



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

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

Thursday, 21<sup>st</sup> August 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 22 <sup>nd</sup> August 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-1,584	3,203
Estimated Excess Reserves	2,111	3,464
Required Reserves	46,652	46,652

#### Commentary:

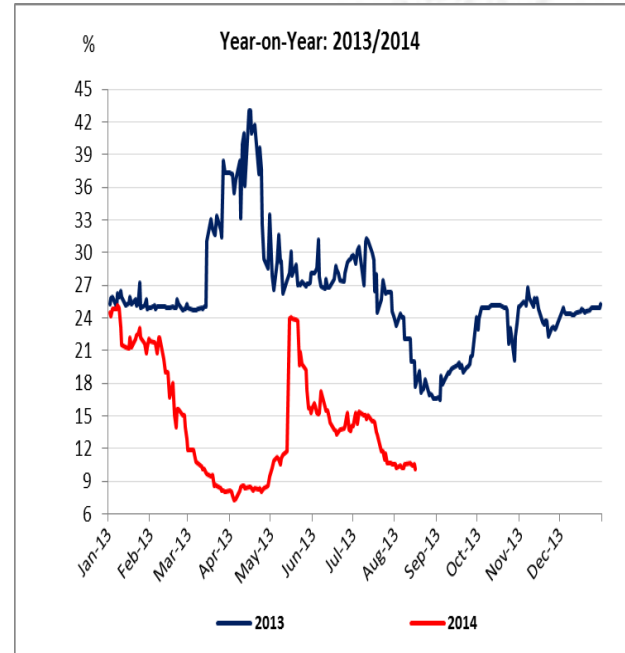
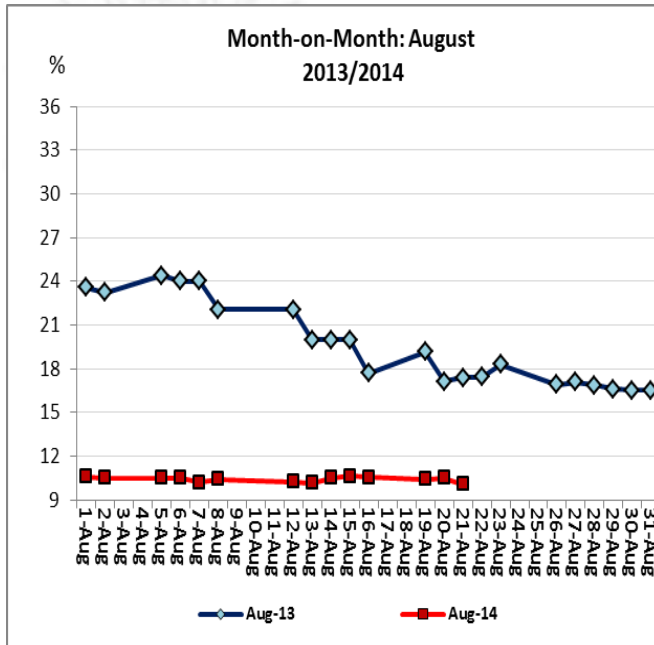
- Excess reserves are expected to close at MK2.11 billion today compared to MK3.70 billion that was observed yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	1,650	10.10
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 increased to MK1.65 yesterday from MK1.00 billion recorded the previous day.
- The interbank rate (IBR) moved down to 10.10 percent yesterday from 10.50 percent recorded on Tuesday, 19<sup>th</sup> August 2014.
- No access on the Lombard Facility was observed yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

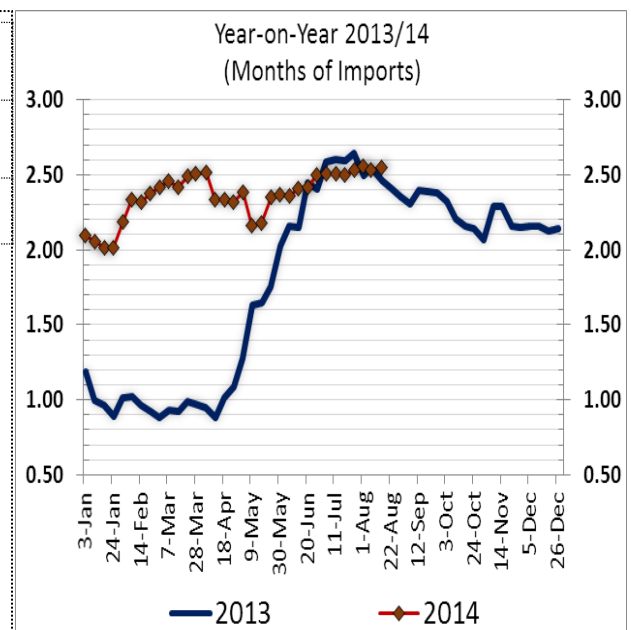
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves million (US\$)	Import Cover * (Months)
08 <sup>th</sup> August 2014	483.33	2.53
15 <sup>th</sup> August 2014	487.44	2.55

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

### Commentary:

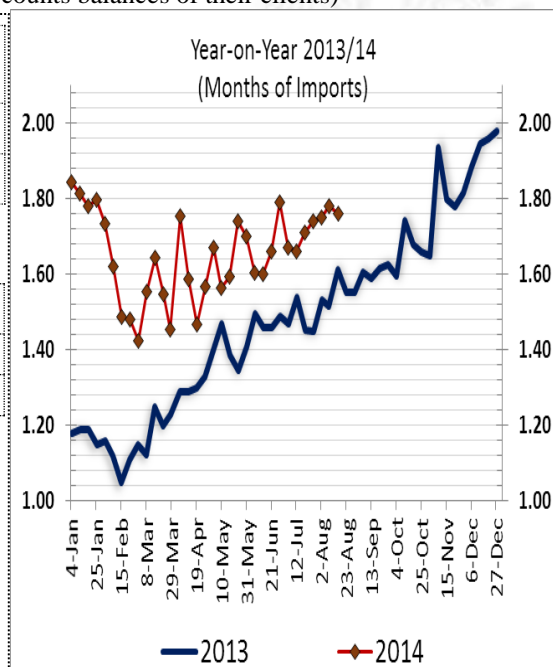
- Gross official reserves increased to U\$487 million on Friday, 15<sup>th</sup> August 2014, from U\$483 million recorded by end of the preceding week.



## ii. Private Sector Foreign Reserves

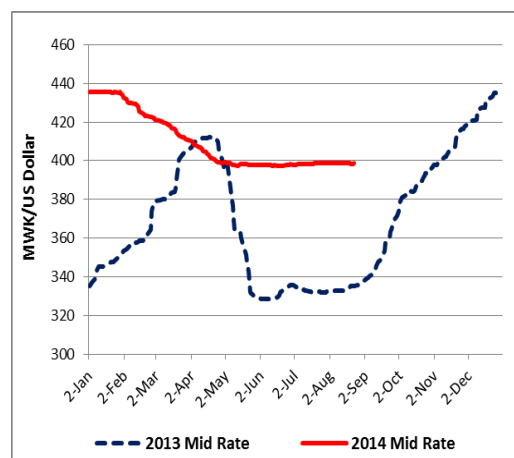
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
8th August 2014	14.56	325.54	340.10	1.78
15th August 2014	12.38	323.86	336.24	1.76
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADB's Purchases		ADB's Sales	
8 <sup>th</sup> August 2014	52.18		52.69	
15 <sup>th</sup> August 2014	55.25		55.52	
<b>Commentary:</b>				
<ul style="list-style-type: none"><li>In the week ending 15<sup>th</sup> August 2014, total ADB's purchases of forex from the market at US\$55.25 million were marginally below total sales that amounted to US\$55.52 million.</li></ul>				



## iii. Exchange Rate Developments

Week ending	08 <sup>th</sup> August 2014	15 <sup>th</sup> August 2014	Today
MWK/USD	398.7544	398.7771	398.5376
MWK/GBP	671.2233	665.3995	661.3731
MWK/EUR	532.8954	532.9656	528.4210
MWK/ZAR	37.0356	37.8013	37.1154
<b>Commentary:</b>			
<ul style="list-style-type: none"> <li>Compared to last Friday, 15<sup>th</sup> August 2014, the Kwacha has appreciated against all currencies of major trading partners.</li> </ul>			



## D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
12 <sup>th</sup> August 2014	10.25%	-	-	-	17.13%	17.91%	19.17%
19 <sup>th</sup> August 2014	10.50%	13.00%	-	-	18.36%	19.28%	20.50%
Change in yield (bp)	25	-	-	-	123	63	133

**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.