



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 30th August 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	30 August 2021	Week ending 3 September 2021	27 August 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-49,688	-124,789	
Excess Reserves before Open Market Operations	-22,657	-97,757	
Excess Reserves after Central Bank Operations			26,970
Required Reserves	60,482	60,482	60,482

ii. Known Projected Transactions

	Weekending				Month of		
	3-Sep-21	10-Sep-21	17-Sep-21	24-Sep-21	Sep-21	Oct-21	Nov-21
Maturity of Normal Treasury Securities	30,226	11,572	5,932	0	41,226	32,888	31,164
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	21,622	0	0	0	21,622	14,681	0

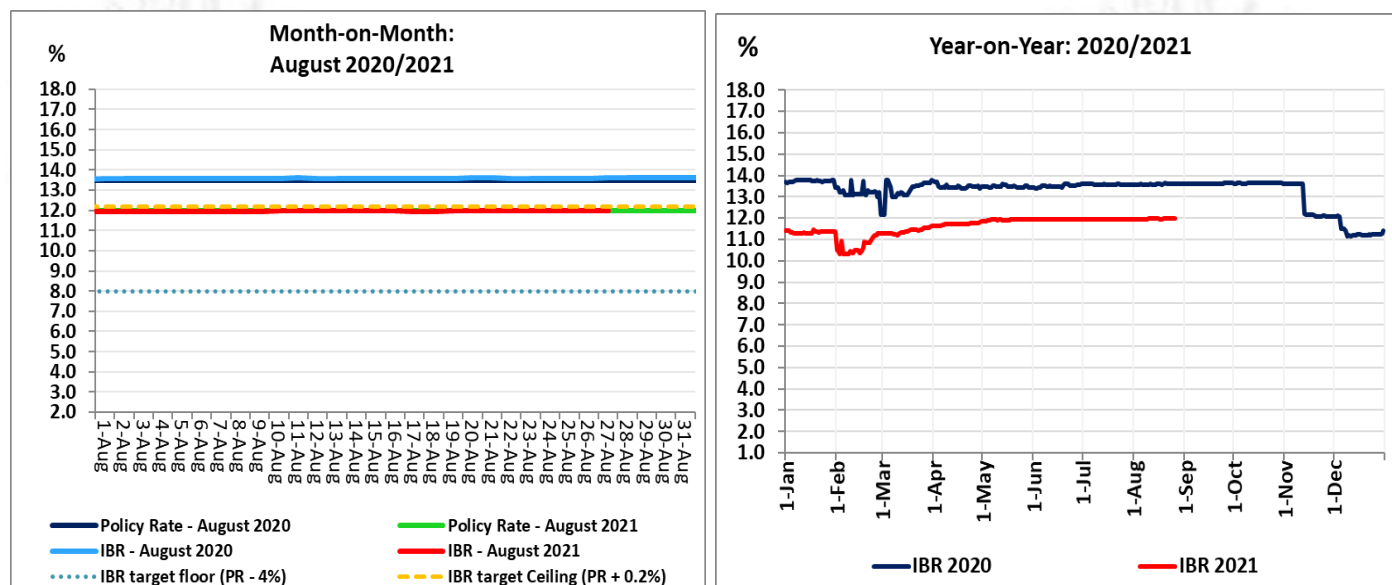
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	6.29	11.98	5
5 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	52.67	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



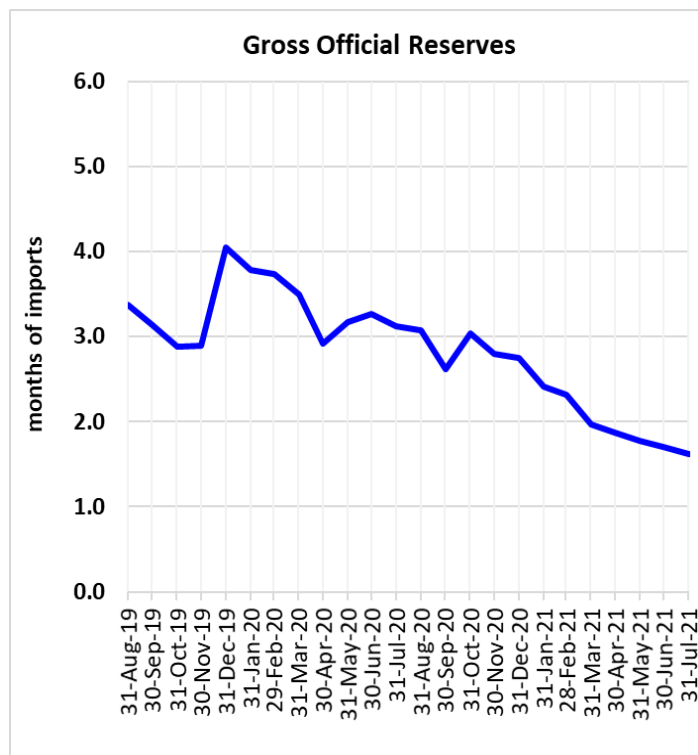
C. FOREIGN EXCHANGE MARKET DEVELOPMENT

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

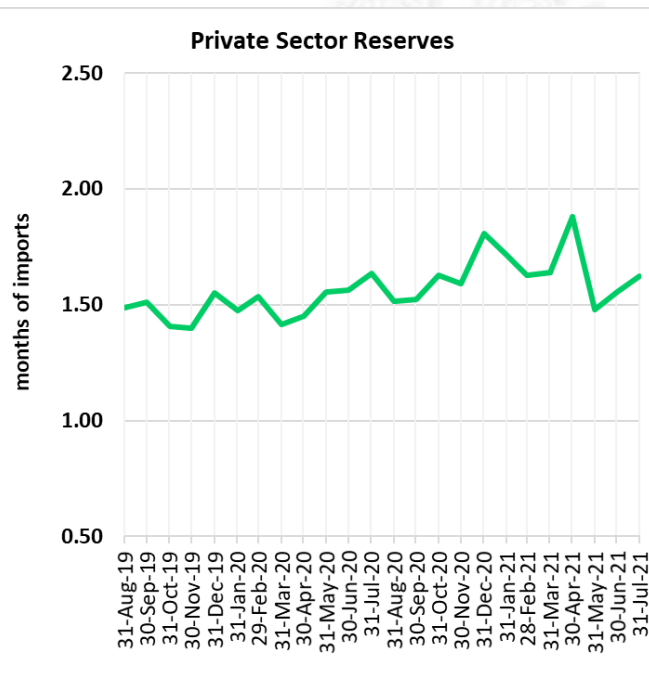
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

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)
09 Aug – 13 Aug 2021	24.88	37.62
16 Aug – 20 Aug 2021	24.69	22.95
23 Aug – 27 Aug 2021	29.99	27.96
27 – 27 August 2021	5.59	4.96

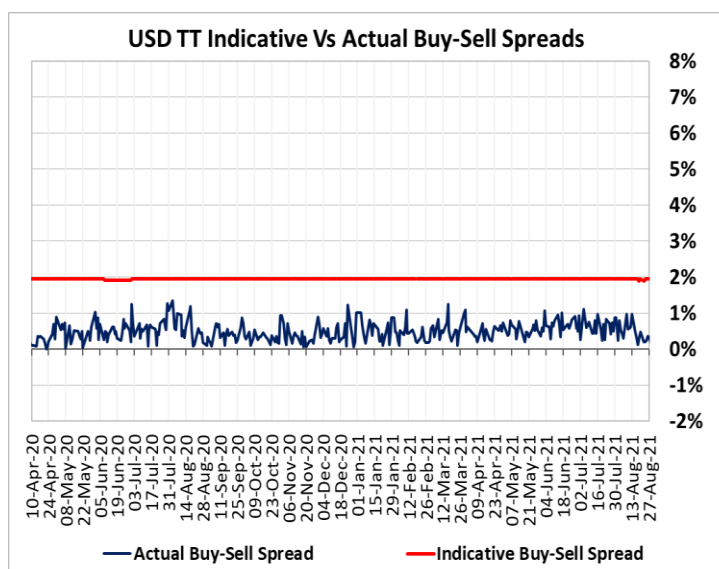
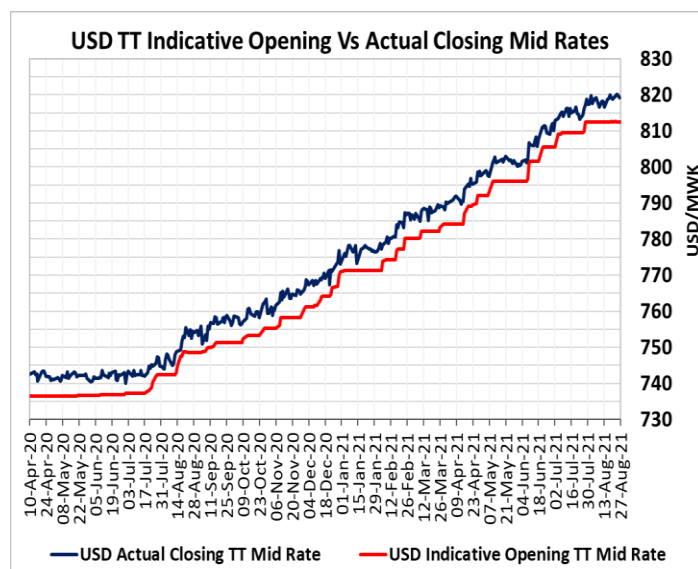


iii. Kwacha Exchange Rate Developments

	27 August 2021 (Opening Rates)			27 August 2021 (Closing Rates)			30 August 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	812.5099	804.5473	820.4725	818.8623	817.4609	820.2638	812.5099
MWK/GBP	1113.7886	1102.8734	1124.7037	1197.1047	1192.6624	1201.5470	1119.1511
MWK/EUR	956.1617	946.7913	965.5320	1061.0327	1058.4276	1063.6378	958.8429
MWK/ZAR	54.6372	54.1018	55.1727	59.2816	58.7896	59.7735	55.2086

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

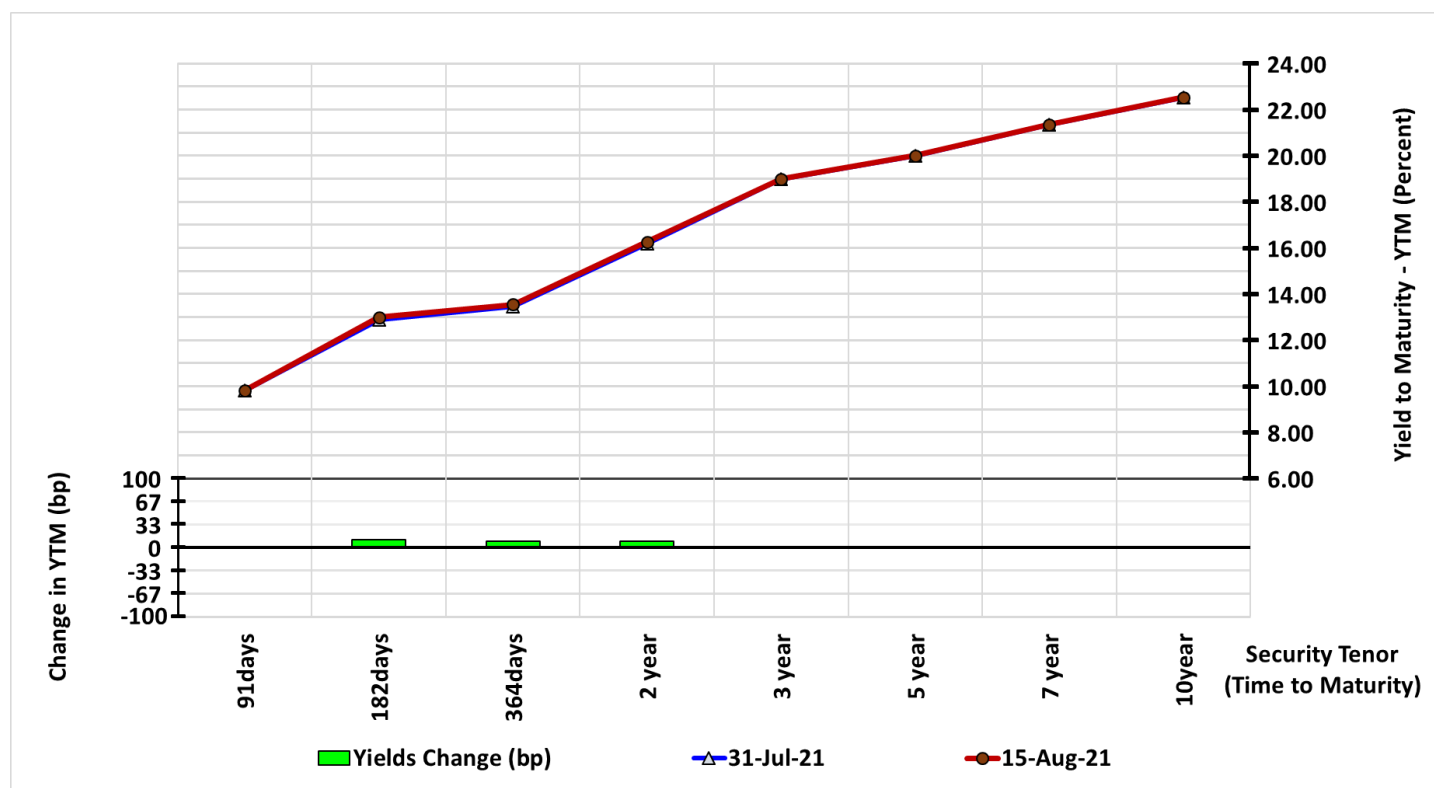
The reported closing rates are actual trade-weighted market average TT rates.



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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