



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 03 November 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 06 November 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-15,055	2,507
Estimated Excess Reserves	-14,011	3,053
Required Reserves	45,994	45,994

Known Projected Transactions

	Week ending 06 th Nov 2015	Week ending 13 th Nov 2015	Week ending 20 th Nov 2015	Nov 2015	Dec 2015
Maturity of normal TBs/TNs/PNs	6,910	1,807	1,491	11,335	37,482
Maturity of OMO	10,345	736	13,741	30,114	32,920

Commentary:

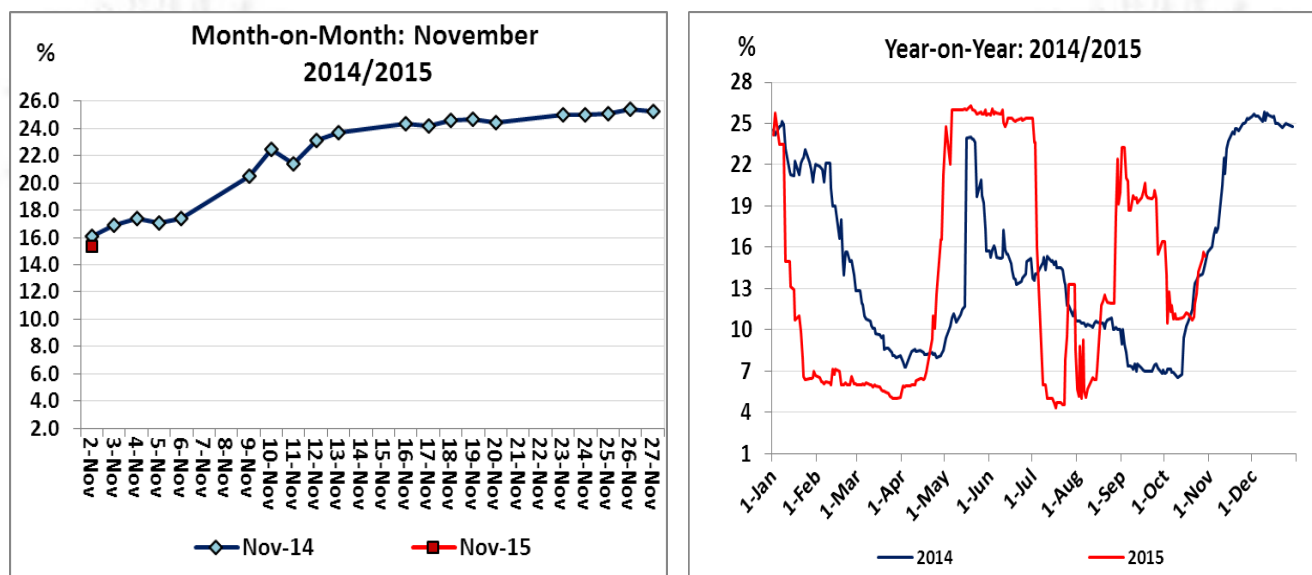
- Excess reserves are estimated to close at negative K14.01 billion today from negative K2.04 million recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,100	15.38
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
7 days	-	-
14 days	-	-
31 days	1,020	22.50
66 days	180	23.00
(ii) Reverse Repos	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	13,700	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased yesterday to K6.10 billion from K4.50 billion recorded last Friday.
- The (overnight) interbank market rate (IBR) lost 31 basis points and stood at 15.38 percent on 02nd November 2015 from 15.69 percent observed on Friday, 30th October 2015.
- A total of K1.20 billion was withdrawn from the banking system through repos yesterday.
- K13.70 billion was accessed on the Lombard Facility on Monday, 02nd November 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

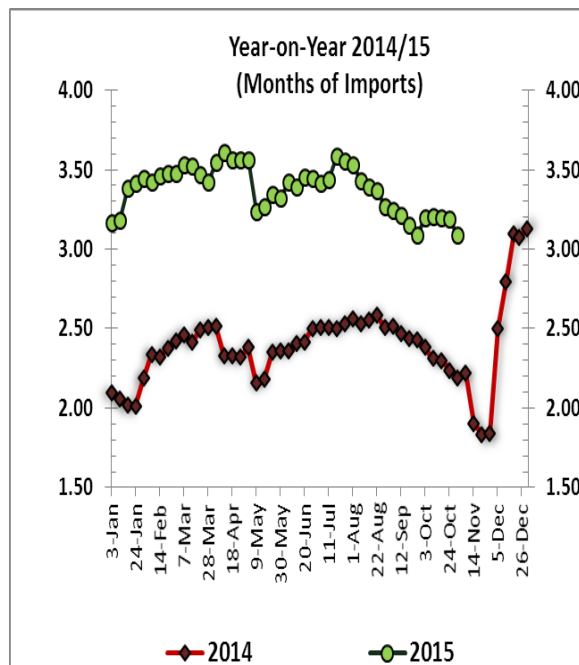
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
16 th October 2015	668.45	3.20
23 rd October 2015	666.36	3.19
30 th October 2015	646.14	3.09

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

Commentary:

- Gross official reserves declined during the week ending 30th October 2015 compared to the preceding week as monetary authorities continued to support importation of strategic commodities. As at 30th October 2015, the gross official reserves stood at US\$646.14 million (3.09 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)
16 th October 2015	-3.71	307.97	304.26	1.46
23 rd October 2015	0.25	303.93	304.18	1.46
30 th October 2015	1.30	299.96	301.26	1.44

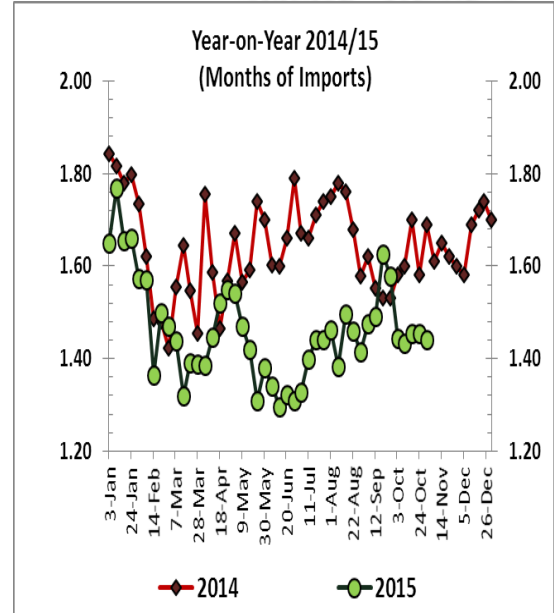
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 rd October 2015	24.16	24.88
30 th October 2015	37.83	37.53
On 02 nd November 2015	5.23	4.54

Commentary:

- During the week ending 30th October 2015, ADBs purchased US\$37.83 million from the market and sold US\$37.53 million. On 02nd November 2015, ADBs purchased US\$5.23 million and sold US\$4.54 million.

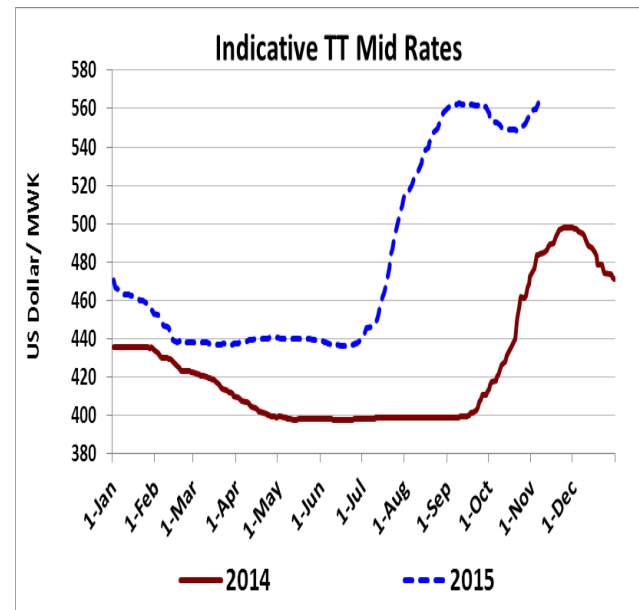
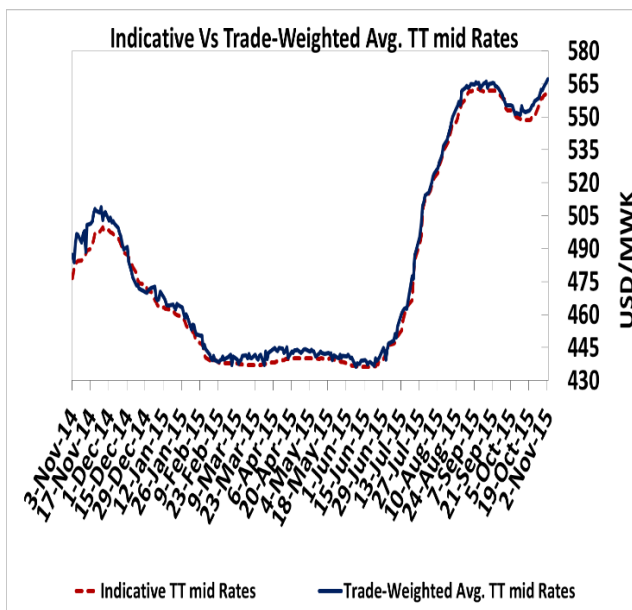


iii. Exchange Rate Developments

	26 Oct 2015	27 Oct 2015	28 Oct 2015	29 Oct 2015	30 Oct 2015	02 Nov 2015	Today Indicative
MWK/USD	558.37803	560.4338	562.3378	562.0019	563.4054	567.0851	563.1016
MWK/GBP	854.59793	856.1606	860.7368	858.5308	858.1335	872.8359	868.1337
MWK/EUR	621.80503	622.7834	621.7694	612.6939	618.8806	623.9676	620.3127
MWK/ZAR	41.03042	41.0390	41.1015	40.9810	40.9607	41.0149	40.8450

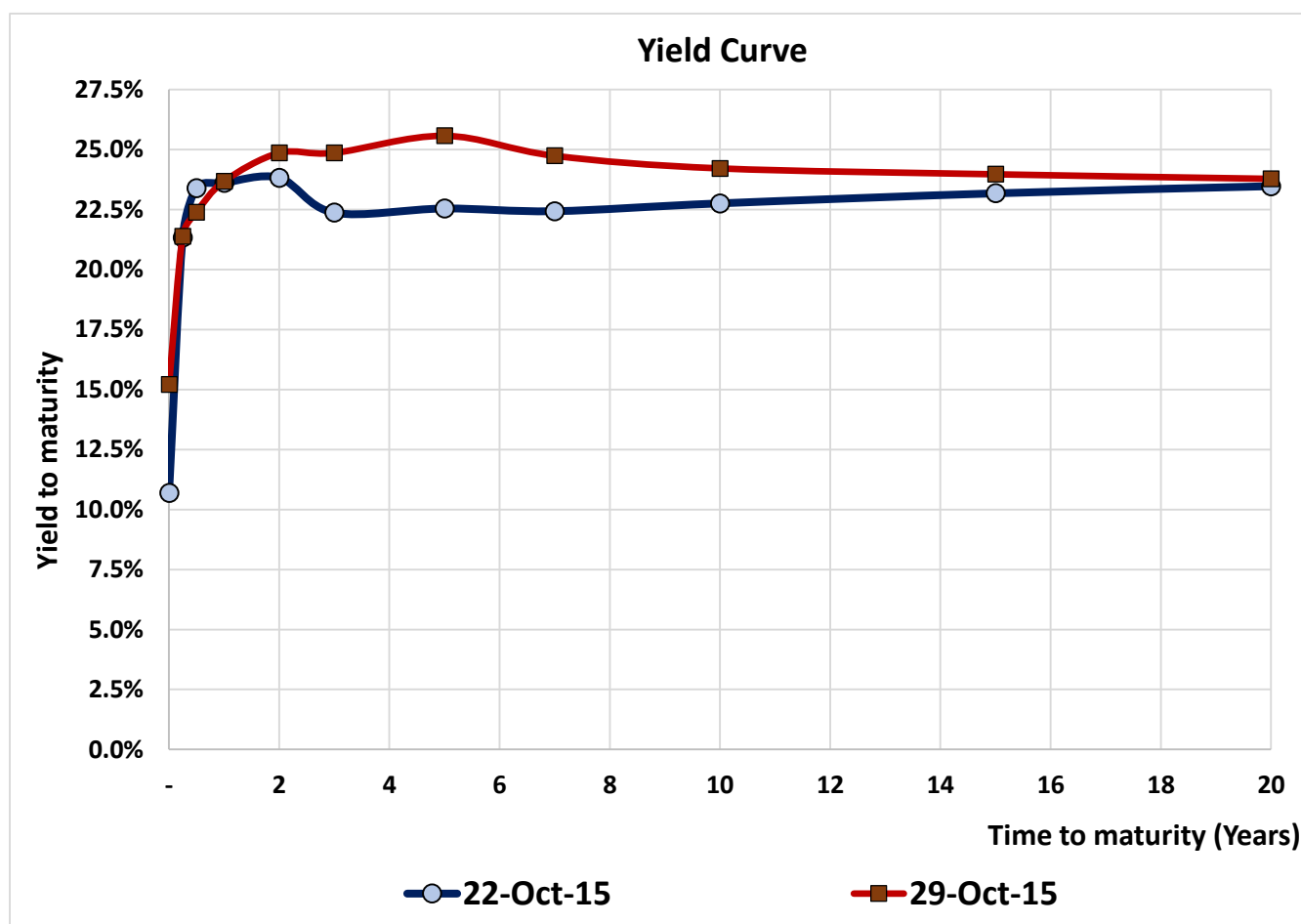
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: Yesterday, the Kwacha depreciated against the USD, the EUR, the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K563.1016 against the USD today.



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

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
27 th August 2015	11.98%	17.66%	19.25%	20.76%	22.75%	24.26%	21.85%	22.01%	22.92%	23.97%	24.62%
03 rd September 2015	20.00%	19.20%	20.18%	21.48%	23.11%	24.46%	23.32%	23.46%	24.10%	24.70%	25.24%
10 th September 2015	18.72%	19.15%	19.98%	22.14%	24.20%	24.54%	24.84%	24.88%	25.03%	25.51%	26.13%
17 th September 2015	19.20%	18.86%	20.72%	21.52%	23.78%	24.14%	23.54%	23.62%	23.98%	24.55%	25.08%
24 th September 2015	19.60%	19.19%	20.34%	22.98%	23.85%	24.60%	24.29%	24.53%	25.00%	25.49%	26.09%
01 st October 2015	15.50%	19.52%	21.09%	22.75%	24.16%	24.41%	25.00%	24.60%	24.38%	24.35%	24.43%
08 th October 2015	11.32%	20.21%	20.51%	22.27%	23.39%	22.61%	22.72%	22.80%	23.41%	24.66%	25.43%
15 th October 2015	10.76%	19.88%	21.59%	21.78%	23.66%	24.24%	23.31%	23.60%	24.53%	25.38%	26.00%
22 nd October 2015	10.68%	21.32%	23.38%	23.61%	23.82%	22.36%	22.54%	22.43%	22.75%	23.17%	23.47%
29 th October 2015	15.20%	21.38%	22.38%	23.67%	24.85%	24.86%	25.57%	24.73%	24.21%	23.97%	23.78%
29 Oct-22 Oct 2015 Change in Yield (Bp)	452	6	-100	6	103	250	303	230	146	80	31



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