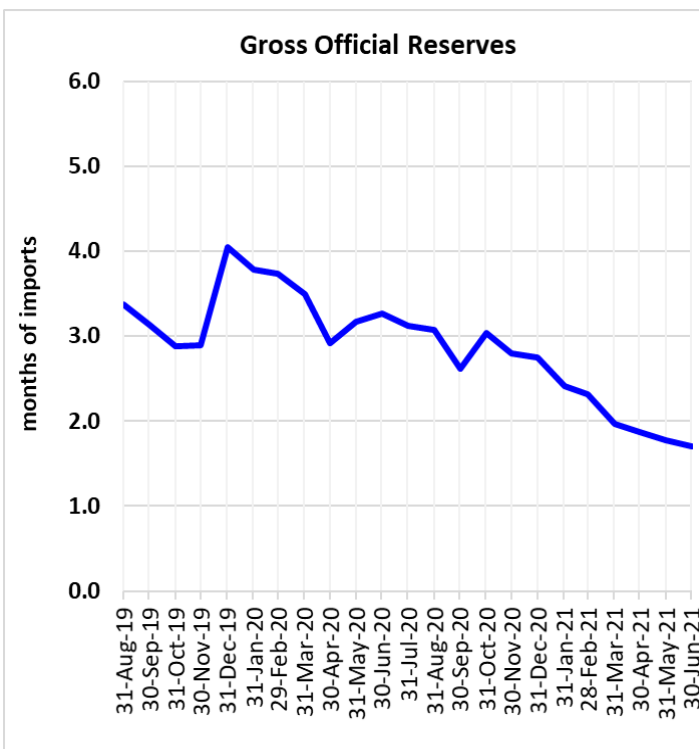


C. FOREIGN EXCHANGE MARKET DEVELOPMENT

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)
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	443.25	1.77
30 June 2021	424.99	1.70

* US\$250.0 million monthly import requirement 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

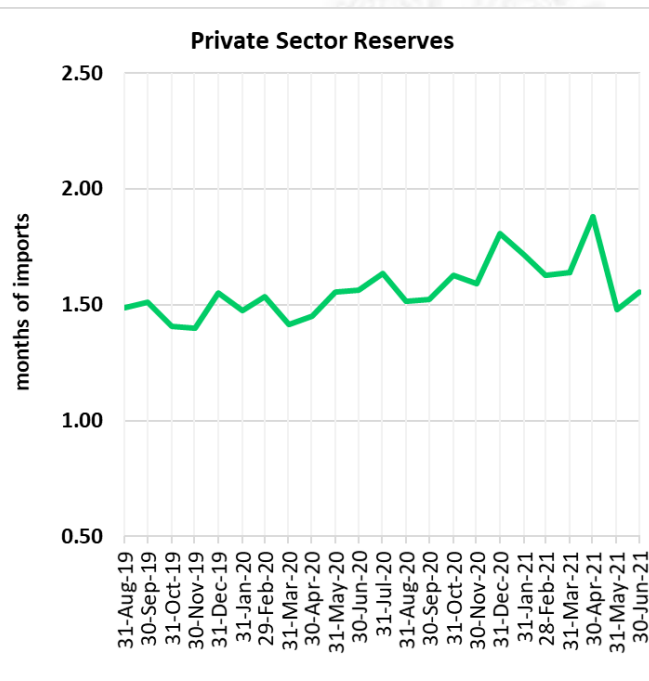
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total Reserves (US\$ mn)	Import Cover * (Months)
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
30 Jun 2021	2.08	386.71	388.78	1.56

* 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)
12 July – 16 July 2021	39.07	40.86
19 July – 23 July 2021	31.93	33.14
26 July – 30 July 2021	31.96	32.28
30 – 30 July 2021	4.80	4.85

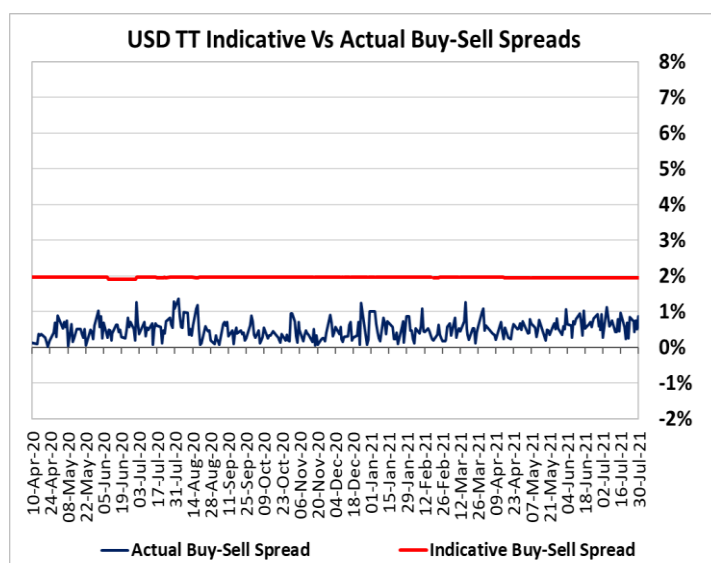
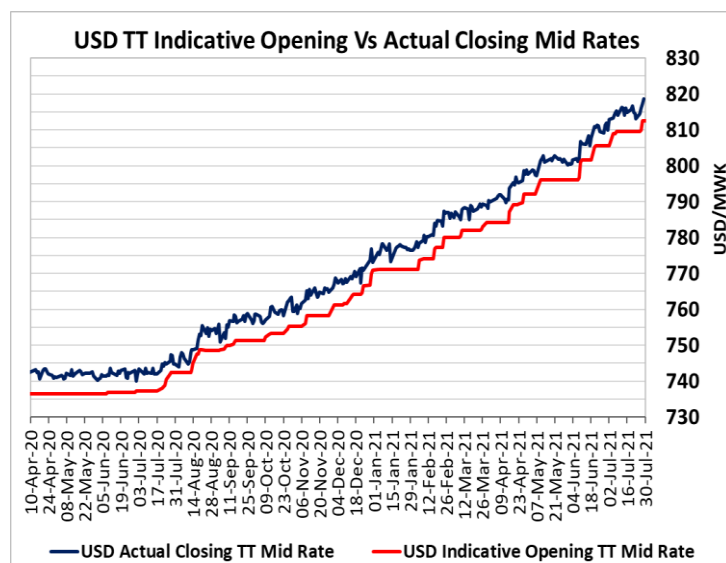


iii. Kwacha Exchange Rate Developments

	30 July 2021 (Opening Rates)			30 July 2021 (Closing Rates)			2 August 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	812.5099	804.5473	820.4725	817.4270	813.8776	820.9765	812.5099
MWK/GBP	1132.4763	1121.3780	1143.5746	1203.7405	1196.7536	1210.7274	1129.3888
MWK/EUR	964.7743	955.3195	974.2290	1048.5587	1045.1988	1051.9186	964.2055
MWK/ZAR	55.5756	55.0310	56.1203	60.7905	60.1869	61.3940	55.5361

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

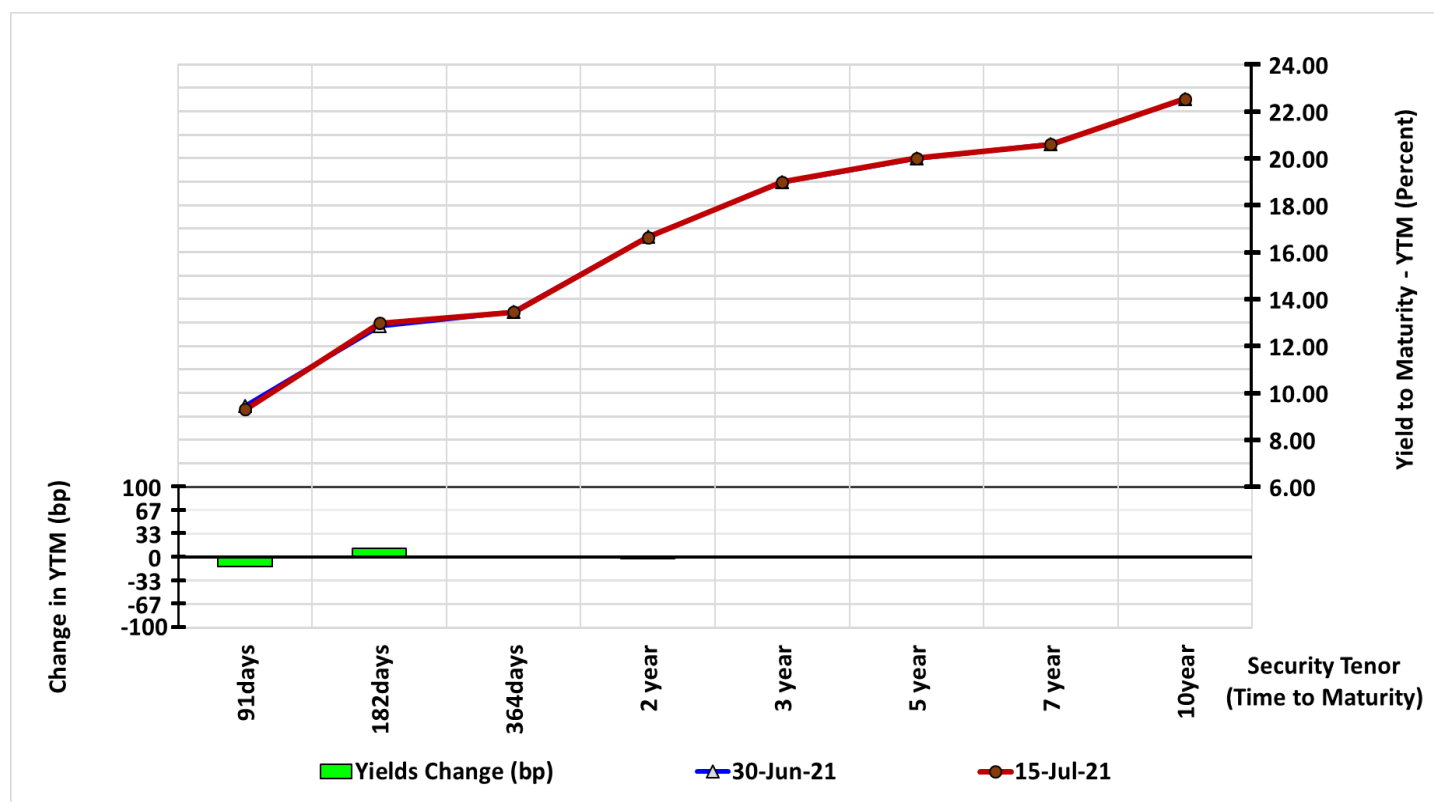
The reported closing rates are actual trade-weighted market average TT rates.



D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
30 June 2021	9.44	12.85	13.44	16.65	19.00	20.00	20.59	22.54
15 July 2021	9.31	12.97	13.45	16.63	19.00	20.00	20.59	22.54
30 June – 15 July 2021 Change in Yield (Bp)	-13	12	1	-2	-	-	-	-

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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