



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 26 September 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 23 rd September 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	5,879	26,679
Estimated Excess Reserves before OMO	11,148	33,051
Estimated Excess Reserves after OMO	0	0
Required Reserves	52,935	52,935

i. Known Projected Transactions

	Week ending 30th Sept 2016	Week ending 07 th October 2016	Week ending 14 th October 2016	September 2016	October 2016
Maturity of normal TBs/TNs/PNs	13,964	8,448	8,448	56,792	55,671
Maturity of OMO	10,514	1,003	2,936	51,058	34,324

Commentary:

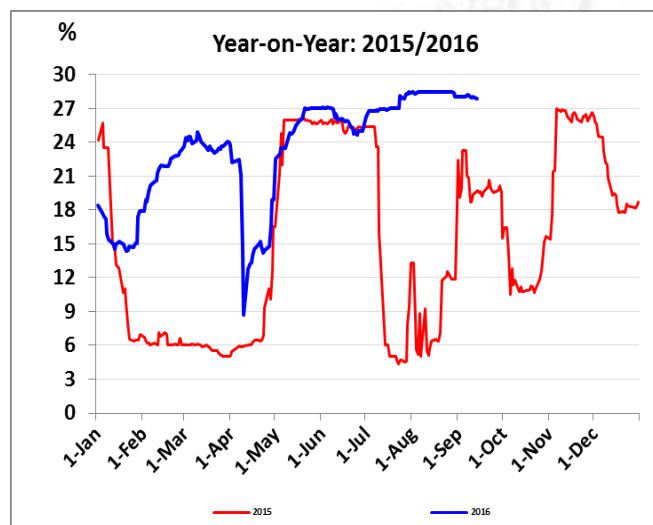
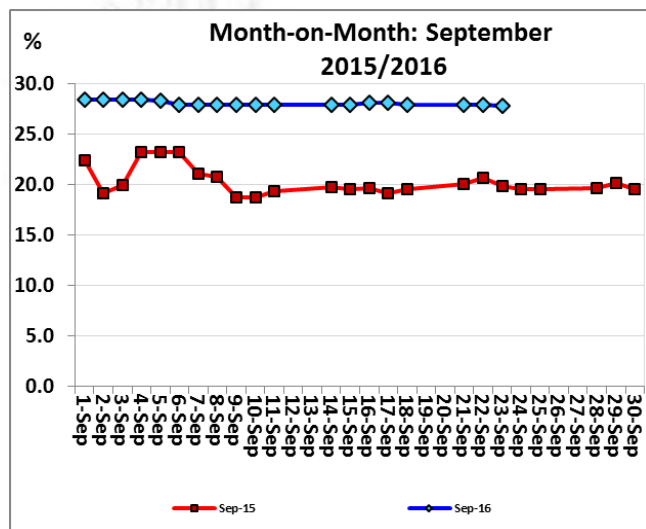
- Excess reserves increased to K5.27 billion on Friday, 23rd September 2016 from to K2.92 billion recorded on Thursday, 22nd September 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	5,590	27.87
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	700	29.00
14 days	300	29.00
32 days	17,329	29.00
63 days	115	29.00
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(iii) Deposits on Overnight Deposit Facility		
	-	-
(c) Access on the Lombard Facility	2,415	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market went down to K5.59 billion on Friday, 23rd September 2016 from K6.89 billion recorded on Thursday, 22nd September 2016.
- The overnight interbank market rate (IBR) dropped to 27.87 percent from 28.00 percent recorded on Thursday, 22nd September 2016.
- About K18.44 billion was withdrawn from the banking system through OMO repos on Friday, 23rd September 2016.
- A total of K2.42 billion was accessed on the Lombard Facility on Friday, 23rd September 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

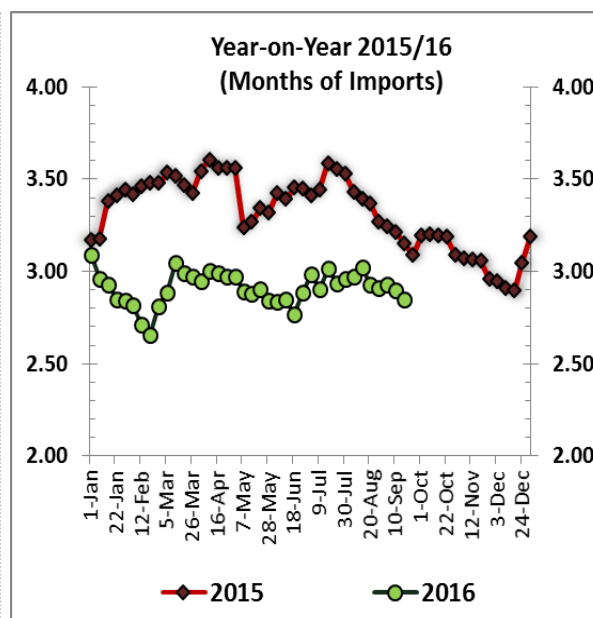
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
02 nd September 2016	608.68	2.91
09 th September 2016	612.47	2.93
16 th September 2016	605.77	2.90
22 nd September 2016	595.21	2.85

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

Commentary:

- Gross official reserves decreased during the week ending 16th September 2016 compared to the previous week. As at 22nd September 2016, the gross official reserves dropped further and stood at US\$595.21 million (2.85 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)
02 nd September 2016	-1.71	341.48	339.76	1.63
09 th September 2016	2.91	327.27	330.18	1.58
16 th September 2016	1.98	336.16	338.14	1.62
On 22 nd September 2016	1.96	334.68	336.67	1.61

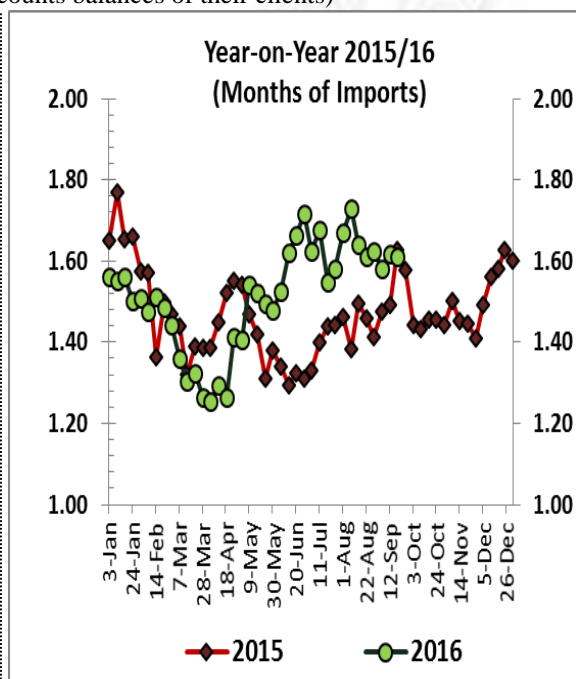
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
09 th September 2016	41.73	45.55
16 th September 2016	39.15	41.00
23 rd September 2016	45.17	41.53
On 23 rd September 2016	10.21	7.75

Commentary:

- ADB's purchased US\$45.17 million from the market and monetary authorities during the week ending 23rd September 2016 against sales to the market at US\$41.53 million. On 23rd September 2016 alone, ADB's purchased US\$10.21 million from the market and sold US\$7.75 million.

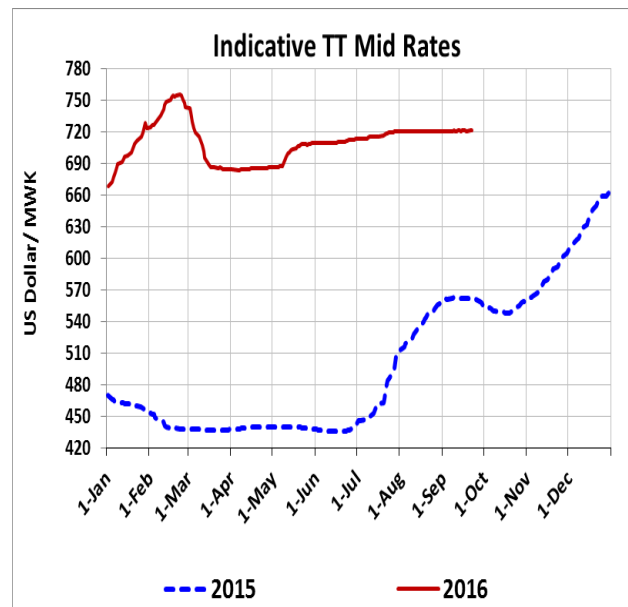
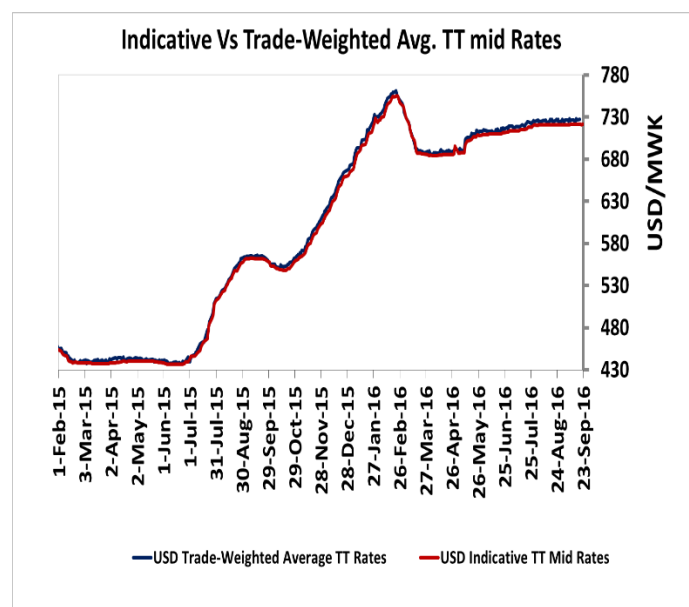


iii. Exchange Rate Developments

	16 th Sept 2016	19 th Sept 2016	20 th Sept 2016	21 st Sept 2016	22 nd Sept 2016	23 rd Sept 2016	Today's Indicative
MWK/USD	726.8571	727.5929	725.1417	726.6016	727.0435	724.0269	721.3862
MWK/GBP	958.3660	942.4569	948.2322	944.9094	949.1568	943.9923	932.7524
MWK/EUR	813.1336	812.8339	808.8733	806.0309	811.2546	810.2665	810.0446
MWK/ZAR	51.5348	51.5151	51.5702	51.7040	53.5950	52.6409	52.7210

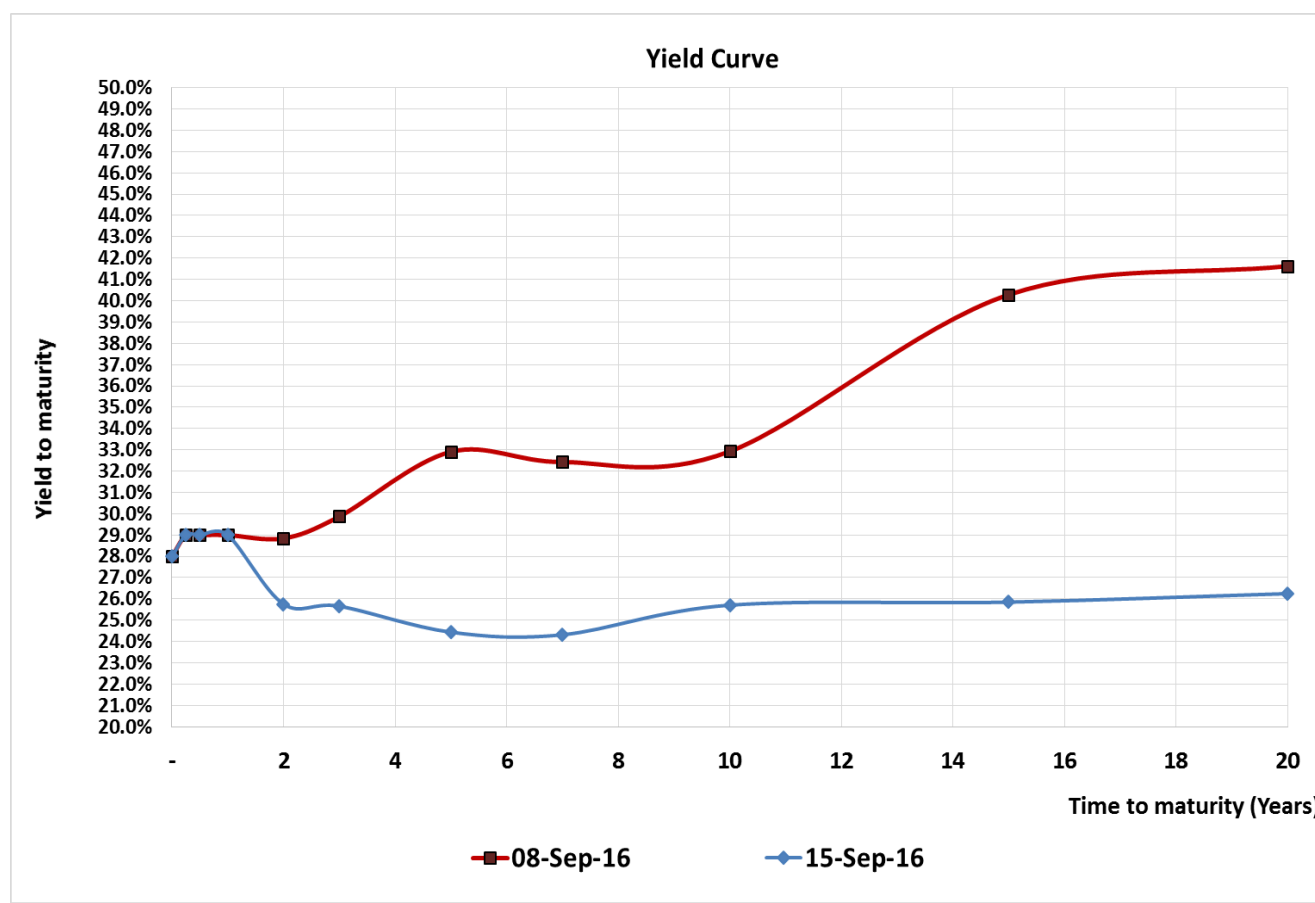
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 23rd September 2016, the Kwacha appreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.3862 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
09 th June 2016	27.01%	29.00%	29.00%	29.00%	28.26%	28.04%	27.48%	26.23%	26.04%	25.84%	25.63%
16 th June 2016	26.15%	29.00%	29.00%	29.00%	28.20%	27.42%	26.48%	25.75%	25.39%	25.19%	25.09%
23 rd June 2016	25.89%	28.92%	29.00%	29.00%	27.16%	26.52%	25.94%	25.37%	24.99%	24.78%	24.64%
12 th August 2016	28.29%	29.00%	29.00%	29.00%	26.16%	26.35%	26.21%	26.60%	26.43%	27.32%	28.39%
19 th August 2016	28.45%	27.84%	27.57%	27.66%	27.10%	27.24%	27.05%	27.12%	27.28%	28.69%	29.78%
01 st September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 th September 2016	28.00%	29.00%	29.00%	29.00%	28.84%	29.87%	32.91%	32.43%	32.93%	40.28%	41.63%
15 th September 2016	28.00%	29.00%	29.00%	29.00%	28.96%	29.25%	28.78%	28.65%	30.38%	30.95%	31.03%
15 September-08 September Change in Yield (Bp)	0	0	0	0	11	-62	-413	-378	-255	-934	-1,059



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