



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 16th August 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	16 August 2021	Week ending 20 August 2021	13 August 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-29,482	-54,038	
Excess Reserves before Open Market Operations	-26,277	-50,833	
Excess Reserves after Central Bank Operations			3,205
Required Reserves	61,328	61,328	61,328

ii. Known Projected Transactions

	Weekending				Month of		
	20-Aug-21	27-Aug-21	03-Sep-21	10-Sep-21	Aug-21	Sep-21	Oct-21
Maturity of Normal Treasury Securities	10,919	3,727	30,226	11,572	65,458	41,226	32,888
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	0	52,977	21,622	0	88,853	21,622	14,681

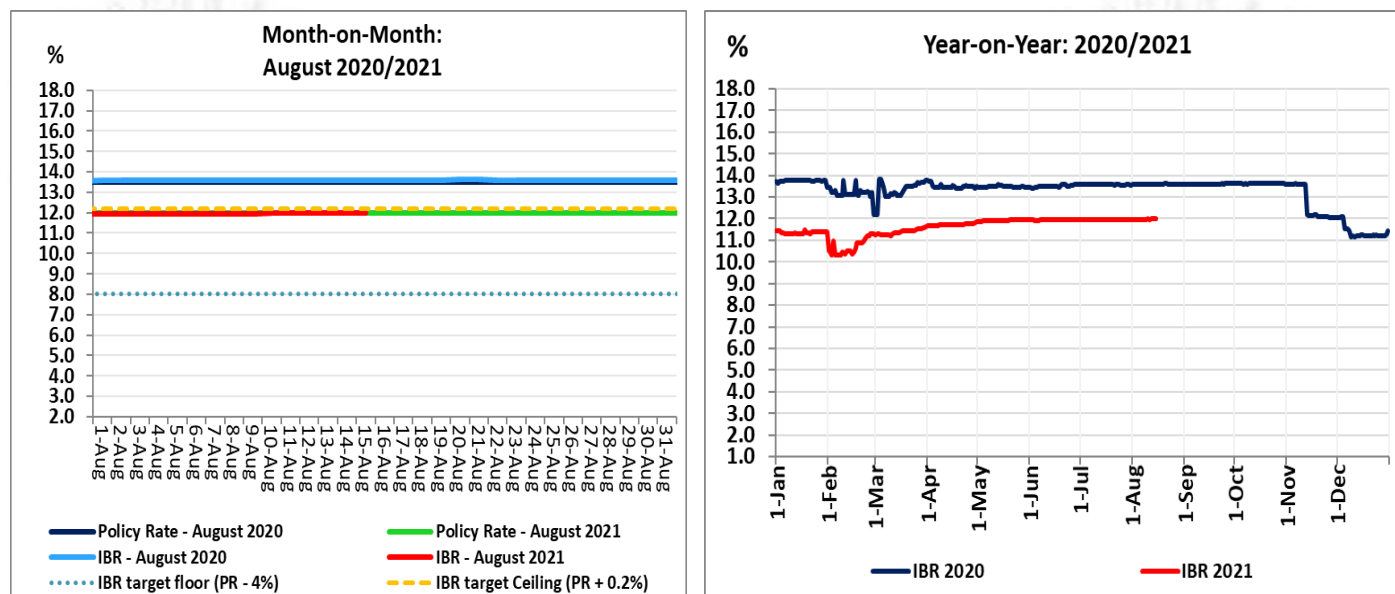
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	4.27	11.98	2
5 days	7.50	11.98	1
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	0.91	-	1
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility¹	39.10	12.20	4

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

ii. Weighted Average Interbank Market Rates

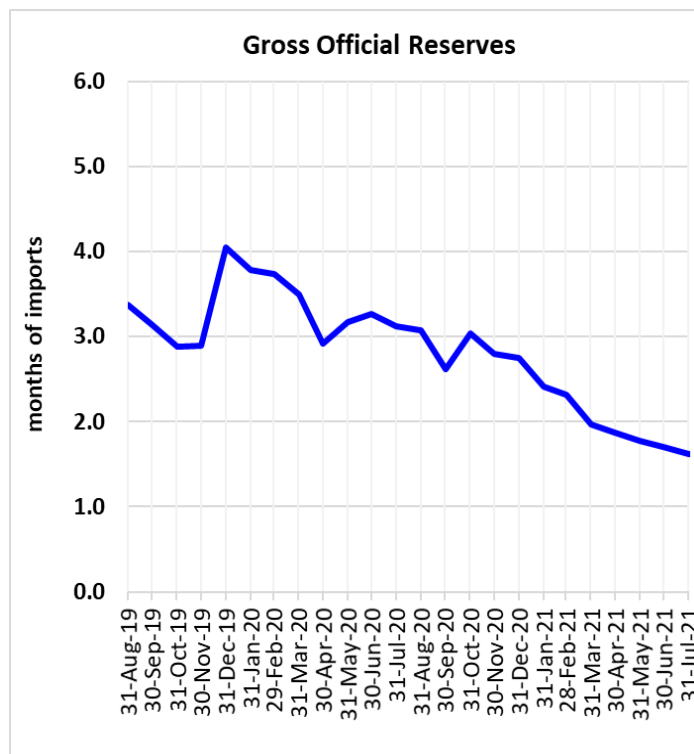


C. FOREIGN EXCHANGE MARKET DEVELOPMENT

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)
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
31 July 2021	404.18	1.62

* 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

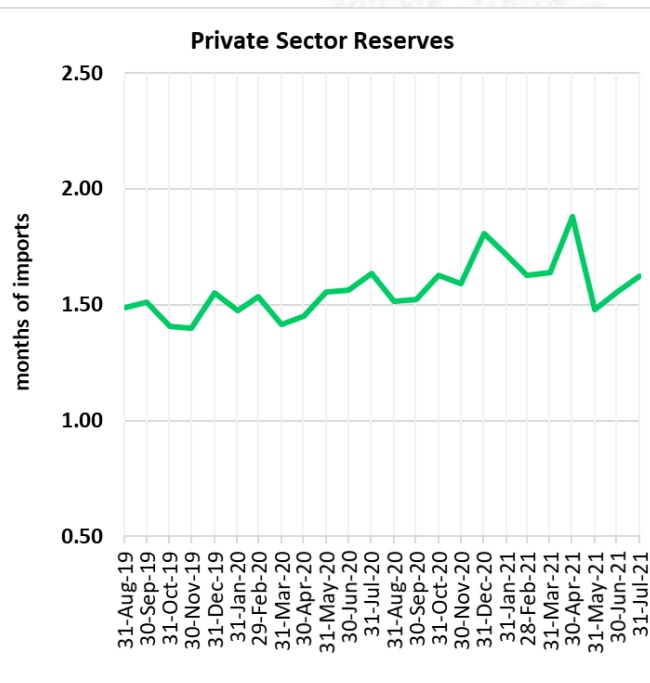
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total Reserves (US\$ mn)	Import Cover * (Months)
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
31 Jul 2021	5.24	400.55	405.79	1.62

* 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)
26 July – 30 July 2021	31.96	32.28
02 Aug – 06 Aug 2021	33.05	29.79
09 Aug – 13 Aug 2021	24.88	37.62
13 – 13 August 2021	6.68	10.49

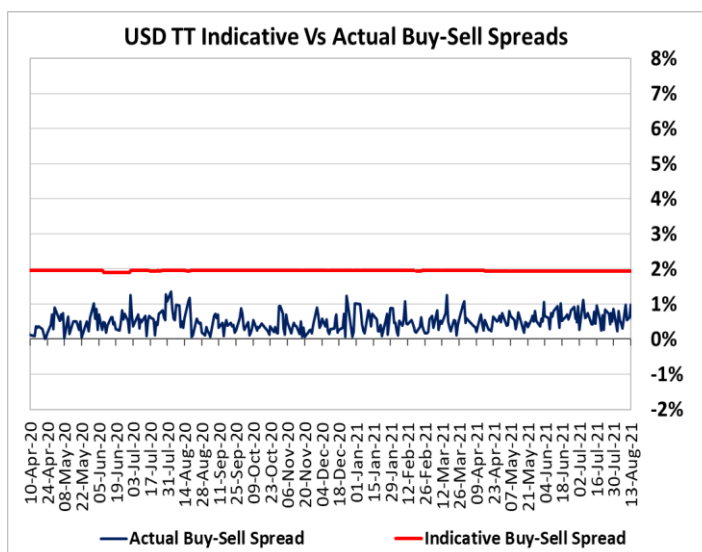
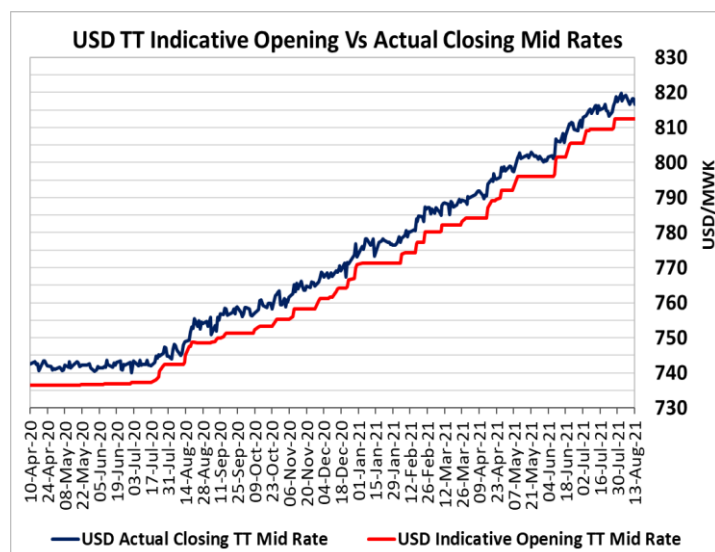


iii. Kwacha Exchange Rate Developments

	13 August 2021 (Opening Rates)			13 August 2021 (Closing Rates)			16 August 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	812.5099	804.5473	820.4725	816.5245	812.5320	820.5170	812.5099
MWK/GBP	1121.3449	1110.3557	1132.3341	1193.6268	1186.4228	1200.8308	1125.4887
MWK/EUR	953.6429	944.2972	962.9886	1043.5304	1041.0292	1046.0317	958.0304
MWK/ZAR	54.8682	54.3305	55.4059	60.1449	59.9976	60.2922	55.1149

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

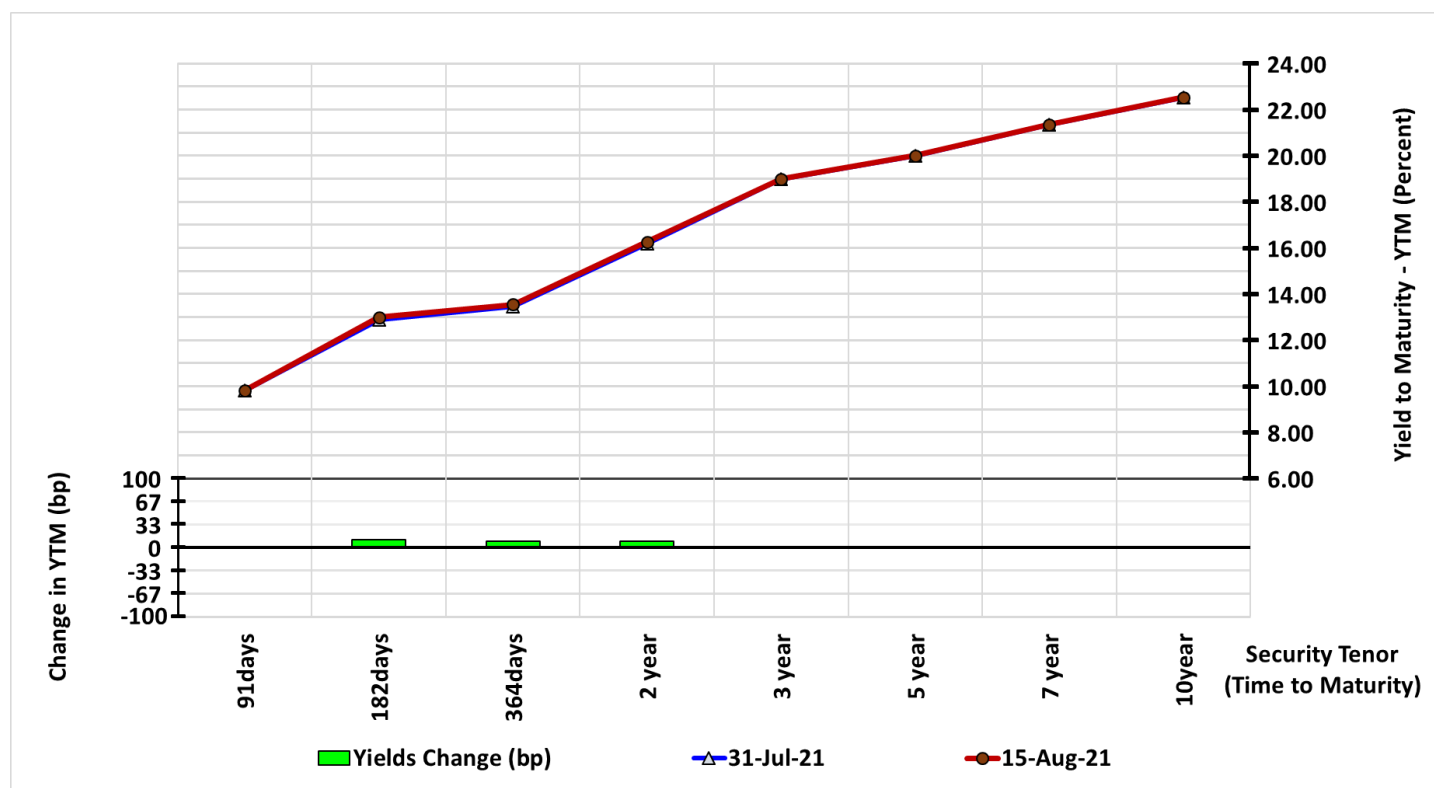
The reported closing rates are actual trade-weighted market average TT rates.



D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
31 July 2021	9.82	12.88	13.45	16.17	19.00	20.00	21.36	22.54
15 August 2021	9.83	12.99	13.54	16.27	18.99	20.00	21.36	22.54
31 Jul - 15 Aug 2021 Change in Yield (Bp)	1	11	9	10	-1	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.



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