



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 17 May 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 th May 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-8,243	-8,799
Estimated Excess Reserves before OMO	-4,904	-5,461
Estimated Excess Reserves after OMO	0.00	0.00
Required Reserves	48,909	48,909

Known Projected Transactions

	Week ending 20 th May 2016	Week ending 27 th May 2016	May 2016	June 2016
Maturity of normal TBs/TNs/PNs	7,779	4,695	27,519	39,531
Maturity of OMO	665	32,277	75,709	20,072

Commentary:

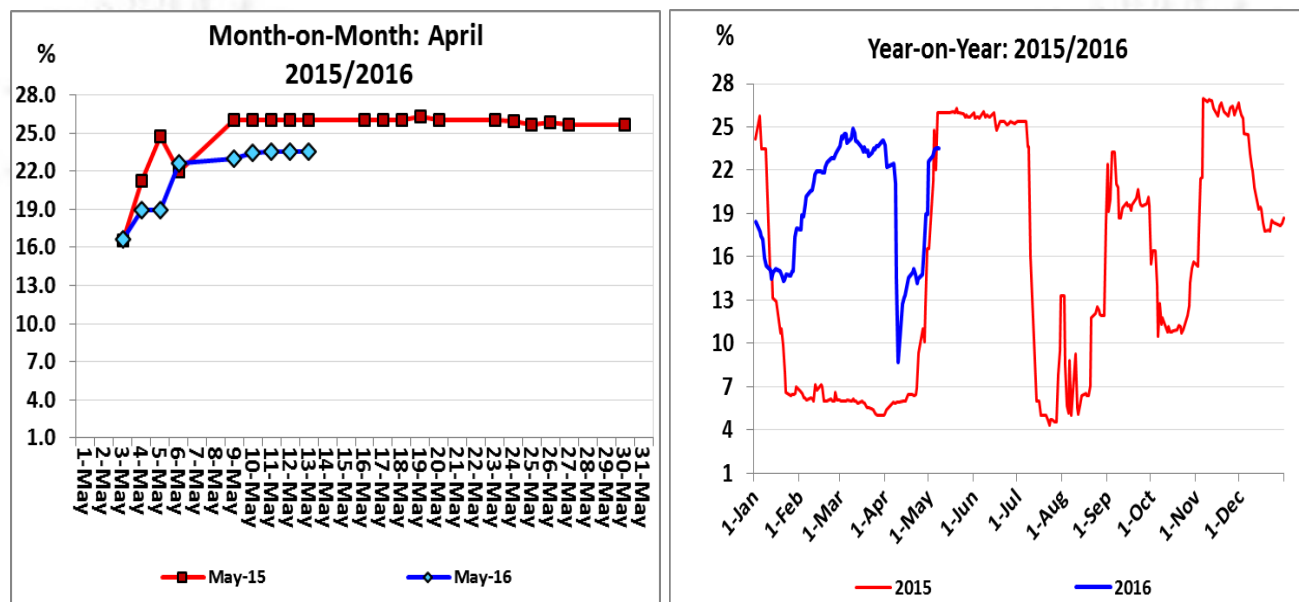
- Excess reserves increased to K2.64 billion on Friday, 13 May 2016 from K1.99 billion recorded on Thursday, 12th May 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	500	23.50
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos	-	-
07 days	-	-
32 days	-	-
60 days	-	-
273 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	29,170	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased to K500 million on Friday, 13 May 2016 from nil on the preceding day.
- The overnight interbank market rate (IBR) stood at 23.50 percent Friday, 13th May 2016, the same rate that was recorded on Wednesday 11th May 2016.
- A total of K29.17 billion was accessed on the Lombard Facility on Friday, 13th May 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

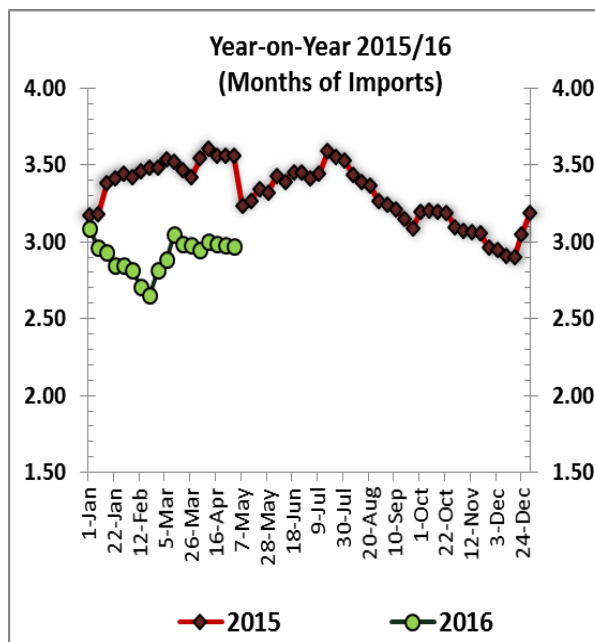
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
22 nd April 2016	624.61	2.99
29 th April 2016	621.73	2.97
6 th May 2016	620.85	2.97
12 th May 2016	614.37	2.94

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

Commentary:

- Gross official reserves declined during the week ending 6th May 2016 compared to the preceding week. As at 12th May 2016, the gross official reserves stood at US\$614.37 million (2.94 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)
29 th April 2016	-2.48	297.46	294.97	1.41
6 th May 2016	-1.03	306.54	305.51	1.46
On 11 th May 2016	-5.46	322.64	317.18	1.52

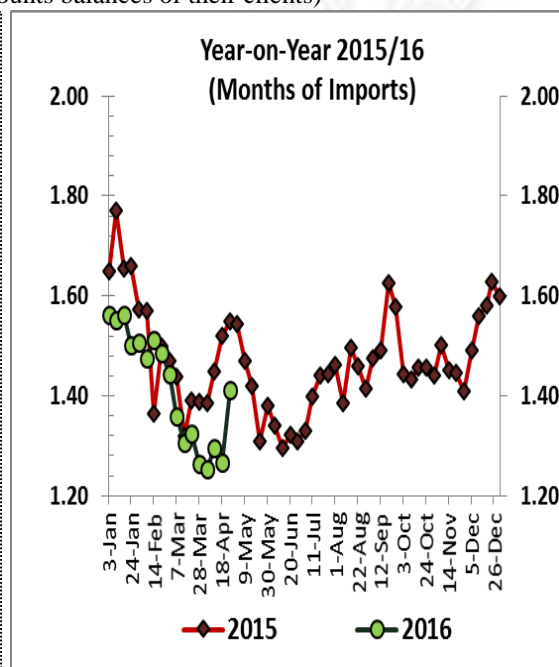
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
29 th April 2016	56.48	56.69
6 th May 2016	28.95	34.09
13 th May 2016	49.25	51.99

Commentary:

- The ADBs purchased US\$49.25 million from the market during the week ending 13th May 2016 and sold US\$51.99 million. On 13th May 2016, ADBs purchased US\$9.94 million from the market and sold US\$8.72 million to the market.

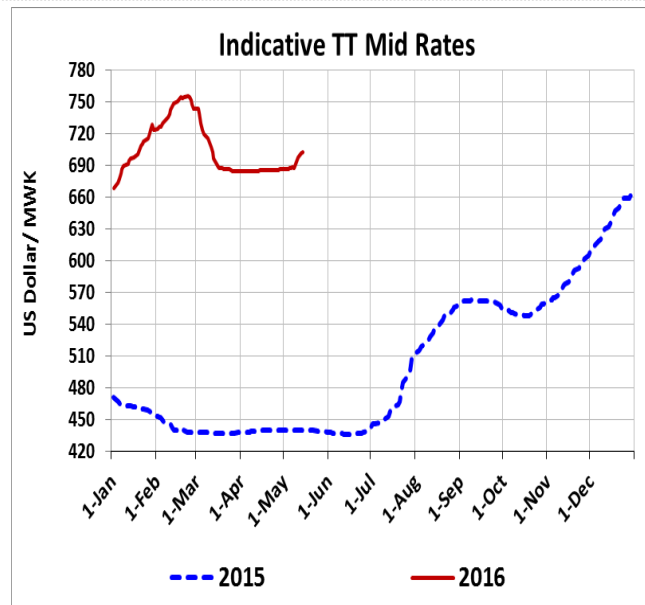
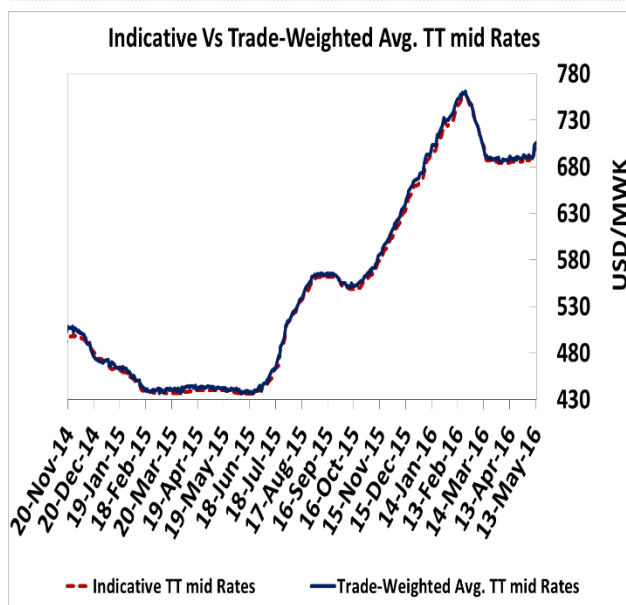


iii. Exchange Rate Developments

	06 May 2016	09 May 2016	10 May 2016	11 May 2016	12 May 2016	13 May 2016	Today Indicative
MWK/USD	691.5796	689.4856	692.7654	703.2578	704.6908	705.5447	702.5956
MWK/GBP	1,003.6069	1,000.3700	999.4154	1,012.2486	1,013.6648	1,012.7433	1,011.8782
MWK/EUR	793.5172	788.7189	782.3420	801.7919	801.7859	799.1457	795.4085
MWK/ZAR	45.8843	46.1232	45.7979	46.8816	46.7786	46.1093	44.8883

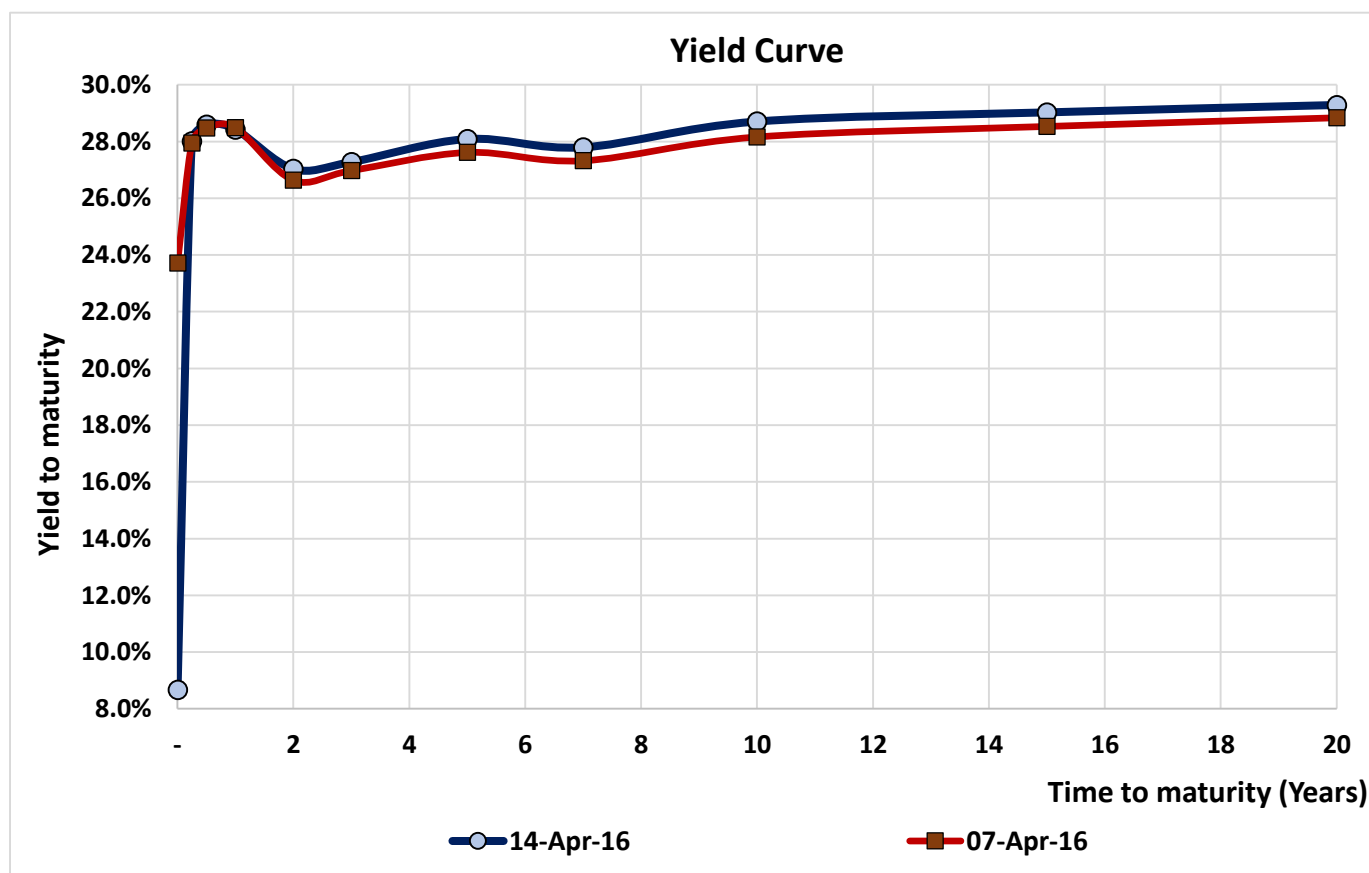
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 13th May 2016, the Kwacha depreciated against the USD and appreciated against the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K702.5956 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
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%
28 th January 2016	15.02%	23.97%	25.43%	26.50%	26.05%	26.66%	26.20%	25.90%	25.63%	25.48%	25.31%
25 th February 2016	22.85%	26.88%	26.91%	27.00%	26.45%	27.03%	26.85%	26.73%	26.58%	26.48%	26.36%
10 th March 2016	24.17%	26.99%	27.00%	27.50%	27.45%	28.25%	28.45%	28.91%	29.24%	29.68%	30.05%
17 th March 2016	23.58%	26.72%	27.18%	28.48%	27.77%	27.99%	28.66%	28.23%	28.89%	29.33%	29.62%
24 th March 2016	23.02%	27.77%	28.17%	28.11%	28.26%	28.75%	29.80%	29.11%	29.84%	29.78%	30.29%
31 st March 2016	23.43%	27.69%	28.04%	28.44%	26.91%	28.01%	29.32%	29.06%	30.17%	30.82%	31.35%
07 th April 2016	23.72%	27.95%	28.48%	28.50%	26.64%	26.98%	27.62%	27.33%	28.16%	28.54%	28.84%
14 th April 2016	8.67%	28.00%	28.59%	28.43%	27.03%	27.27%	28.09%	27.79%	28.70%	29.02%	29.28%
14 Apr–07 April 2016 Change in Yield (Bp)	-1,505	6	11	-7	39	30	47	47	54	49	44



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