



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 01<sup>st</sup> September 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 05 <sup>th</sup> September 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	55	275
Estimated Excess Reserves	10,369	10,369
Required Reserves	47,091	47,091

#### Commentary:

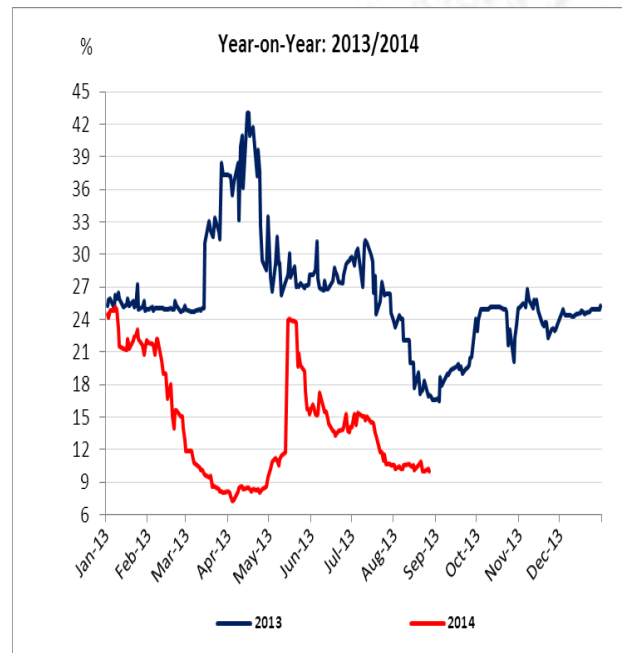
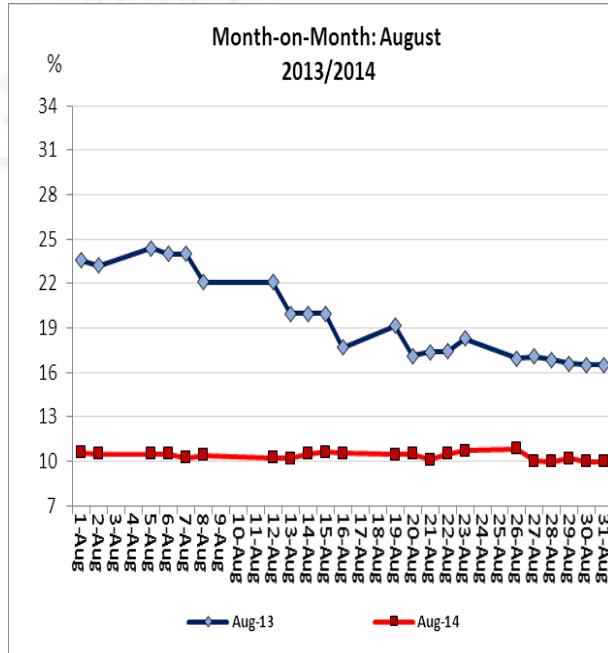
- Excess reserves are expected to slightly decrease today and close at MK10.37 billion from MK10.42 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	150	10.00
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 K150 million yesterday from MK300 million observed on Thursday, 28<sup>th</sup> August 2014.
- The interbank rate (IBR) shed off 20 basis points and stood at 10.00 percent.
- No access on the Lombard Facility was observed last Friday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

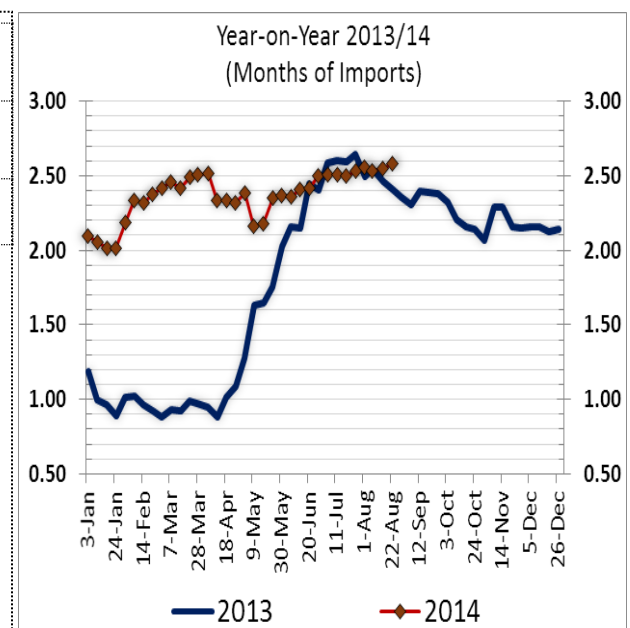
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves million (US\$)	Import Cover * (Months)
15 <sup>th</sup> August 2014	487.44	2.55
22 <sup>nd</sup> August 2014	493.20	2.58

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

### Commentary:

- Fx purchases from the market continued to boost gross official reserves which increased to U\$493 million on Friday, 22<sup>nd</sup> August 2014, from U\$487 million recorded on 15<sup>th</sup> August 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)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
15 <sup>th</sup> August 2014	12.38	323.86	336.24	1.76
22 <sup>nd</sup> August 2014	21.49	299.20	320.69	1.68

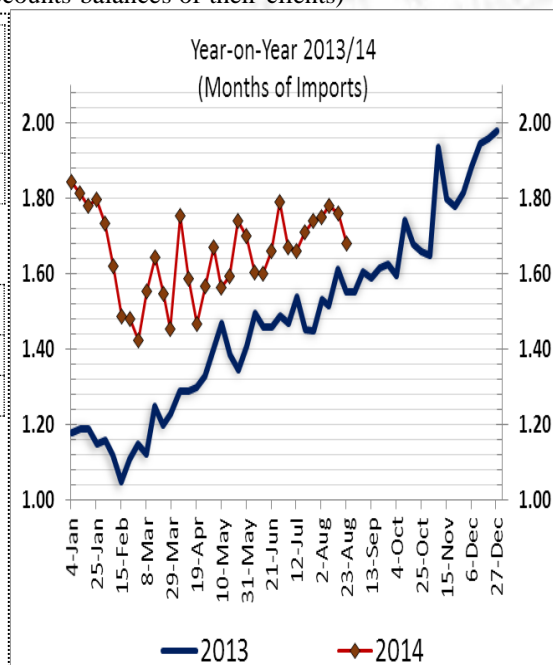
\* US\$191.0 million per month is used in this calculation

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ m)	ADB's Purchases	ADB's Sales
15 <sup>th</sup> August 2014	55.25	55.52
22 <sup>nd</sup> August 2014	58.05	45.19

### Commentary:

- In the week ending 22<sup>nd</sup> August 2014, total ADBs purchases of forex from the market at US\$58.05 million exceeded sales by US\$12.86 million.

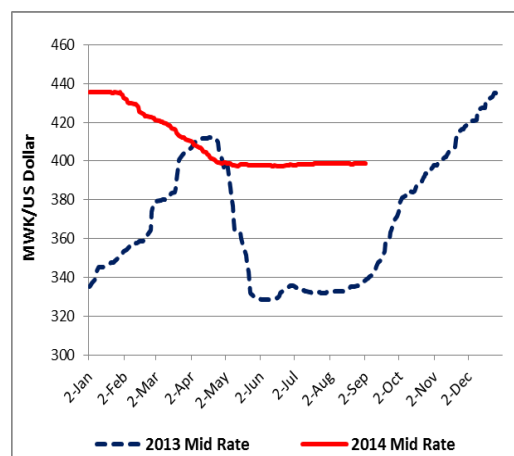


## iii. Exchange Rate Developments

Week ending	22 <sup>nd</sup> August 2014	29 <sup>th</sup> August 2014	Today
MWK/USD	398.5376	398.5813	398.5813
MWK/GBP	661.1340	661.0869	661.3660
MWK/EUR	529.8956	525.4099	523.6561
MWK/ZAR	37.2650	37.4216	37.3777

### Commentary:

- Compared to Friday, 29<sup>th</sup> August 2014, the Kwacha has depreciated against the GBP and appreciated against the EUR and the ZAR. The local currency has, nevertheless, remained unchanged against the USD.



## D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
19 <sup>th</sup> August 2014	10.50%	13.00%	-	-	18.36%	19.28%	20.50%
26 <sup>th</sup> August 2014	10.03%	-	-	-	18.39%	20.18%	20.50%
Change in yield (bp)	-47	-	-	-	03	90	-

**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.