



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 15 May 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 15 th May 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	4,310	4,310
Estimated Excess Reserves	-7,005	-7,005
Required Reserves	73,966	73,966

Known Projected Transactions

	Week ending 15 th May 2015	Week ending 22 nd May 2015	Week ending 29 th May 2015	May 2015	June 2015
Maturity of normal TBs/TNs/PNs	8,667	6,096	1,195	23,016	24,942
Maturity of OMO	-	-	-	-	-

Commentary:

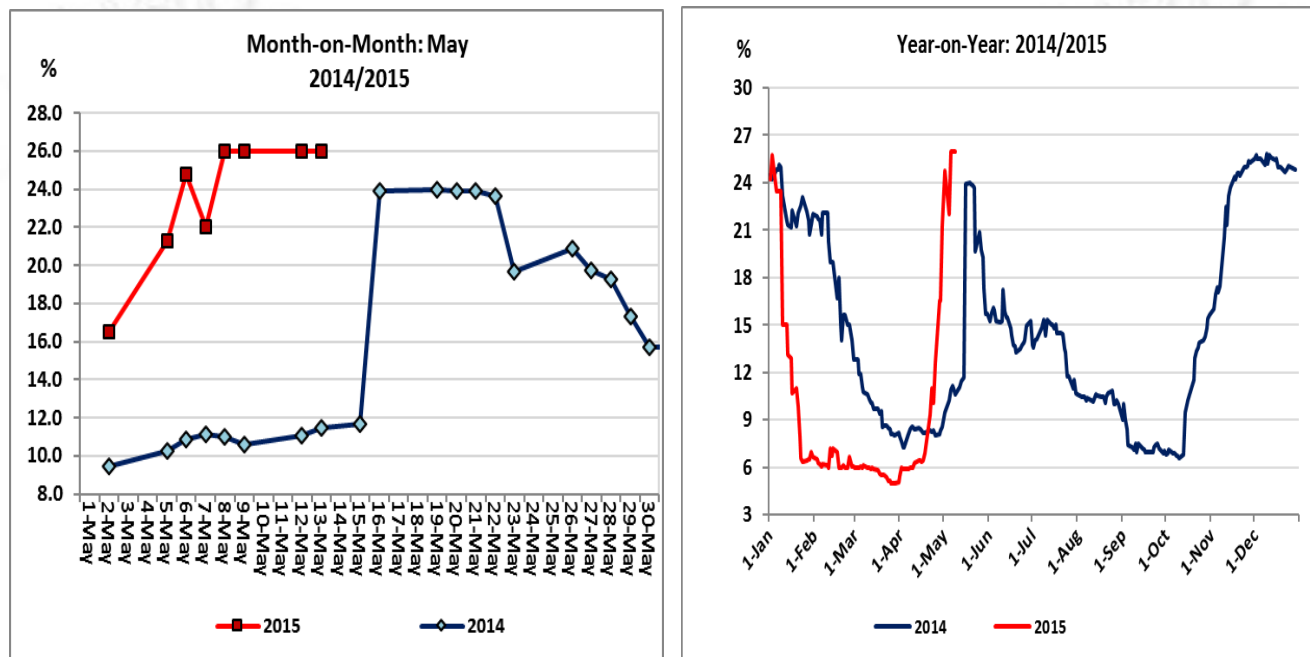
- Excess reserves are estimated to close at negative K7.01 billion today from negative K1.25 billion recorded on Wednesday, 13th May 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	0	-
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	17,700	27.00

ii. Weighted Average Interbank Rates



Commentary:

- There was hardly any horizontal trade on the interbank market on Wednesday, 13th May 2015.
- A total of K17.70 billion was accessed on the Lombard Facility yesterday, 12th May 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

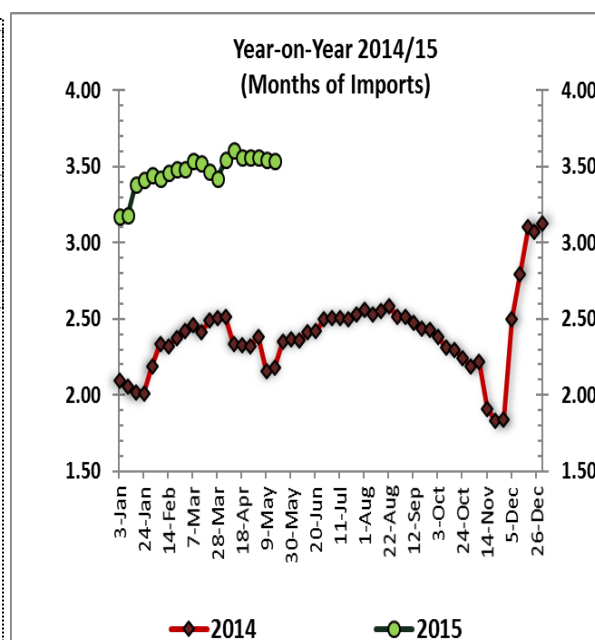
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
01 st May 2015	680.43	3.56
8 th May 2015	676.40	3.54
13 th May 2015	680.75	3.56

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

Commentary:

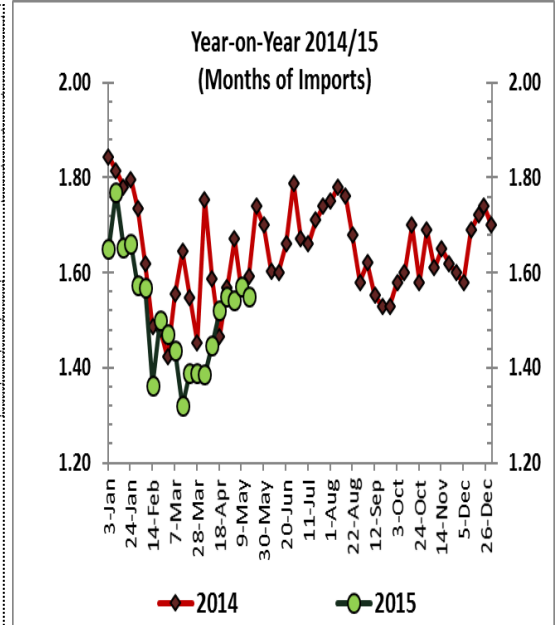
- Gross Official Reserves recorded a slight decline and stood at US\$676.40 million (3.54 months of imports) during the week ending 8th May 2015 compared to the previous week. As at 13th May 2015, gross official reserves recorded a slight increase and stood at US\$680.75 million (3.56 months of imports).



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)
24 th April 2015	-12.36	307.78	295.42	1.55
30 th April 2015	-10.53	300.61	290.08	1.52
13 th May 2015	-8.41	306.08	297.67	1.56
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADB's Purchases		ADB's Sales	
01 st May 2015	34.54		34.08	
8 th May 2015	38.19		41.13	
On 13 th May 2015	10.91		10.74	
Commentary:				
<ul style="list-style-type: none">ADB's bought US\$38.19 million from the market against sales of US\$41.13 million during the week ending 8th May 2015. On Wednesday, 13 May 2015, ADB's purchased US\$12.19 million and sold US\$11.30 million.				

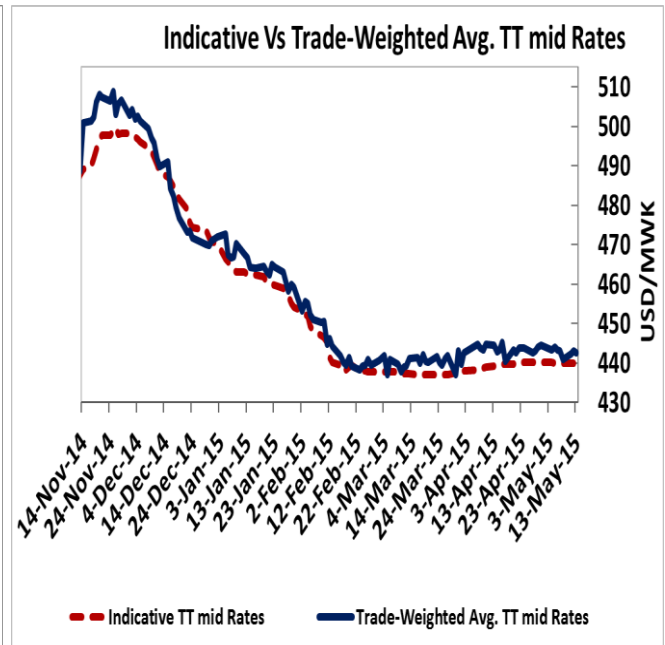
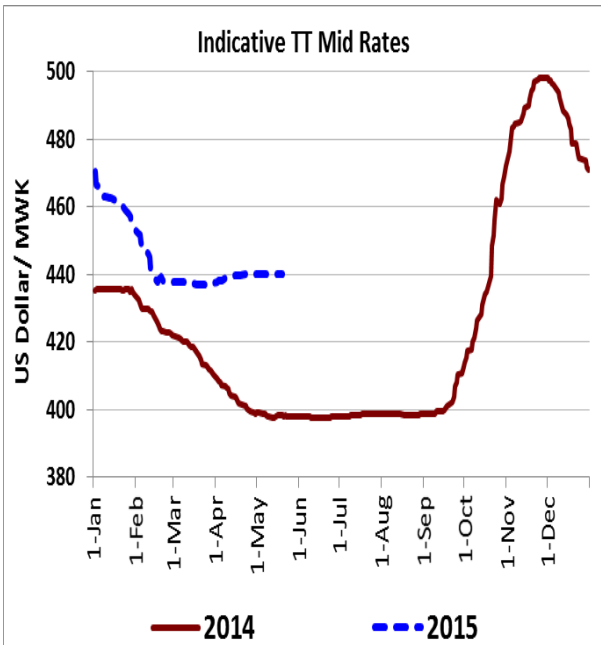


iii. Exchange Rate Developments

	06 May 2015	07 May 2015	08 May 2015	11 May 2015	12 May 2015	13 May 2015	Today Indicative
MWK/USD	443.3145	443.0785	440.8423	442.3221	443.1047	442.6374	439.8912
MWK/GBP	658.3198	676.7269	676.2453	684.9114	676.8191	687.5407	693.9724
MWK/EUR	495.9287	499.6496	498.4113	487.2672	481.8698	498.2460	501.9159
MWK/ZAR	37.9365	37.7092	37.6779	36.6738	36.8909	36.1081	37.3210

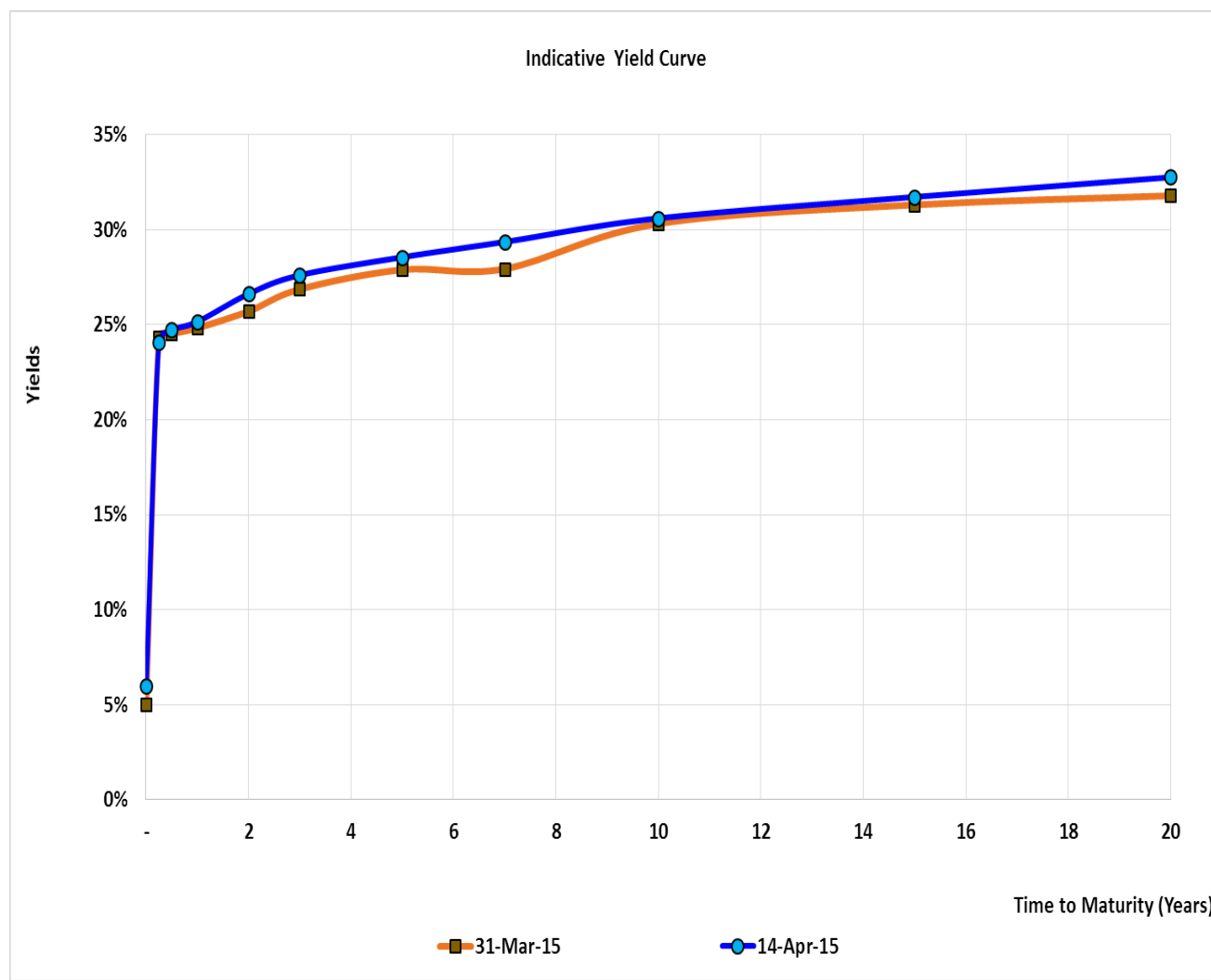
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

Commentary: As of Wednesday, 13th May 2015, the Kwacha appreciated against the USD and the ZAR and depreciated against the GBP and the EUR. Indicatively, the Malawi Kwacha is expected to trade around MK439.8912 against the USD today.



D. 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%	-	-	-	-	-	-	-
28th April 2015	10.08%	24.13%	24.29%	25.33%	-	-	-	-	-	-	-
05th May 2015	24.77%	23.43%	24.37%	25.27%	-	-	-	-	-	-	-
12th May 2015	26.00%	24.44%	24.80%	25.07%	-	-	-	-	-	-	-
28 Apr – 04 May 2015 Change in yield (bp)	123	101	43	-20	-	-	-	-	-	-	-



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