



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 7th September 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	7 September 2021	Week ending 10 September 2021	6 September 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-76,843	-71,871	
Excess Reserves before Open Market Operations	-69,053	-64,802	
Excess Reserves after Central Bank Operations			7,790
Required Reserves	60,334	60,334	60,334

ii. Known Projected Transactions

	Weekending				Month of		
	10-Sep-21	17-Sep-21	24-Sep-21	1-Oct-21	Sep-21	Oct-21	Nov-21
Maturity of Normal Treasury Securities	11,572	5,932	4,232	10,730	41,226	32,888	31,164
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	0	0	0	0	21,622	14,681	0

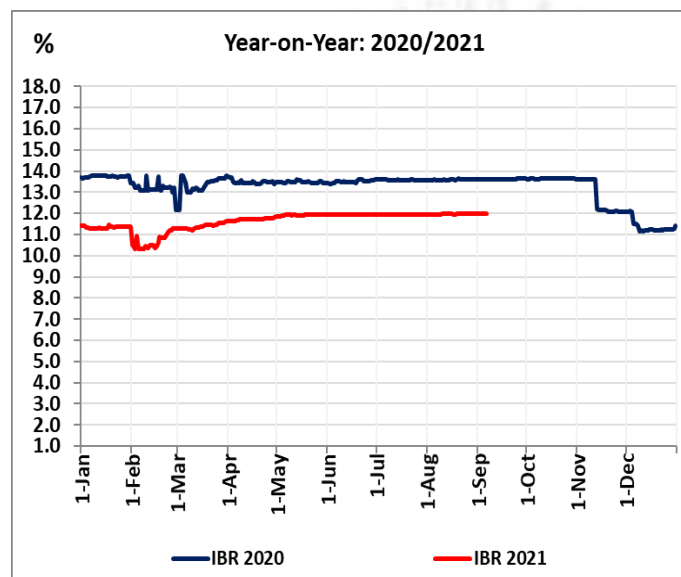
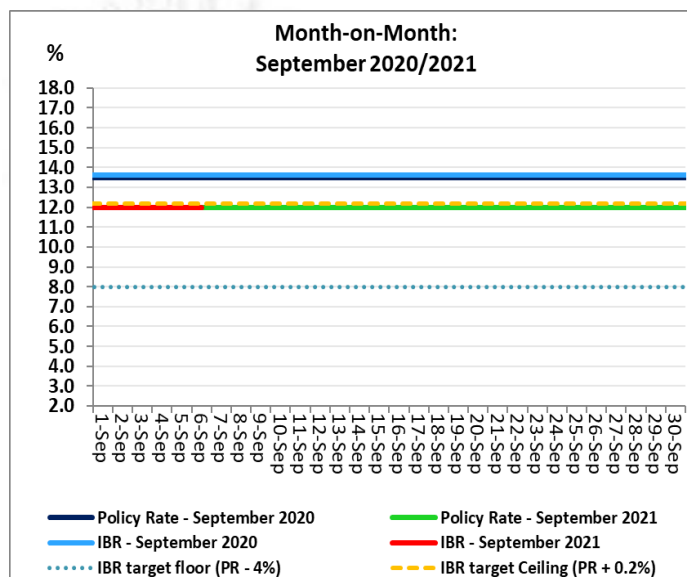
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	25.50	11.98	6
3 days	2.25	11.99	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	-	-	-
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility¹	79.96	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



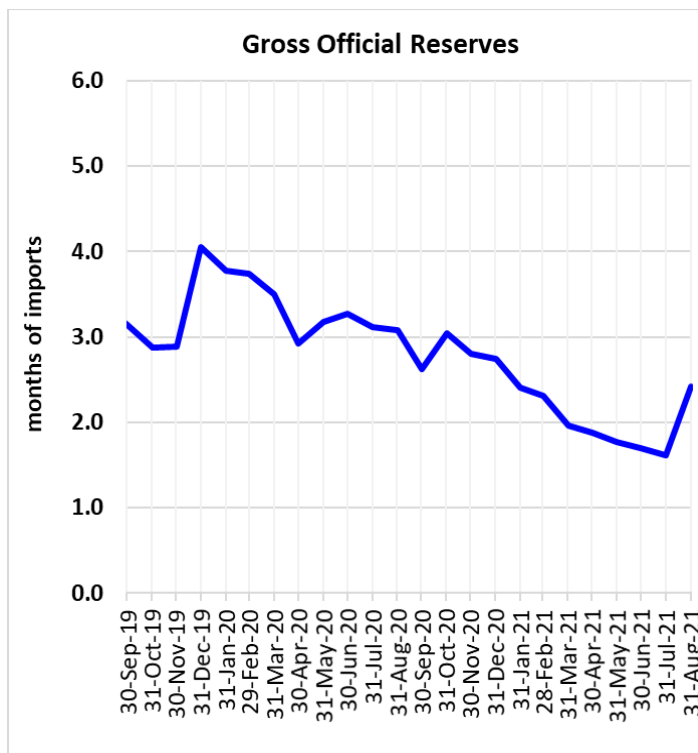
C. FOREIGN EXCHANGE MARKET DEVELOPMENT

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)
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
31 Aug 2021	604.50	2.42

* 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

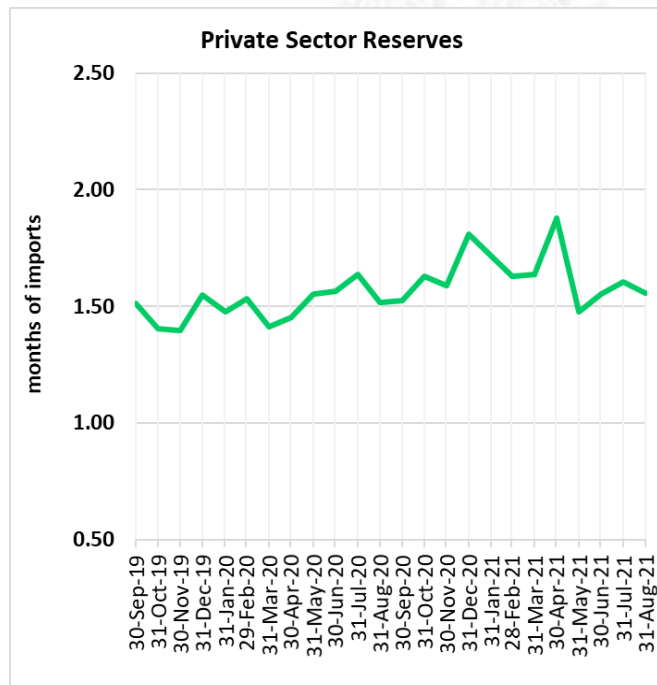
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total Reserves (US\$ mn)	Import Cover * (Months)
31 May 2021	5.12	364.43	369.64	1.48
30 Jun 2021	2.08	386.71	388.78	1.56
31 Jul 2021	0.44	400.55	400.99	1.60
31 Aug 2021	-4.32	393.79	389.47	1.56

* US\$250.0 million import requirement per month is used in the calculations.

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
16 Aug – 20 Aug 2021	24.69	22.95
23 Aug – 27 Aug 2021	29.99	27.96
30 Aug – 03 Sep 2021	30.20	26.91
06 – 06 Sept 2021	4.71	3.59

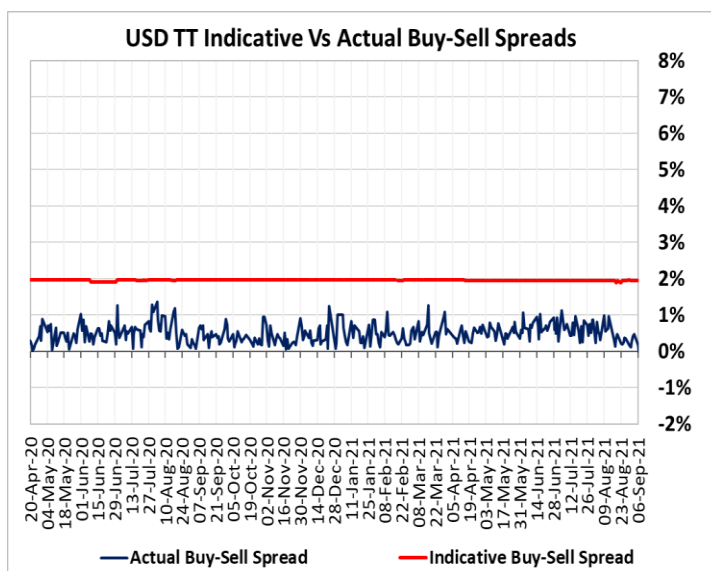
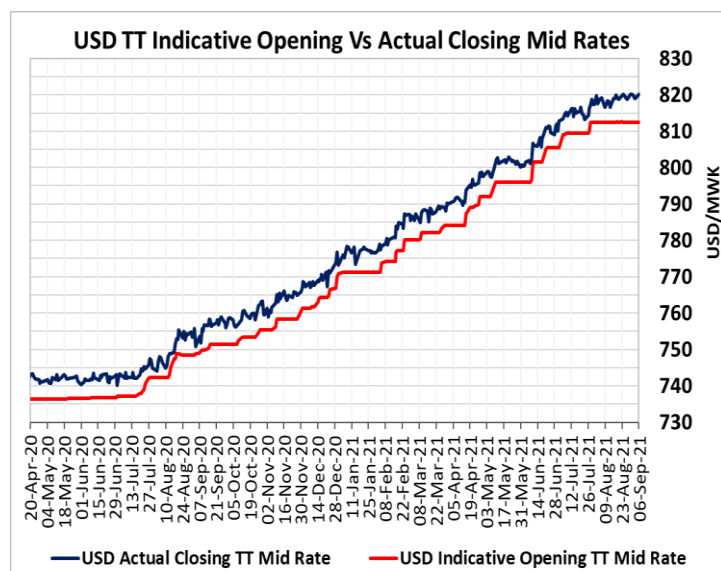


iii. Kwacha Exchange Rate Developments

	06 September 2021 (Opening Rates)			06 September 2021 (Closing Rates)			07 Sept 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	812.5099	804.5473	820.4725	820.2341	819.5397	820.9286	812.5099
MWK/GBP	1125.0825	1114.0567	1136.1083	1199.5897	1193.0346	1206.1448	1123.2949
MWK/EUR	964.6118	955.1586	974.0649	1050.9154	1042.3459	1059.4850	964.2867
MWK/ZAR	56.8992	56.3416	57.4569	60.9126	59.4904	62.3348	57.0567

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

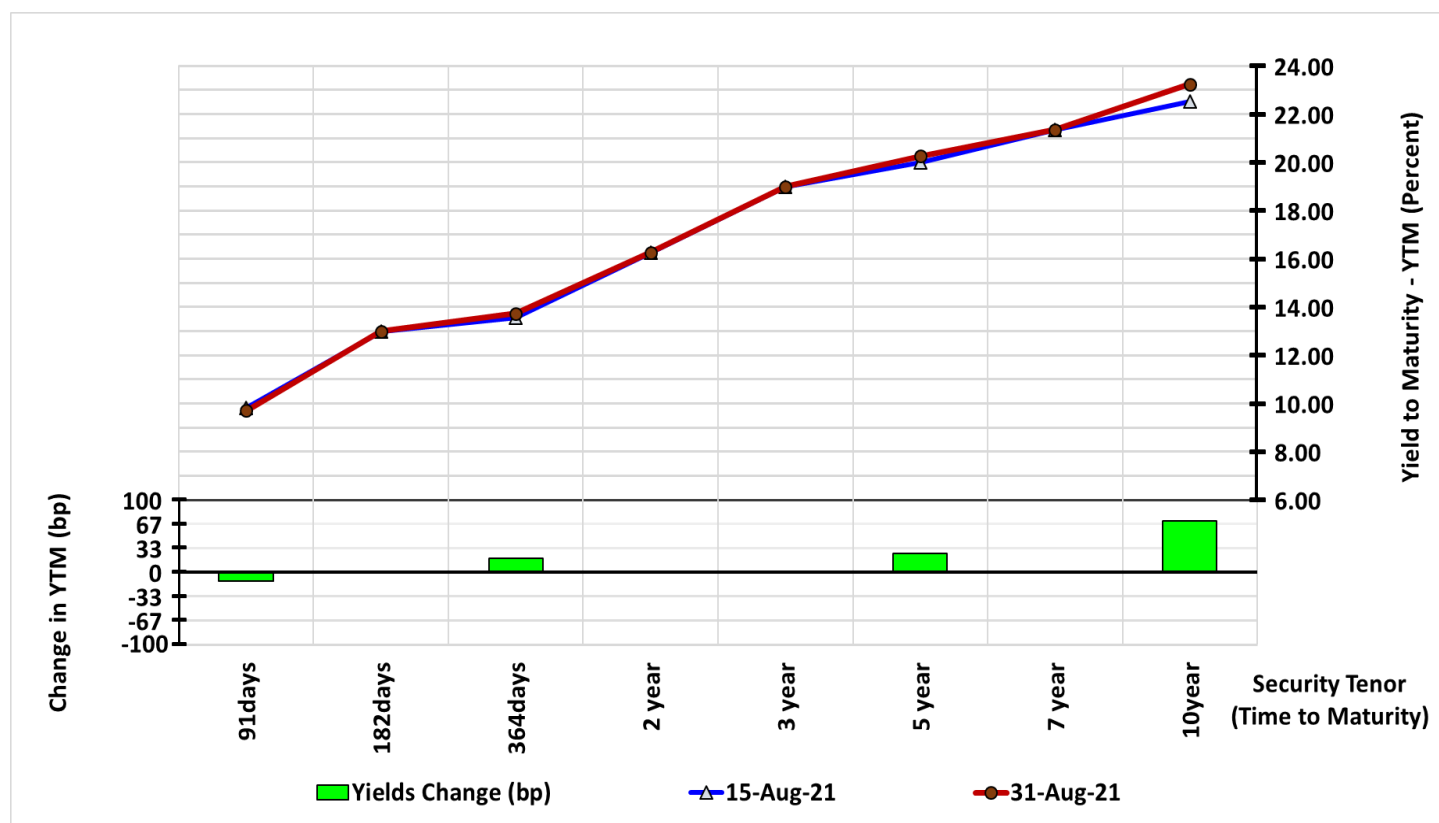
The reported closing rates are actual trade-weighted market average TT rates.



D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
15 August 2021	9.83	12.99	13.54	16.27	18.99	20.00	21.36	22.54
31 August 2021	9.71	12.99	13.73	16.27	18.99	20.26	21.36	23.25
15 - 31 Aug 2021 Change in Yield (Bp)	(12)	0	19	0	0	26	0	71

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.