



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

*(In Millions of Malawi Kwacha, unless otherwise specified)*

Thursday, 7<sup>th</sup> August 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 8 <sup>th</sup> August 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-3,602	-251
Estimated Excess Reserves	1,923	2,425
Required Reserves	46,954	46,954

#### Commentary:

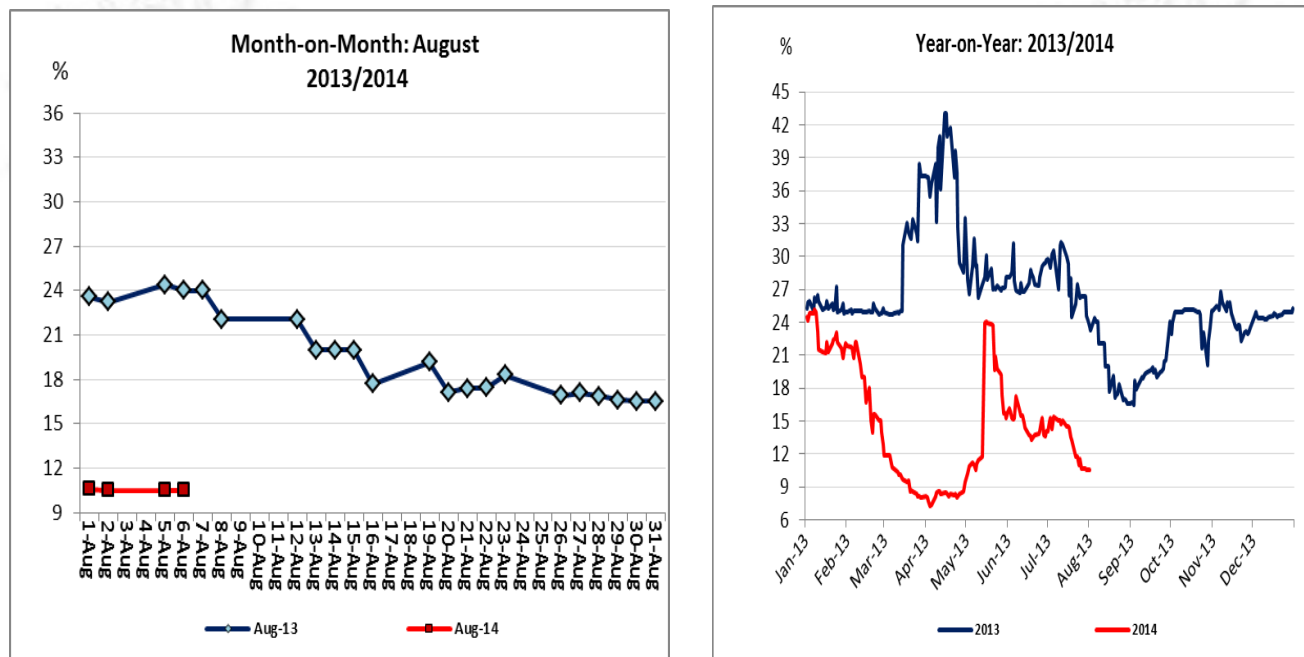
- Excess reserves are estimated to close at MK1.92 billion today from MK5.53 billion that was reported yesterday and to close at MK2.43 billion by the end of this week.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	4,300	10.50
7 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market dropped to MK4.30 billion yesterday from MK4.85 billion that was recorded on Tuesday, 5<sup>th</sup> August 2014.
- The interbank rate (IBR) remained unchanged at 10.50 percent and no bank accessed the Lombard Facility yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

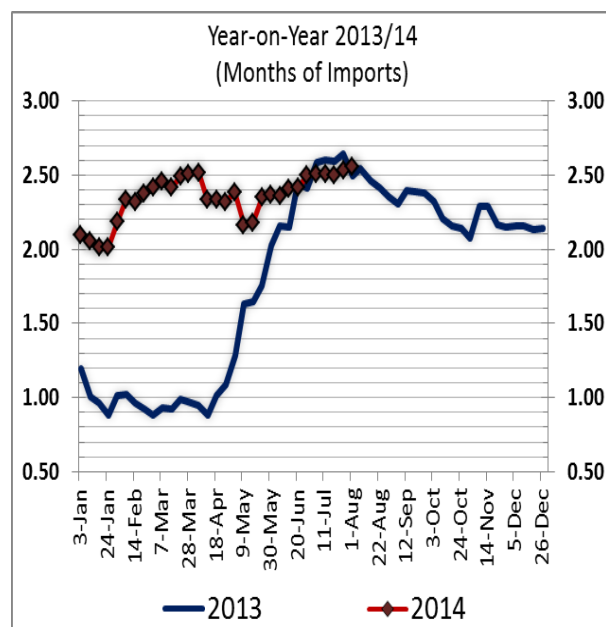
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
25 <sup>th</sup> July 2014	484	2.53
1 <sup>st</sup> August 2014	489	2.56

\* US\$191 million per month is used in this calculation

### Commentary:

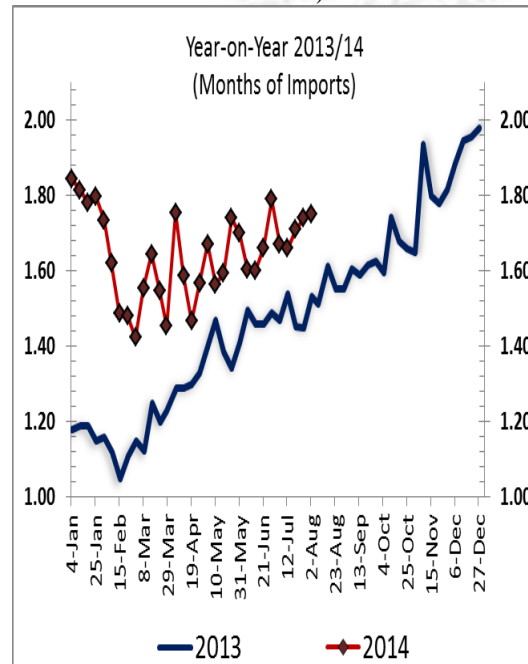
- Gross official reserves increased to US\$489 million on Friday, 1<sup>st</sup> August 2014 from US\$484 million that was recorded on Friday, 25 July 2014.



## ii. Private Sector Foreign Reserves

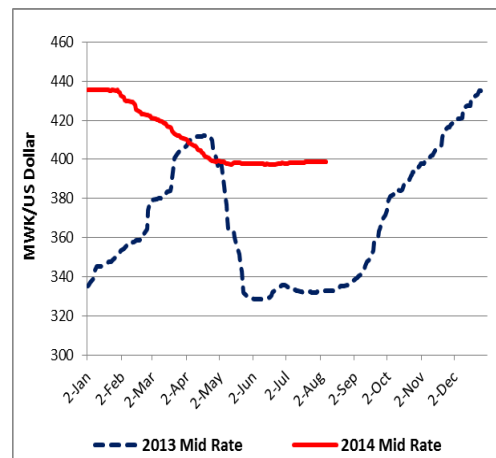
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
25 <sup>th</sup> July 2014	16.33	315.06	331.39	1.74
1 <sup>st</sup> August 2014	16.05	318.35	334.40	1.75
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
25 <sup>th</sup> July 2014	60.34		54.94	
1 <sup>st</sup> August 2014	49.98		43.26	
Commentary:				
• For the week ending 1 <sup>st</sup> August 2014, total ADBs purchases of forex from the market amounted to US\$49.98 million surpassing sales at US\$43.26 million by US\$6.72 million.				



## iii. Exchange Rate Developments

Week ending	25 <sup>th</sup> July 2014	1 <sup>st</sup> August 2014	Today
MWK/USD	398.6044	398.6879	398.7544
MWK/GBP	677.0694	673.2244	672.0208
MWK/EUR	536.6810	533.8431	533.6530
MWK/ZAR	37.8632	37.2358	37.2584
<b>Commentary:</b>			
<ul style="list-style-type: none"> <li>Compared to Friday, 1<sup>st</sup> August 2014, the Kwacha has depreciated against the USD and the ZAR. The local currency has, however, appreciated against the GBP and the EUR.</li> </ul>			



## D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
29 <sup>th</sup> July 2014	11.00	-	-	-	16.81%	17.85%	18.04%
5 <sup>th</sup> August 2014	10.50	-	-	-	16.92%	17.95%	19.02%
Change in yield (bp)	-50	-	-	-	11	10	98

**DISCLAIMER:** This information 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 that may arise from reliance on the information contained herein.