



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 17 July 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 17 July 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	322	-10,592
Estimated Excess Reserves	15,509	15,509
Required Reserves	76,336	76,336

Known Projected Transactions

	Week ending 17 th July 2015	Week ending 24 th July 2015	Week ending 31 th July 2015	July 2015	August 2015
Maturity of normal TBs/TNs/PNs	4,853	13,623	14,353	66,283	35,737
Maturity of OMO	-	-	-	-	-

Commentary:

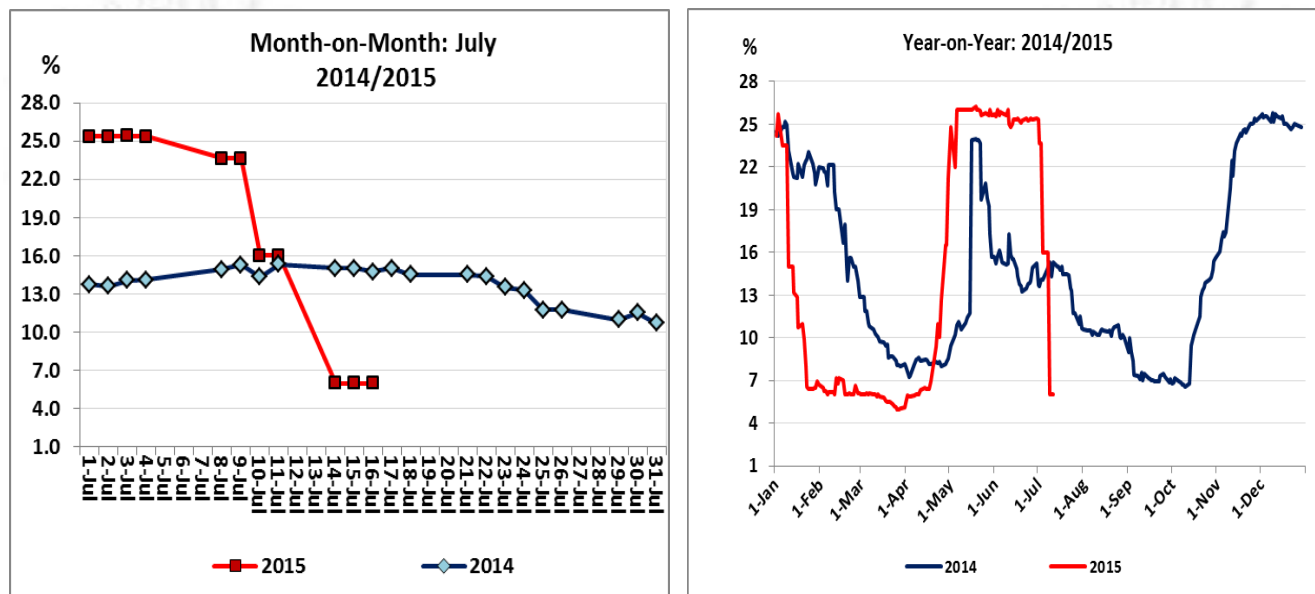
- Excess reserves are estimated to close at K15.51 billion today from K14.99 billion recorded yesterday, 16th July 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,200	6.00
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	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K1.20 billion yesterday, 16th July 2015 from K100 million recorded on Wednesday, 15th July 2015.
- The (overnight) interbank rate was unchanged at 6.00 percent.
- No access on the Lombard Facility was recorded yesterday, 16th July 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

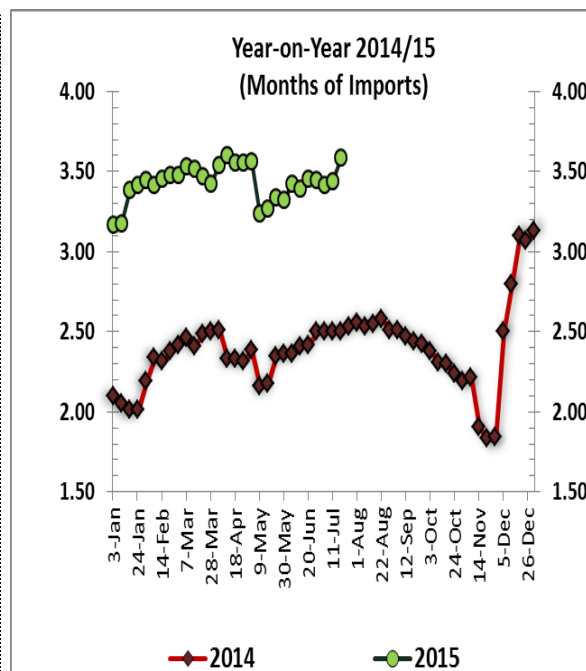
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
03 rd July 2015	713.67	3.41
10 th July 2015	719.38	3.44
15 th July 2015	749.60	3.59

* US\$209.0 million per month is used in this calculation

Commentary:

- Gross official reserves increased during the week ending 10th July 2015 to US\$719.38 million (3.44 months of imports) from US\$713.67 million (3.41 months of imports) recorded by the end of the preceding week. As at 15th July 2015, gross official reserves further increased to US\$749.60 (3.59 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)
03 rd July 2015	3.16	274.60	277.76	1.33
10 th July 2015	7.21	285.19	292.40	1.40
14 th July 2015	8.90	284.60	293.50	1.40

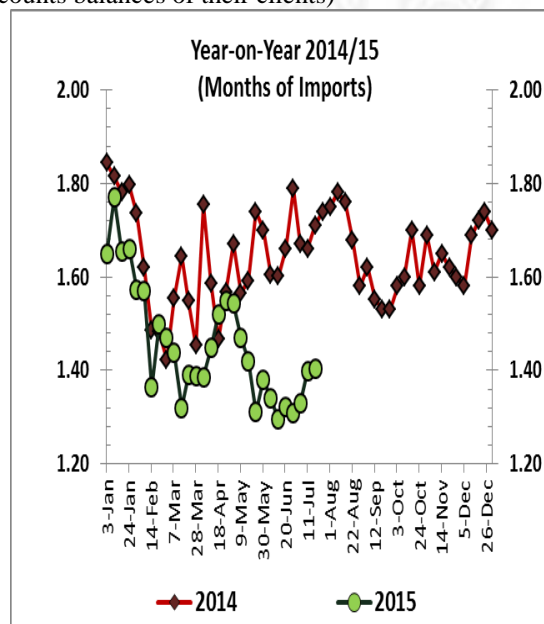
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
03 rd July 2015	44.58	53.10
10 th July 2015	35.88	33.54
On 16 th July 2015	6.46	8.31

Commentary:

- ADBs purchased US\$35.88 million from the market and sold US\$33.54 million during the week ending 10th July 2015. Yesterday, ADBs purchased US\$6.46 million against sales of US\$8.31 million.

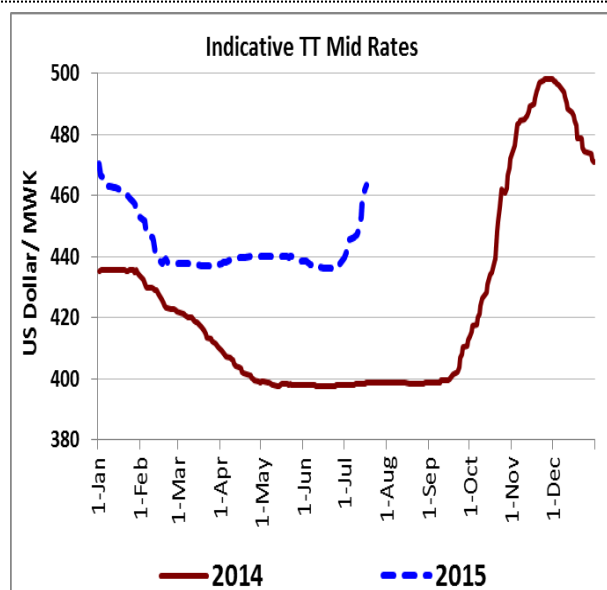
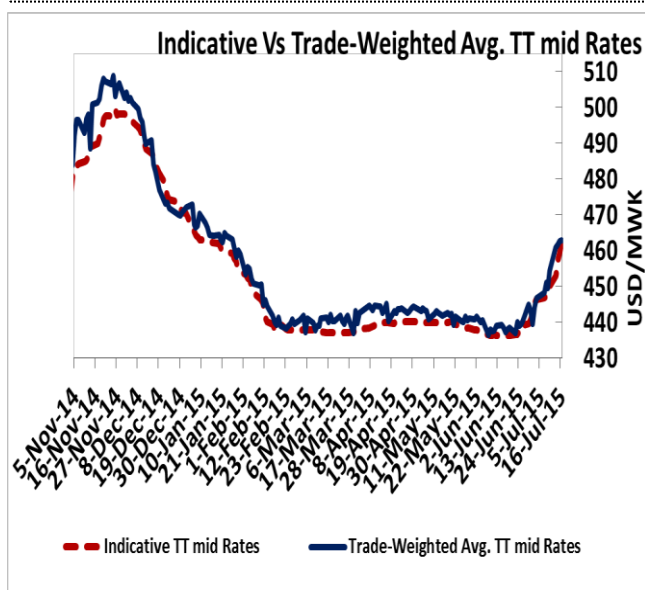


iii. Exchange Rate Developments

	09 July 2015	10 July 2015	13 July 2015	14 July 2015	15 July 2015	16 July 2015	Today Indicative
MWK/USD	449.5205	454.4761	460.8559	461.7110	462.6567	462.8755	463.4512
MWK/GBP	705.1460	701.7728	704.1043	699.0615	719.4170	734.4326	723.4473
MWK/EUR	499.9340	503.1037	507.1055	505.9880	505.9370	515.4020	504.0032
MWK/ZAR	37.0959	37.6865	37.1108	37.5677	38.3662	38.4087	37.4056

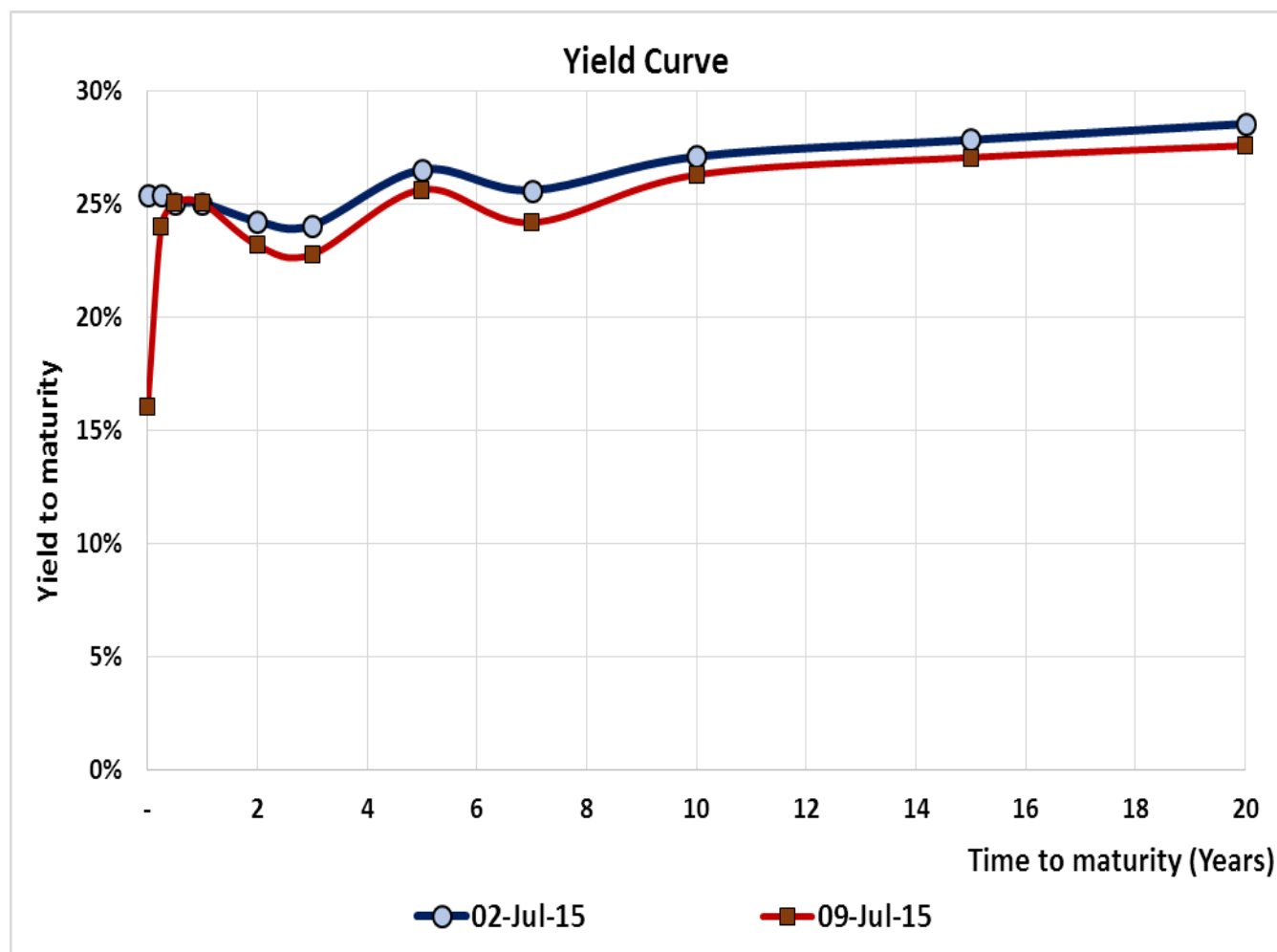
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

Commentary: Yesterday, 16th July 2015, the Kwacha depreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK463.4512 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
11 th June 2015	24.76%	25.34%	25.37%	25.40%	23.73%	24.16%	24.62%	24.48%	25.98%	27.21%	28.00%
18 th June 2015	25.06%	24.89%	25.13%	25.14%	23.49%	24.55%	25.72%	26.00%	26.71%	27.91%	28.26%
25 th June 2015	25.23%	24.77%	24.91%	25.14%	26.44%	27.26%	28.97%	30.02%	30.99%	32.15%	33.19%
02 nd July 2015	25.35%	25.37%	25.01%	25.02%	24.22%	24.04%	26.50%	25.59%	27.08%	27.82%	28.52%
09 th July 2015	16.00%	24.00%	25.01%	25.02%	23.17%	22.76%	25.62%	24.16%	26.27%	27.04%	27.56%
09 July-02 July 2015 Change in Yield (Bp)	(935)	(137)	-	-	(106)	(128)	(88)	(143)	(81)	(78)	(96)



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