



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 15 March 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 18 th March 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	479	3,665
Estimated Excess Reserves	11,351	8,178
Required Reserves	48,352	48,352

Known Projected Transactions

	Week ending 18 th Mar 2016	Week ending 25 th Mar 2016	Week ending 01 st Apr 2016	Mar 2016	Apr 2016
Maturity of normal TBs/TNs/PNs	6,534	7,346	11,666	60,504	44,743
Maturity of OMO	27,815	5,922	7,746	54,999	20,768

Commentary:

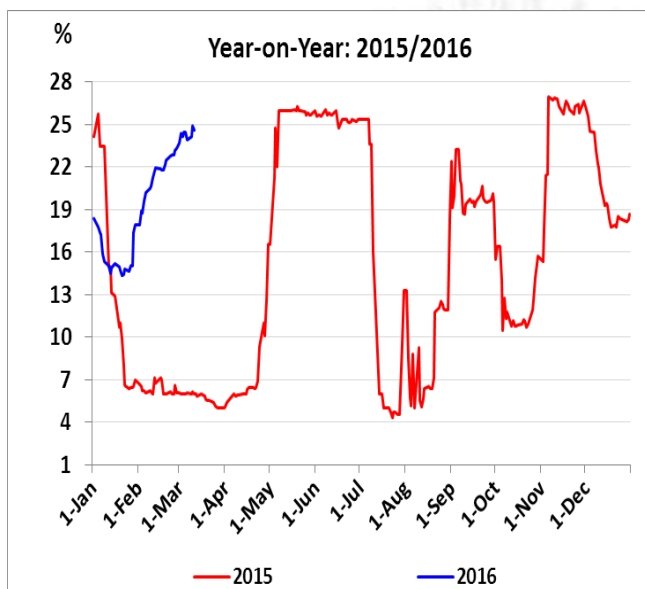
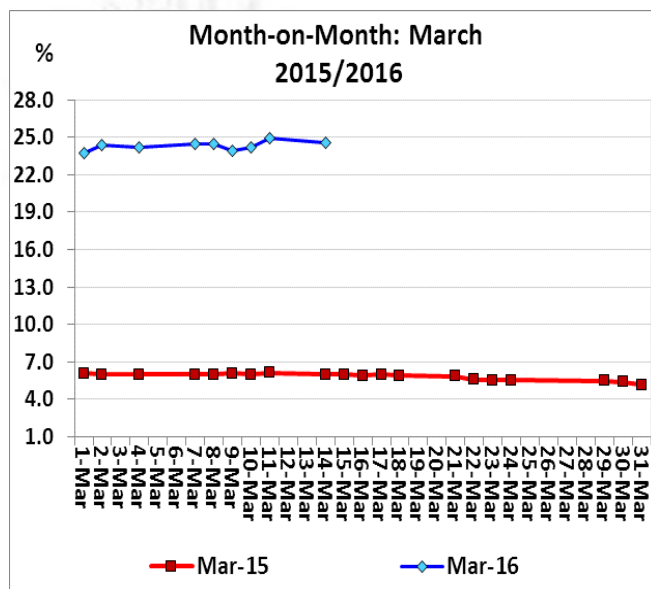
- Excess reserves are estimated to close at K11.35 billion today from K10.87 billion that was recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,120	24.58
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos	-	-
07 days	-	-
30 days	350	28.00
60 days	3,531	28.00
273 days	3,759	27.72
364 days	2,000	27.00
(ii) Reverse Repos	-	-
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market slightly declined to K4.12 billion yesterday from K4.26 billion that was recorded last Friday.
- The overnight interbank market rate (IBR) stood at 24.58 percent yesterday from 24.92 percent observed on Friday, 11th March 2016.
- K9.64 billion was withdrawn from the banking system through repos on Monday, 14th March 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

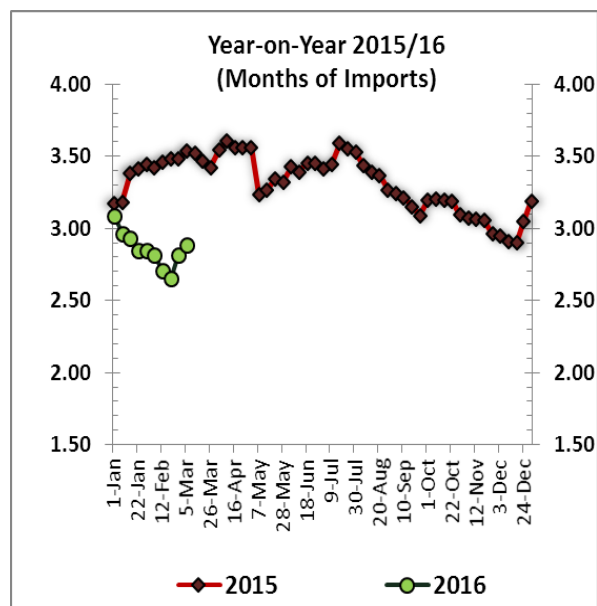
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
19 th February 2016	566.52	2.71
26 th February 2016	554.57	2.65
04 th March 2016	587.79	2.81
11 th March 2016	603.33	2.89

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

Commentary:

- Gross official reserves increased during the week ending 11th March 2016 compared to the preceding week following increased purchases of foreign exchange from the market by monetary authorities. As at 11th March 2016, the gross official reserves stood at US\$603.33 million (2.89 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)
19 th February 2016	3.69	312.11	315.80	1.51
26 th February 2016	-0.69	311.08	310.39	1.49
04 th March 2016	-7.25	308.83	301.57	1.44
11 th March 2016	-11.08	295.06	283.98	1.36

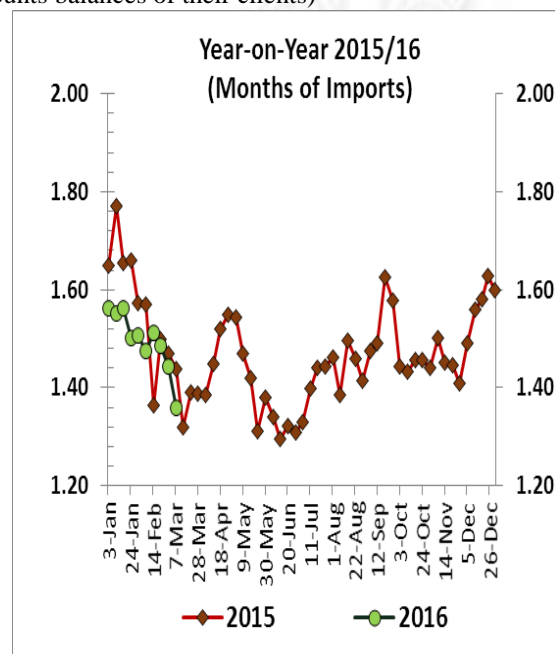
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
04 th March 2016	71.14	92.50
11 th March 2016	41.96	48.58
On 14 th March 2016	10.82	8.90

Commentary:

- The ADBs sold US\$48.58 million to the market and monetary authorities during the week ending 11th March 2016 against purchases from the market at US\$41.96 million. On 14th March 2016, ADBs sold US\$8.90 million to the market against purchases at US\$10.82 million.



iii. Exchange Rate Developments

	07 Mar 2016	08 Mar 2016	09 Mar 2016	10 Mar 2016	11 Mar 2016	14 Mar 2016	Today Indicative
MWK/USD	723.5438	719.8713	714.7775	712.4785	708.9413	698.3836	696.0914
MWK/GBP	1,025.5118	1,024.4909	1,014.3411	1,009.0144	1,012.6026	1,008.0671	995.5499
MWK/EUR	793.6238	791.2903	784.9139	783.2264	788.2809	782.8245	772.8703
MWK/ZAR	45.9873	47.0219	46.5348	45.9401	46.2051	45.9850	44.8504

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 Monday, 14th March 2016, the Kwacha appreciated against the USD, the GBP, the EUR, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K696.0914 against the USD today.

