



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 19 February 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 19 th February 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	-14,221	-18,624
Estimated Excess Reserves	-15,933	-15,933
Required Reserves	51,746	51,746

Known Projected Transactions

	Week ending 19 th Feb 2016	Week ending 26 th Feb 2016	Week ending 04 th Mar 2016	Feb 2016	Mar 2016
Maturity of normal TBs/TNs/PNs	6,509	6,667	6,509	27,695	60,504
Maturity of OMO	27,785	7,893	6,857	43,899	40,297

Commentary:

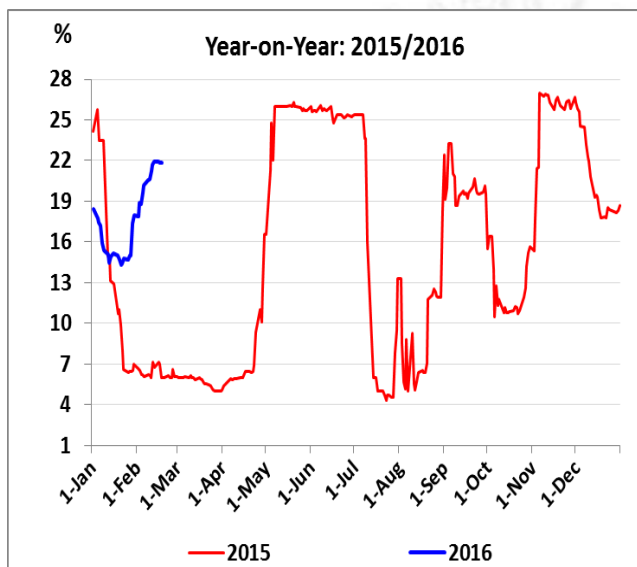
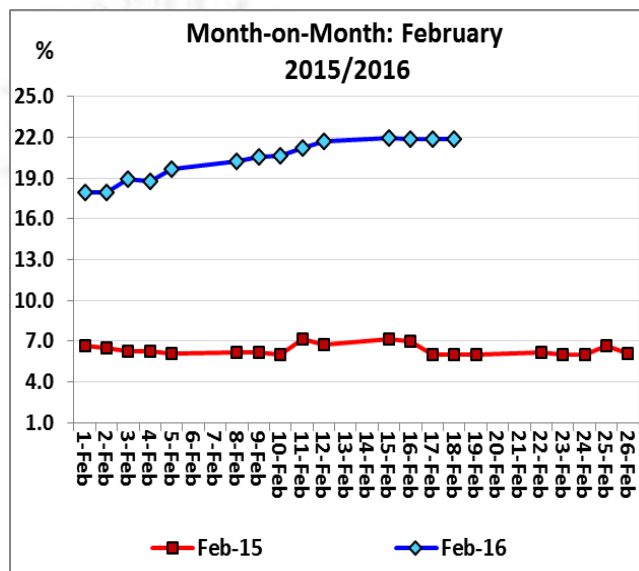
- Excess reserves are estimated to close at negative K15.93 billion today from K379.00 million that was recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,550	21.84
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
(c) Access on the Lombard Facility	5,950	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market dropped to K8.55 billion yesterday from K12.80 billion recorded on Wednesday, 17th February 2016.
- The overnight interbank market rate (IBR) firmed at 21.84 percent yesterday, the same level it was observed during the previous day.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

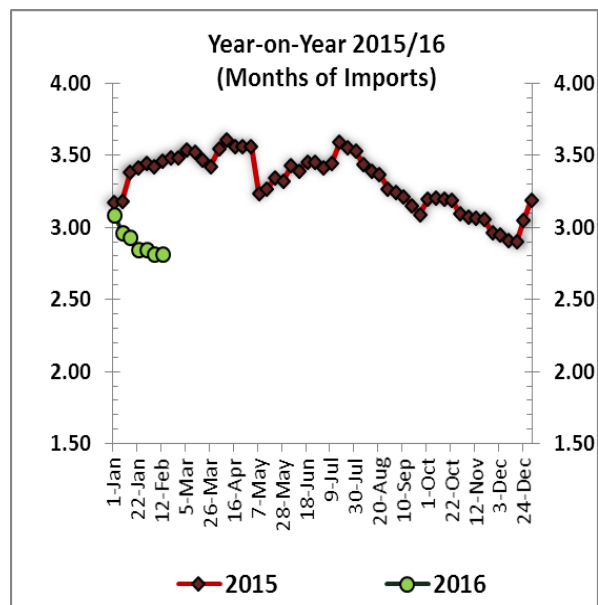
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
29 th January 2016	594.92	2.85
05 th February 2016	594.24	2.84
12 th February 2016	588.20	2.81
17 th February 2016	587.34	2.81

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

Commentary:

- Gross official reserves declined during the week ending 12th February 2016 compared to the preceding week. The gross official reserves stood at US\$587.34 million (2.81 months of imports) on 17th February 2016.



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)
05 th February 2016	-0.68	315.66	314.98	1.51
12 th February 2016	0.35	307.89	308.24	1.47
17 th February 2016	6.98	313.098	320.081	1.53

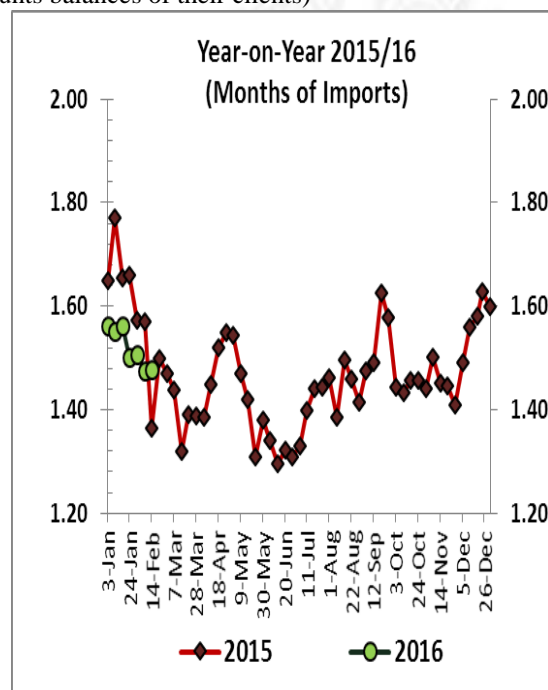
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
05 th February 2016	22.65	39.37
12 th February 2016	46.67	53.23
On 17 th February 2016	26.13	22.58

Commentary:

- ADB's transactions with the market during the week ending 12th February 2016 increased. The ADBs purchased US\$46.67 million from the market and sold US\$53.23 million. On 18th February 2016, ADBs purchased US\$5.58 million from the market and sold US\$7.55 million.

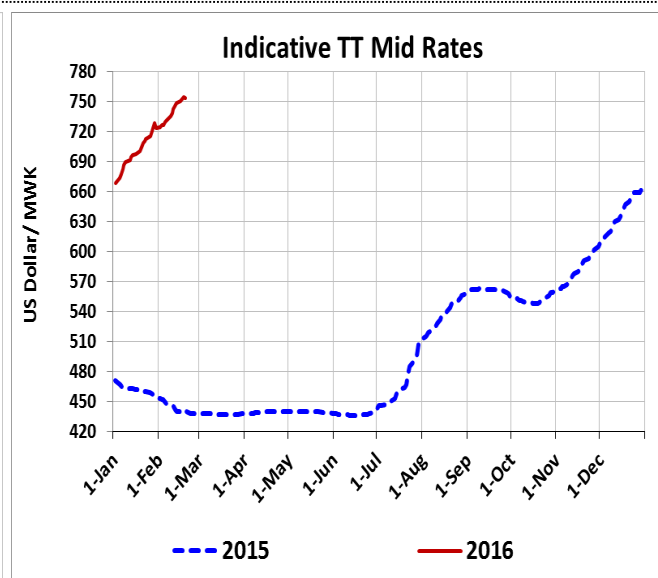
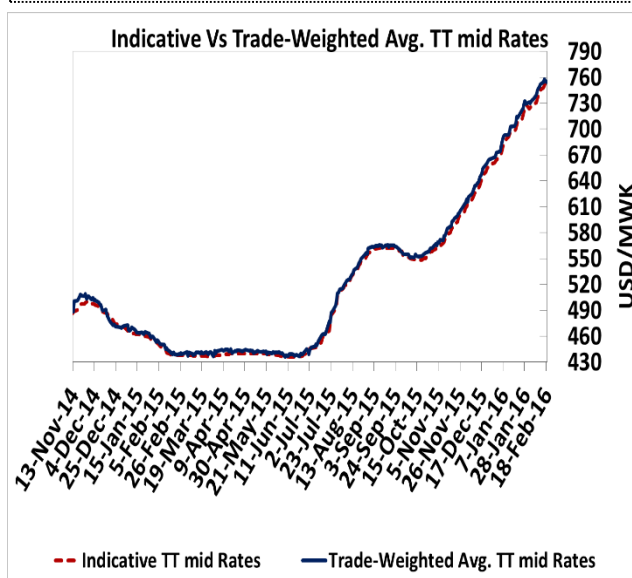


iii. Exchange Rate Developments

	11 Feb 2016	12 Feb 2016	15 Feb 2016	16 Feb 2016	17 Feb 2016	18 Feb 2016	Today Indicative
MWK/USD	749.7149	752.1146	754.5979	757.7429	755.9145	759.5836	753.9961
MWK/GBP	1,097.2359	1,082.6105	1,097.8775	1,099.6630	1,083.9099	1,086.1365	1,081.0042
MWK/EUR	844.6834	848.7599	847.1482	843.7142	846.8432	847.9099	837.4635
MWK/ZAR	47.6235	47.4556	47.8833	47.7527	48.3144	49.1044	48.9230

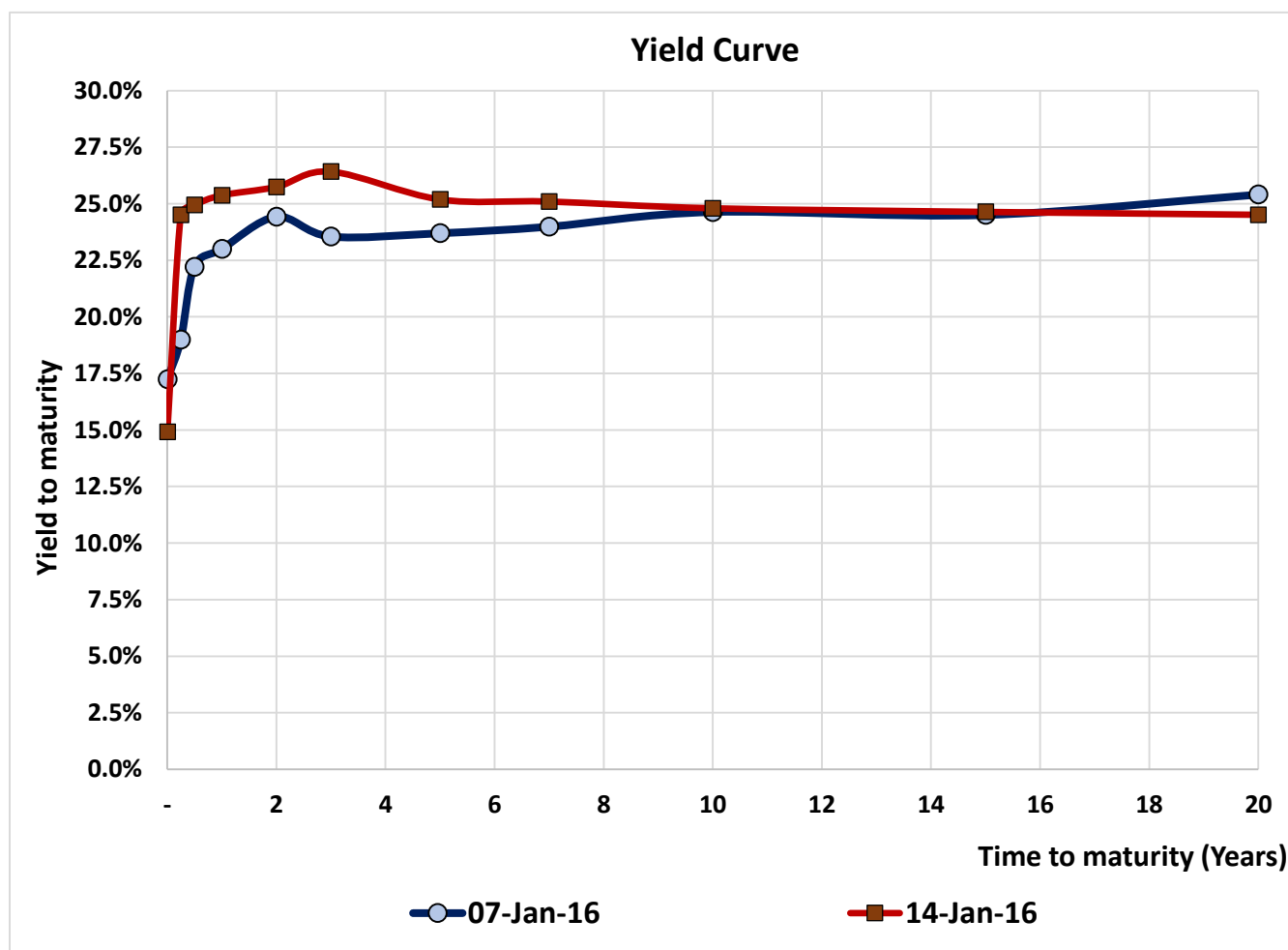
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 18th February 2016, the Kwacha depreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K753.9961 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
12 th November 2015	26.83%	21.17%	22.64%	24.10%	24.98%	25.10%	25.45%	25.72%	25.87%	26.13%	26.31%
19 th November 2015	26.42%	24.85%	25.72%	25.80%	25.82%	25.17%	27.74%	25.39%	27.74%	28.52%	29.01%
26 th November 2015	26.44%	25.67%	25.80%	26.84%	25.22%	25.65%	27.97%	25.53%	27.73%	28.34%	28.77%
03 rd December 2015	25.64%	23.87%	24.95%	26.04%	24.02%	24.60%	26.74%	25.25%	26.79%	27.36%	27.78%
10 th December 2015	21.96%	23.47%	24.63%	26.00%	25.72%	25.50%	26.20%	26.11%	25.93%	25.93%	25.98%
17 th December 2015	18.42%	24.50%	26.65%	26.24%	26.12%	25.87%	26.42%	26.63%	26.61%	26.62%	26.44%
24 th December 2015	18.40%	27.00%	26.00%	25.23%	25.53%	24.98%	26.23%	26.50%	26.29%	26.42%	26.49%
31 st December 2015	18.69%	22.17%	23.18%	24.10%	25.00%	25.13%	25.47%	25.74%	25.89%	26.15%	26.32%
07 th January 2016	17.24%	19.00%	22.22%	23.00%	24.42%	23.55%	23.70%	23.99%	24.64%	24.51%	25.41%
14 th January 2016	14.91%	24.50%	24.95%	25.38%	25.74%	26.42%	25.19%	25.10%	24.80%	24.64%	24.51%
14 – 07 Jan 2016 Change in Yield (Bp)	-233	550	273	238	132	287	149	111	16	13	-90



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