



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 22 April 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 24 th April 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	1,152	-7,860
Estimated Excess Reserves	7,462	1,256
Required Reserves	72,463	72,463

Known Projected Transactions

	Week ending 24 th Apr 2015	Week ending 01 st May 2015	Week ending 8 st May 2015	April 2015	May 2015
Maturity of normal TBs/TNs/PNs	10,715	5,980	6,690	45,201	23,016
Maturity of OMO	-	-	367	-	-

Commentary:

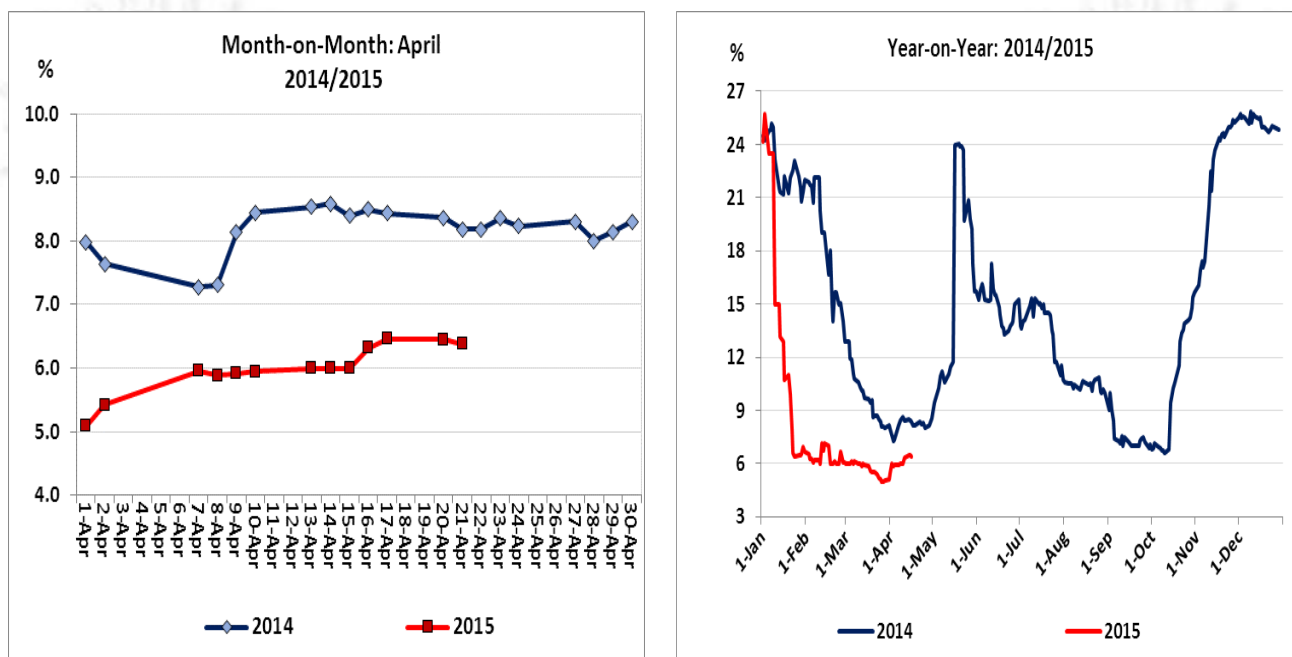
- Excess reserves are estimated to close at K7.46 billion today from K6.31 billion recorded yesterday, 21st April 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,400	6.38
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(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	-	-
(c) Access on the Lombard Facility	1,500	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market declined to K4.40 billion yesterday from K5.50 billion recorded during the preceding day.
- The overnight interbank market rate (IBR) dropped by 7 basis point and settled at 6.38 percent.
- K1.5 billion was accessed on the Lombard Facility on yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

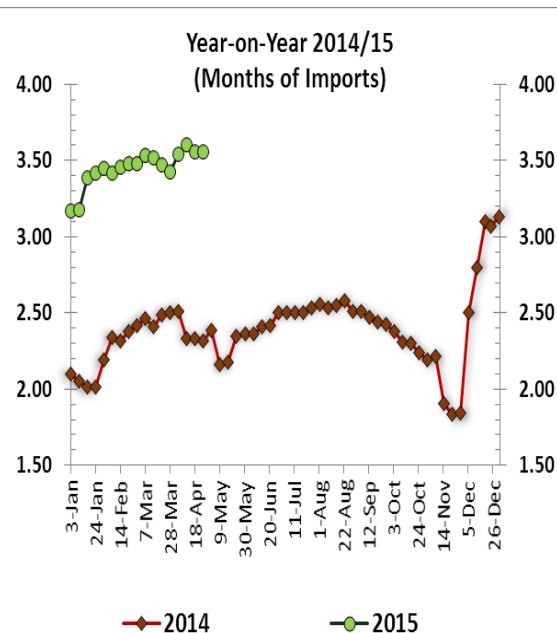
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
10 th April 2015	688.95	3.61
17 th April 2015	680.18	3.56
21 st April 2015	679.12	3.56

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

Commentary:

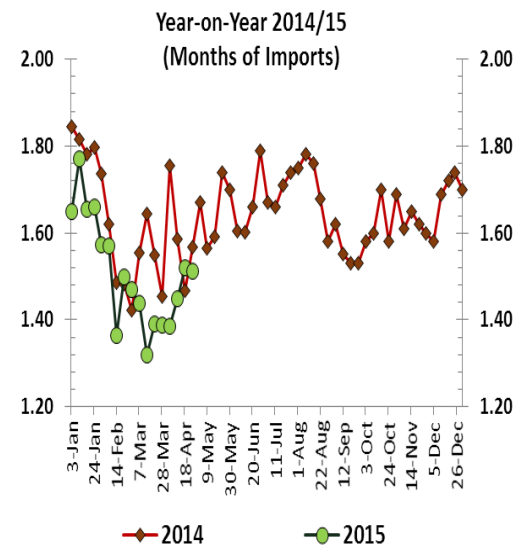
- Gross Official Reserves decreased during the week ending 17th April 2015 compared to the preceding week. The gross official reserves stood at US\$679.12 million (3.56 months of imports) as of 21st April 2015.



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)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
10 th April 2015	-14.07	290.55	276.48	1.45
17 th April 2015	-13.15	303.60	290.44	1.52
21 st April 2015	-16.35	305.23	288.88	1.51
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADBs Purchases		ADBs Sales	
10 th April 2015	28.27		28.49	
17 th April 2015	30.89		39.15	
On 21 st April 2015	4.56		9.91	
Commentary:				
<ul style="list-style-type: none">ADBs bought US\$30.89 million from the market against sales of US\$39.15 million during the week ending 17th April 2015. On Tuesday, 21st April 2015, ADBs bought US\$4.56 million and sold US\$9.91 million.				

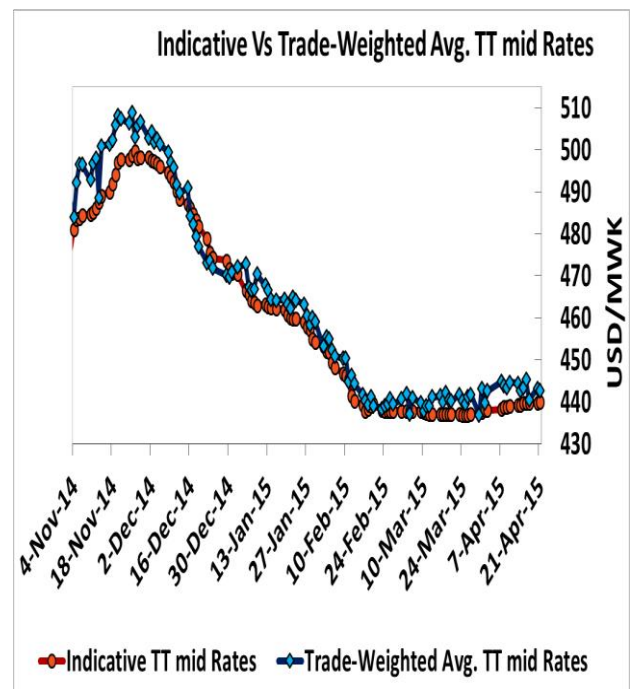
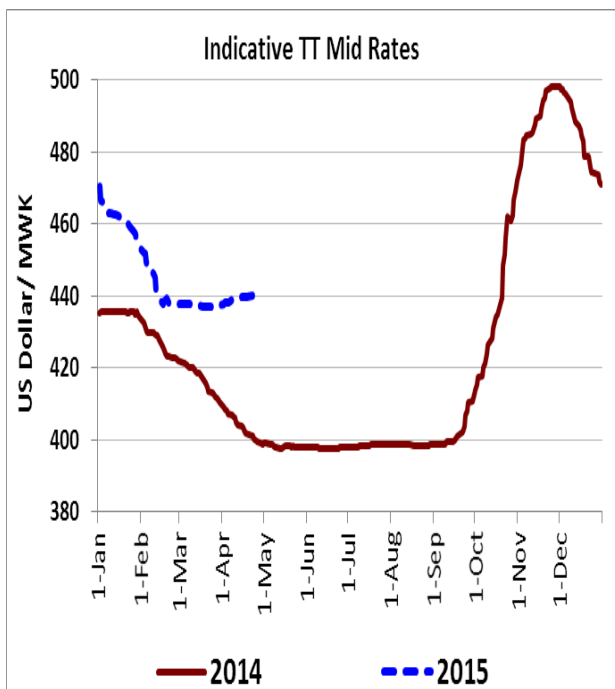


iii. Exchange Rate Developments

	14 Apr 2015	15 Apr 2015	16 Apr 2015	17 Apr 2015	20 Apr 2015	21 Apr 2015	Today Indicative
MWK/USD	442.7336	443.4027	445.2177	440.3948	443.2004	442.6964	440.1761
MWK/GBP	651.2901	654.6758	649.9277	655.0125	657.1132	660.9313	657.0068
MWK/EUR	463.3087	467.3052	472.1207	473.2286	474.2040	475.3737	472.5731
MWK/ZAR	36.8471	37.8146	37.3272	37.5366	37.6558	37.6580	36.3134

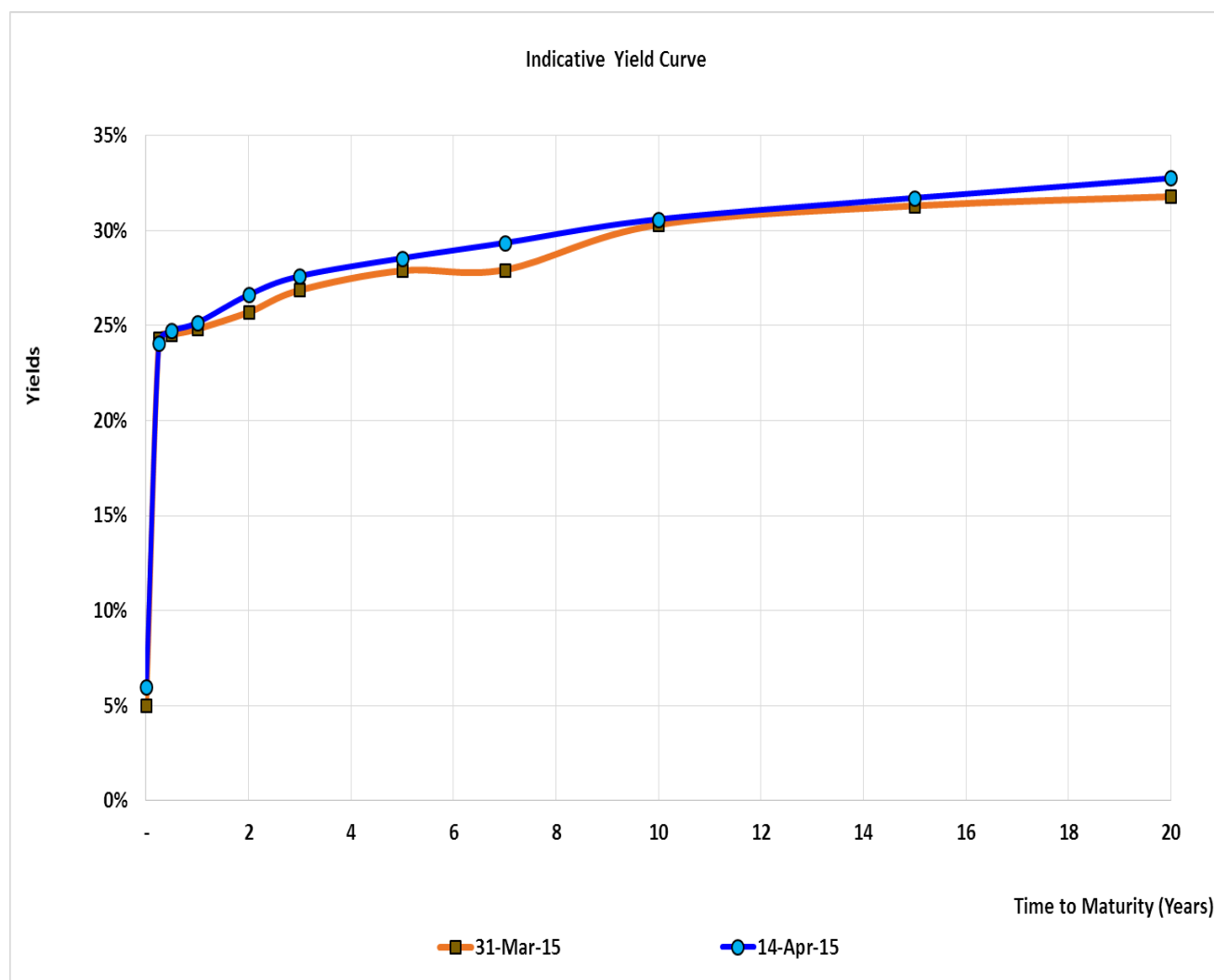
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

Commentary: On Tuesday, 21st April 2015, the Kwacha depreciated against the GBP, the EUR and the ZAR and appreciated against the USD. Indicatively, the Malawi Kwacha is expected to trade around MK440.1761 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
31st March 2015	5.03%	24.30%	24.52%	24.82%	25.70%	26.86%	27.89%	27.93%	30.31%	31.30%	31.78%
07th April 2015	5.96%	24.22%	24.85%	25.15%	-	-	-	-	-	-	-
14th April 2015	6.00%	24.06%	24.72%	25.15%	26.61%	27.60%	28.54%	29.35%	30.59%	31.72%	32.75%
21st April 2015	6.38%	24.18%	24.25%	25.17%	-	-	-	-	-	-	-
31 Mar - 14 Apr 2015 Change in yield (bp)	97	-24	20	33	91	74	65	142	28	42	97



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