



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 13 April 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 17 <sup>th</sup> April 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-2,590	-3,776
Estimated Excess Reserves	5,294	4,107
Required Reserves	72,891	72,891

#### Known Projected Transactions

	Week ending 17 <sup>th</sup> Apr 2015	Week ending 24 <sup>th</sup> Apr 2015	Week ending 01 <sup>st</sup> May 2015	April 2015	May 2015
Maturity of normal TBs/TNs/PNs	9,527	10,715	5,980	45,201	23,016
Maturity of OMO	-	-	-	-	-

#### Commentary:

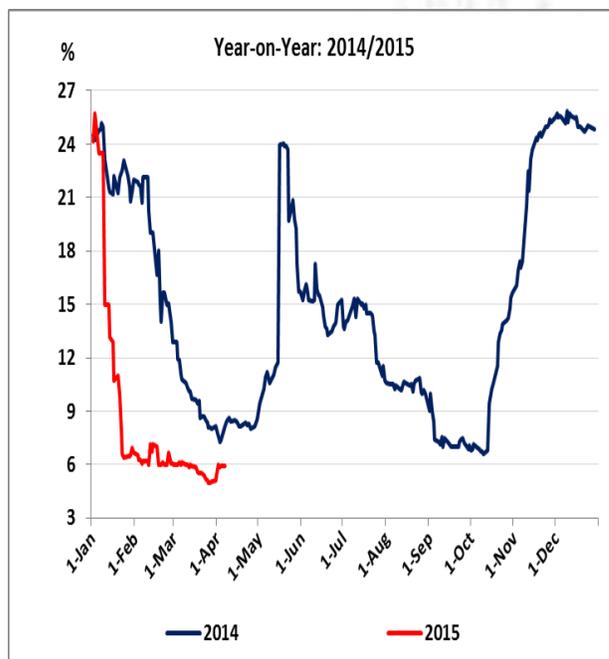
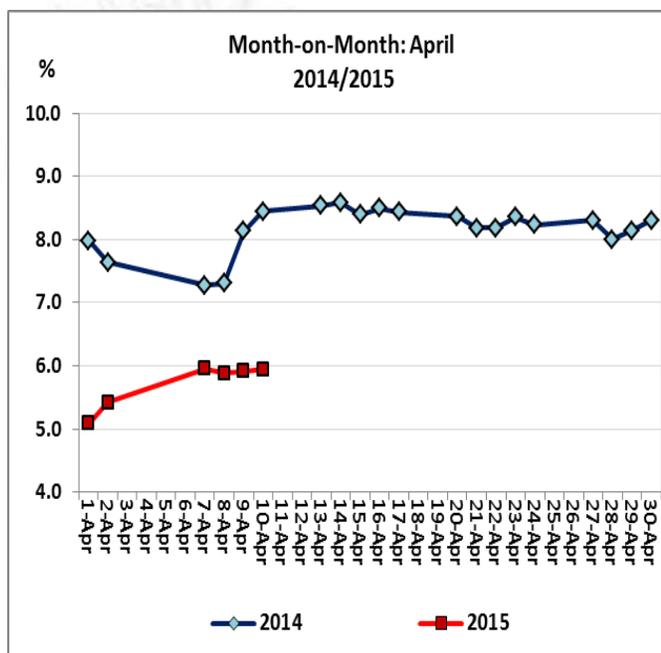
- Excess reserves are estimated to close at K5.29 billion today from K7.88 billion recorded on Friday, 10<sup>th</sup> April 2015.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,550	5.94
07 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	-	-
(iii) Outright Purchase of Securities		
	-	-
<b>(c) Access on the Lombard Facility</b>	1,500	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market dropped to K2.55 billion on Friday, 10<sup>th</sup> April 2015 from K2.72 billion recorded on Thursday, 09<sup>th</sup> April 2015.
- The overnight interbank market rate (IBR) went up by 3 basis points and closed at 5.94 percent on Friday, 10<sup>th</sup> April 2015.
- K1.50 billion was accessed on the Lombard Facility last Friday.

## A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

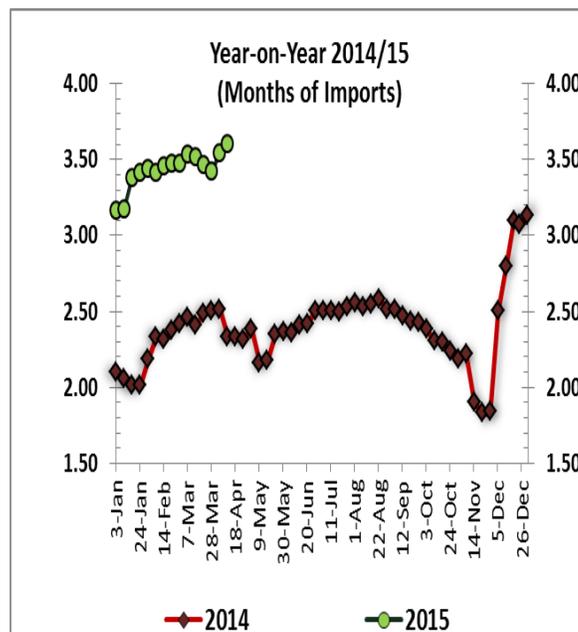
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover* (Months)
27 <sup>th</sup> March 2015	653.84	3.42
03 <sup>rd</sup> April 2015	676.84	3.54
09 <sup>th</sup> April 2015	689.79	3.61

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

### Commentary:

- Gross Official Reserves went up during the week ending 03<sup>rd</sup> April 2015 compared to the previous week. The gross official reserves stood at US\$689.79 million (3.61 months of imports) as at 09<sup>th</sup> April 2015.



## 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 (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
27 <sup>th</sup> March 2015	-14.19	279.37	265.18	1.39
02 <sup>nd</sup> April 2015	-18.23	282.82	264.59	1.39
9 <sup>th</sup> April 2015	-7.20	294.95	287.76	1.51

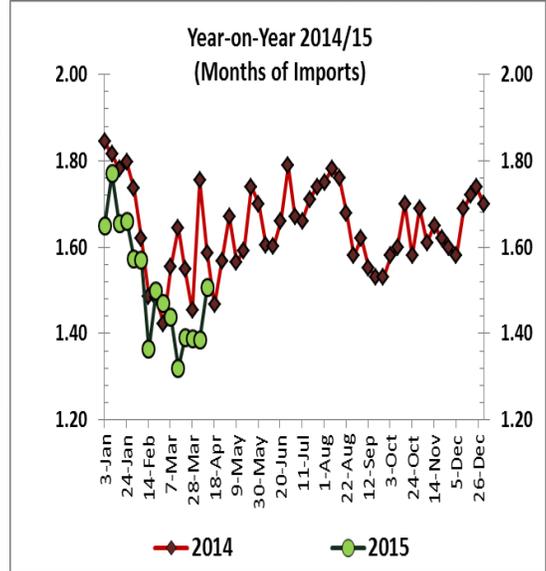
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**ADB's FOREIGN EXCHANGE TRADING ACTIVITY**

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
03 <sup>rd</sup> April 2015	27.31	33.74
10 <sup>th</sup> April 2015	28.27	28.49
On 10 <sup>th</sup> April 2015	7.30	7.77

**Commentary:**

- ADB's bought US\$28.27 million from the market against sales of US\$28.49 million during the week ending 10<sup>th</sup> April 2015. On Friday, 10<sup>th</sup> April 2015, ADB's bought US\$7.30 million and sold US\$7.77 million.

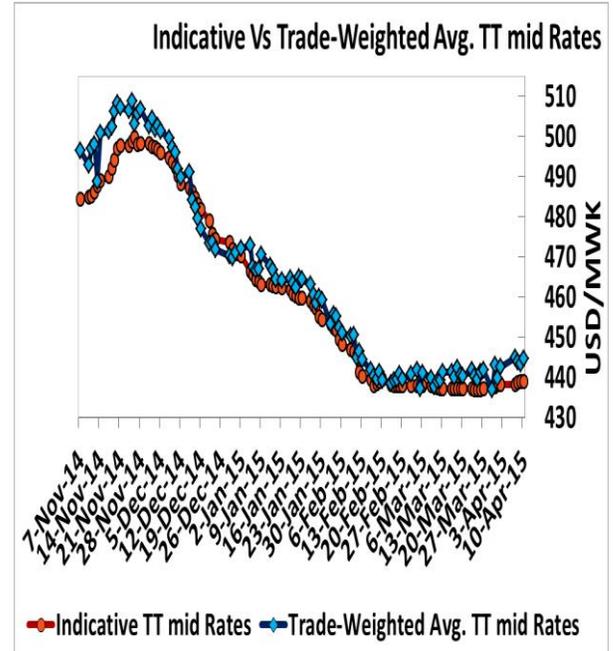
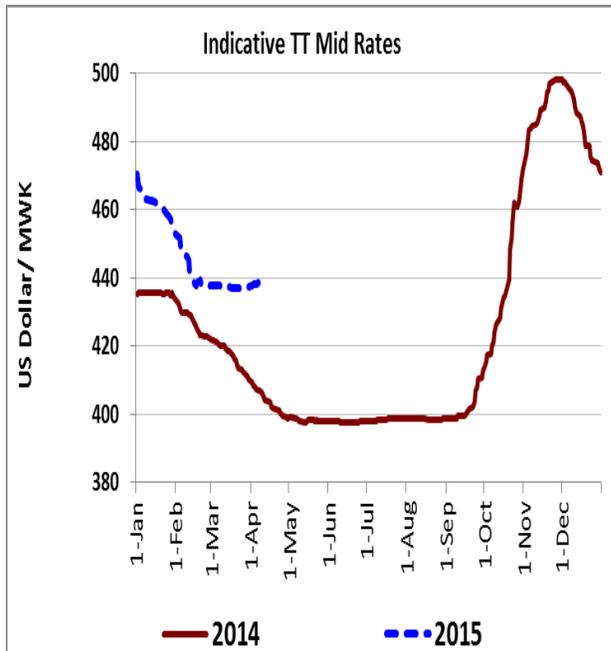


## iii. Exchange Rate Developments

	01 Apr 2015	02 Apr 2015	07 Apr 2015	08 Apr 2015	09 Apr 2015	10 Apr 2015	Today Indicative
<b>USD/MWK</b>	439.6895	442.6248	444.7607	443.8578	443.3106	444.7014	439.2681
<b>GBP/MWK</b>	652.3997	646.0589	660.0393	650.0058	653.4949	646.2379	643.2203
<b>EUR/MWK</b>	470.5315	469.7046	480.2303	476.3616	472.1229	470.2066	465.5363
<b>ZAR/MWK</b>	37.1463	37.4499	36.6427	37.9079	37.9404	37.7117	36.6515

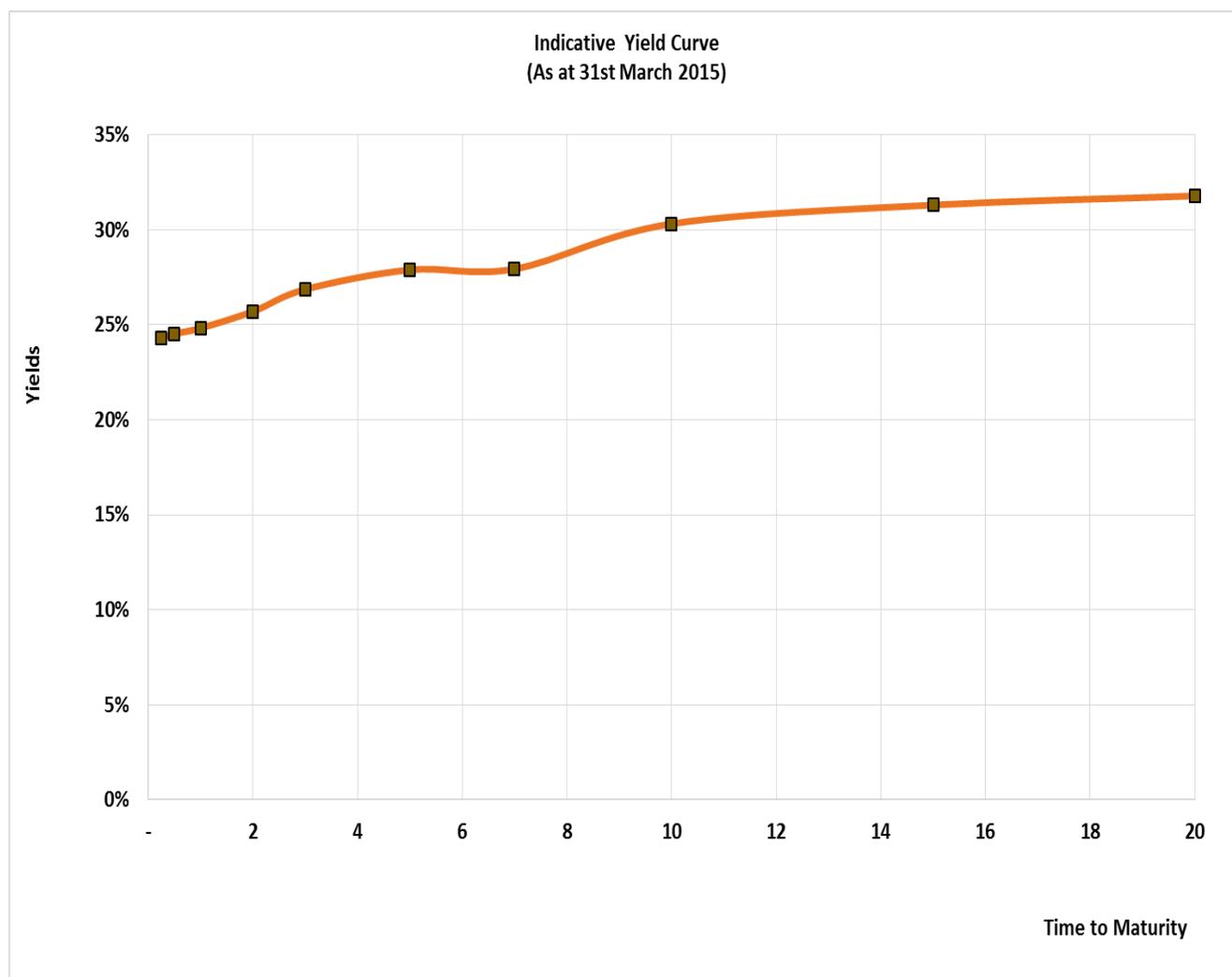
**Note:** Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

**Commentary:** The Kwacha depreciated against the USD on Friday, 10<sup>th</sup> April 2015 and appreciated against the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK439.2681 against the USD today.



## B. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

	Overnight	91 days	182 days	364 days	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
31 <sup>st</sup> March 2015	5.03%	24.30%	24.52%	24.82%	25.70%	26.86%	27.89%	27.93%	30.31%	31.30%	31.78%
07 <sup>th</sup> April 2015	5.96%	24.22%	24.85%	25.15%	-	-	-	-	-	-	-
Change in yield (bp)	93	-08	33	33	-	-	-	-	-	-	-



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