



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 27 July 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 31 July 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	95	-19,037
Estimated Excess Reserves	7,136	-11,806
Required Reserves	81,090	81,090

#### Known Projected Transactions

	Week ending 31 <sup>th</sup> July 2015	Week ending 7 <sup>th</sup> August 2015	Week ending 14 <sup>th</sup> August 2015	July 2015	August 2015
Maturity of normal TBs/TNs/PNs	14,353	8,438	7,427	66,283	35,737
Maturity of OMO	-	-	-	-	-

#### Commentary:

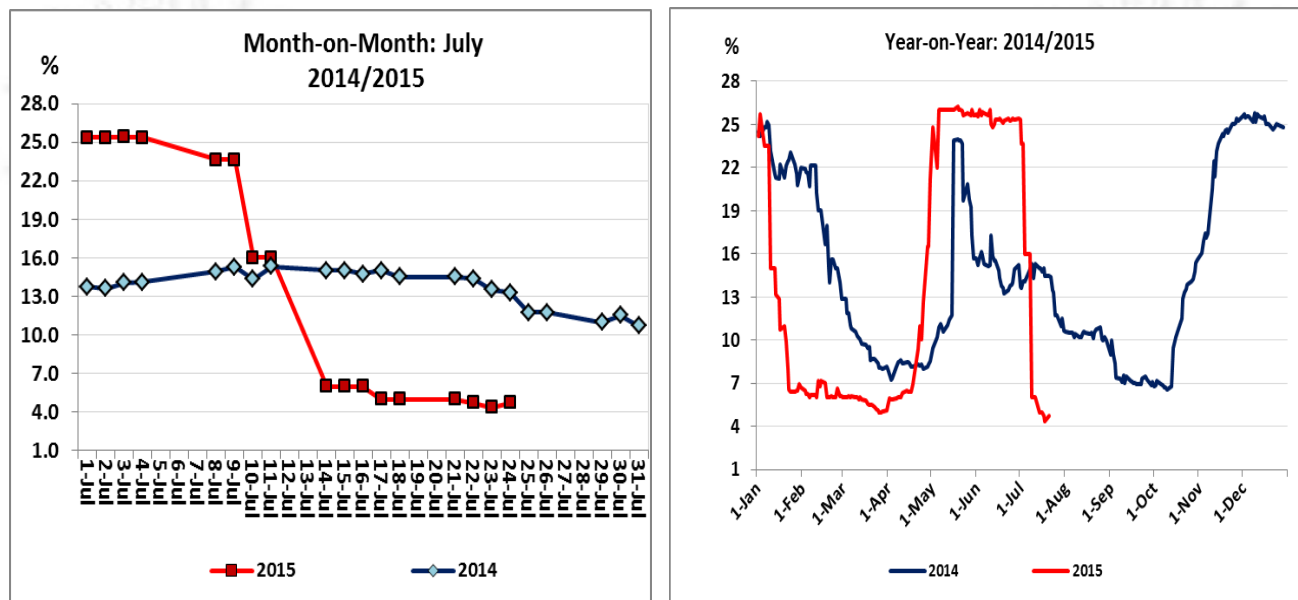
- Excess reserves are estimated to close at K7.14 billion today from K7.03 billion recorded on Friday, 24<sup>th</sup> July 2015.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,300	4.72
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>	150	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased to K6.30 billion on Friday, 24<sup>th</sup> July 2015 from K6.10 billion recorded during the preceding day.
- The (overnight) interbank rate closed at 4.72 percent from 4.36 percent recorded on 23rd July 2015.
- MK150 million was accessed on the Lombard Facility on Friday, 24<sup>th</sup> July 2015.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

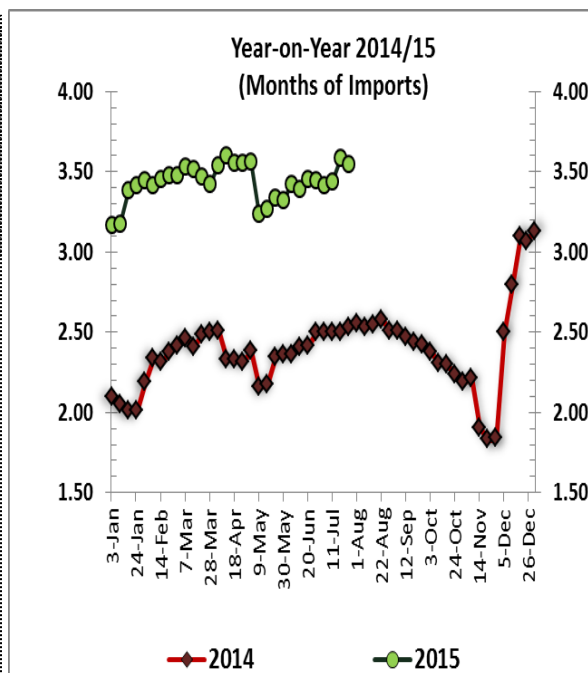
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
10 <sup>th</sup> July 2015	719.38	3.44
17 <sup>th</sup> July 2015	749.69	3.59
24 <sup>th</sup> July 2015	742.53	3.55

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

### Commentary:

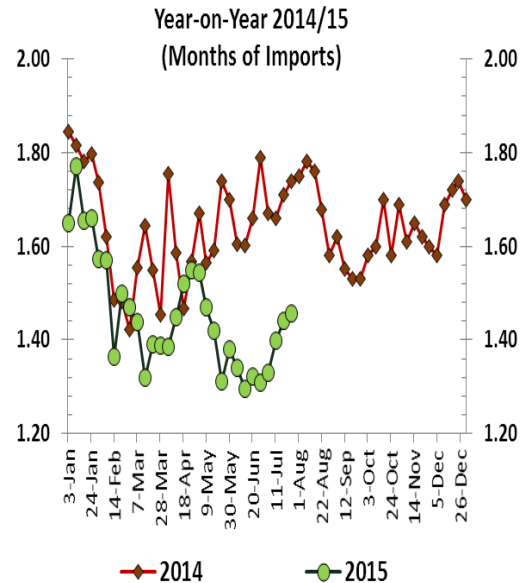
- Gross official reserves dropped during the week ending 24<sup>th</sup> July 2015 to US\$742.53 (3.55 months of imports) from US\$749.69 (3.59 months of imports) recorded by the end of the preceding week.



## 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)
10 <sup>th</sup> July 2015	7.21	285.19	292.40	1.40
17 <sup>th</sup> July 2015	7.96	293.00	300.96	1.44
21 <sup>st</sup> July 2015	5.91	298.33	304.24	1.46
* US\$209.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADB's Purchases		ADB's Sales	
17 <sup>th</sup> July 2015	40.94		40.48	
24 <sup>th</sup> July 2015	42.87		44.51	
On 24 <sup>th</sup> July 2015	7.78		10.68	
<b>Commentary:</b>				
<ul style="list-style-type: none"><li>ADB's purchased US\$42.87 million from the market and sold US\$44.51 million during the week ending 24<sup>th</sup> July 2015. Last Friday alone, ADB's purchased US\$7.78 million against sales of US\$10.68 million.</li></ul>				

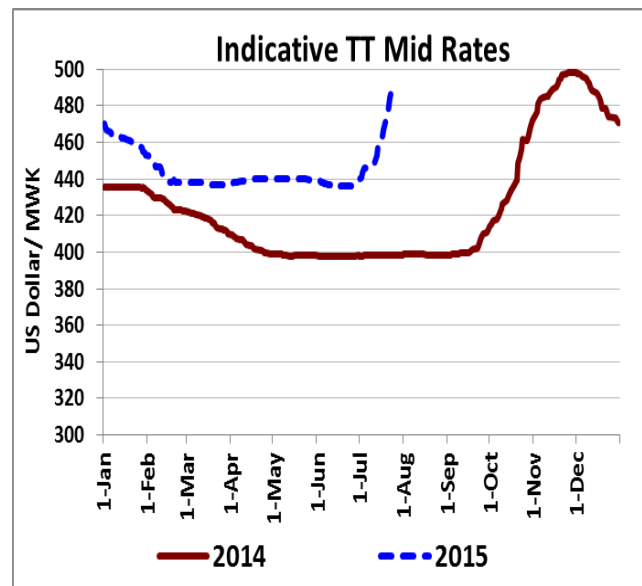
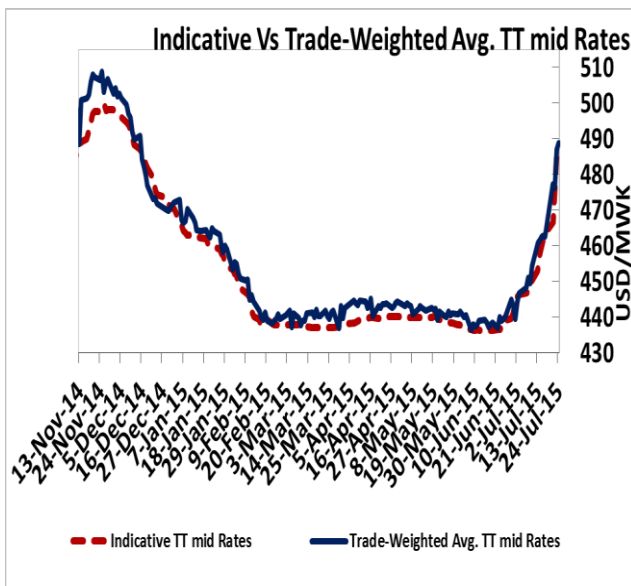


## iii. Exchange Rate Developments

	16 July 2015	17 July 2015	21 July 2015	22 July 2015	23 July 2015	24 July 2015	Today Indicative
<b>MWK/USD</b>	462.8755	462.6816	477.3060	476.3173	486.9165	488.7397	491.8819
<b>MWK/GBP</b>	734.4326	736.6231	746.8336	762.8337	763.6129	763.4721	762.4169
<b>MWK/EUR</b>	515.4020	516.4237	511.1395	528.8467	534.3160	543.1117	539.5944
<b>MWK/ZAR</b>	38.4087	38.9846	39.4213	39.6365	39.9435	39.9511	39.0045

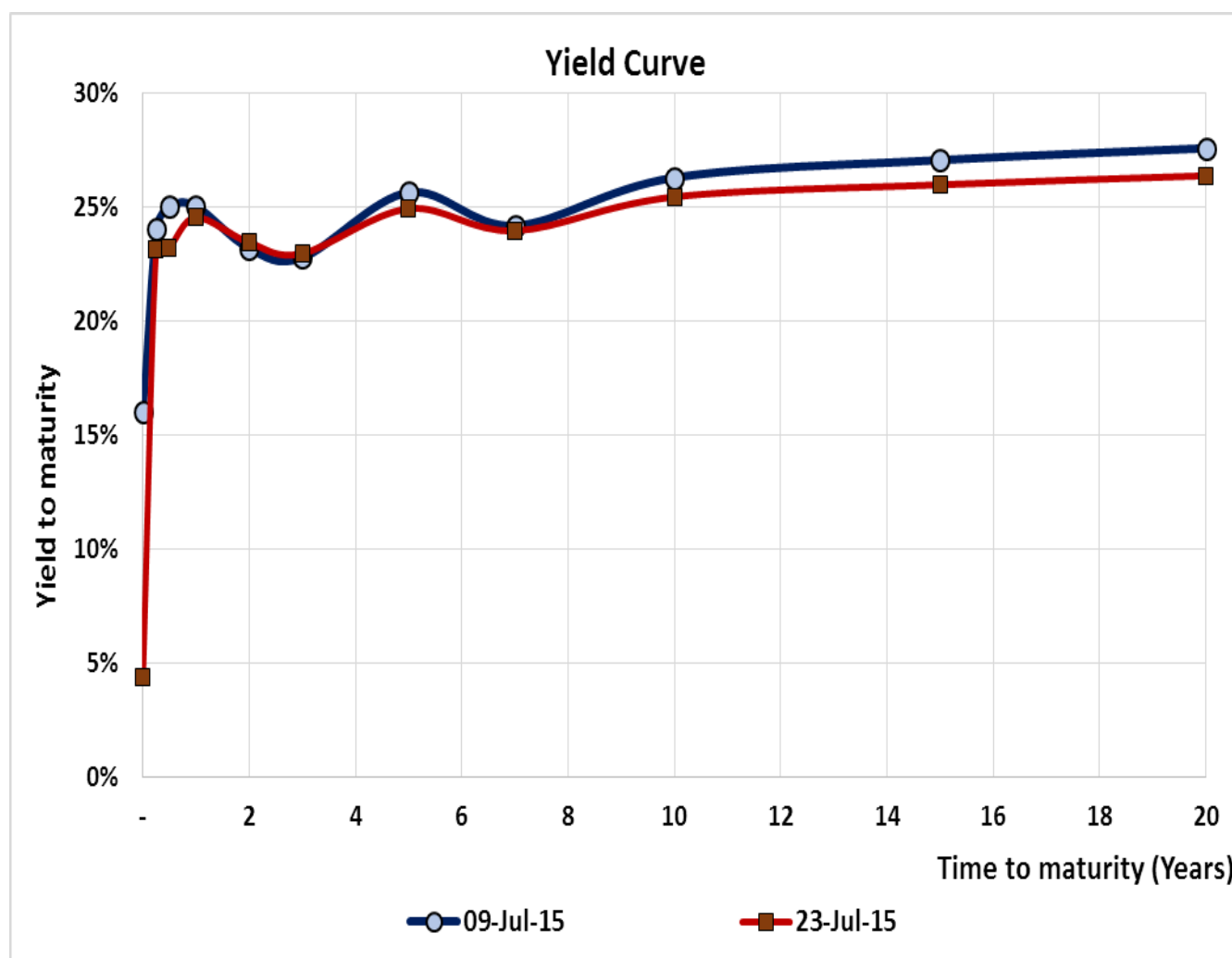
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

**Commentary:** On Friday, 24<sup>th</sup> July 2015, the Kwacha depreciated against the USD, the EUR and the ZAR but appreciated marginally against the GBP. Indicatively, the Malawi Kwacha is expected to trade around MK491.8819 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>nd</sup> 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 <sup>th</sup> July 2015	16.00%	24.00%	25.01%	25.02%	23.17%	22.76%	25.62%	24.16%	26.27%	27.04%	27.56%
23 <sup>rd</sup> July 2015	4.36%	23.10%	23.21%	24.53%	23.42%	22.94%	24.91%	23.94%	25.43%	25.96%	26.35%
23 July-09 July 2015 Change in Yield (Bp)	(1,164)	(90)	(180)	(49)	26	18	(71)	(22)	(84)	(108)	(121)



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