



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 13 October 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 14 <sup>th</sup> October 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	3,957	13,467
Estimated Excess Reserves before OMO	6,880	15,349
Estimated Excess Reserves after OMO	0	0
Required Reserves	54,085	54,085

#### i. Known Projected Transactions

	Week ending 14 <sup>th</sup> October 2016	Week ending 21 <sup>st</sup> October	Week ending 28 <sup>th</sup> October	October 2016	November 2016
Maturity of normal TBs/TNs/PNs	24,671	13,103	9,448	55,671	37,692
Maturity of OMO Repos	8,869	19,313	26,456	68,146	30,817

#### Commentary:

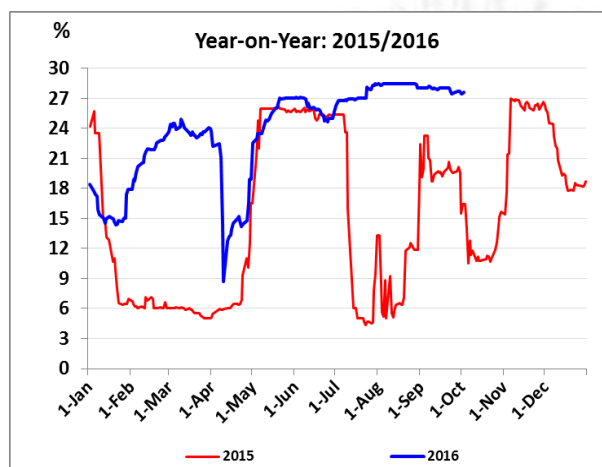
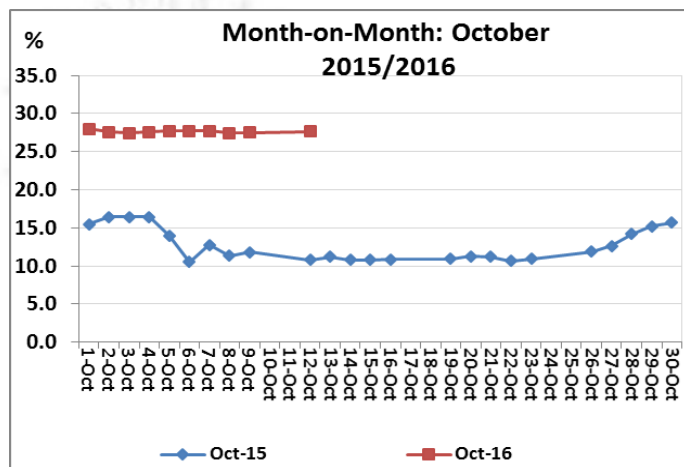
- Excess reserves increased to K2.92 billion yesterday from K2.03 billion recorded on Tuesday, 11<sup>th</sup> October 2016.

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,110	27.65
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
<b>(i) Repos</b>		
07 days	-	-
14 days	2,000	29.00
33 days	3,175	29.00
63 days	94	29.00
273 days	-	-
364 days	-	-
<b>(ii) Reverse Repos</b>		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(iii) Deposits on Overnight Deposit Facility</b>		
	-	-
<b>(c) Access on the Lombard Facility</b>	9,900	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased to K4.11 billion yesterday from K1.89 billion recorded on Tuesday, 11<sup>th</sup> October 2016.
- The overnight interbank market rate (IBR) increased by 15 basis points and closed at 27.65 percent from 27.50 percent recorded on Tuesday, 11<sup>th</sup> October 2016.
- About K5.27 billion was withdrawn from the banking system through OMO repos yesterday.
- A total of K9.90 billion was accessed on the Lombard Facility yesterday, 12<sup>th</sup> October 2016.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

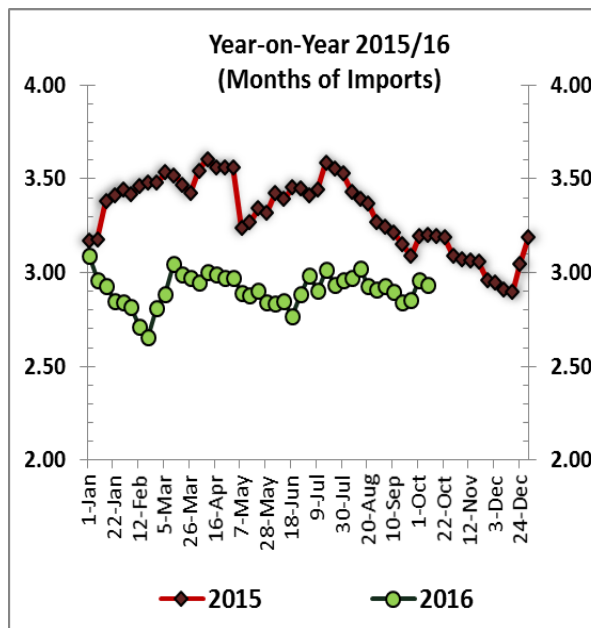
### i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
23 <sup>rd</sup> September 2016	593.49	2.84
30 <sup>th</sup> September 2016	596.66	2.85
7 <sup>th</sup> October 2016	618.39	2.96
11 <sup>th</sup> October 2016	613.22	2.93

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

### Commentary:

- Gross official reserves increased during the week ending 7<sup>th</sup> October 2016 compared to the previous week. As at 11<sup>th</sup> October 2016, the gross official reserves stood at US\$613.22 million (2.93 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)
23rd September 2016	5.03	333.92	338.95	1.62
30 <sup>th</sup> September 2016	2.21	327.46	329.66	1.58
07 <sup>th</sup> October 2016	-4.49	331.62	327.13	1.57
12 <sup>th</sup> October 2016	-6.25	332.93	326.68	1.56

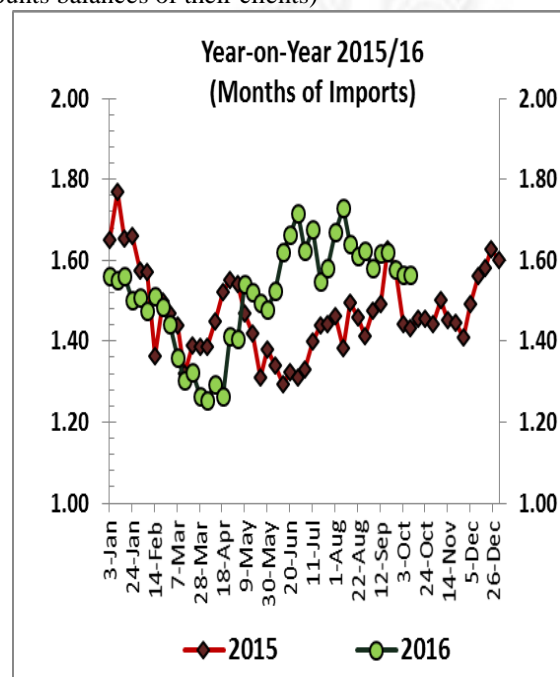
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 <sup>rd</sup> September 2016	45.17	41.53
30 <sup>th</sup> September 2016	64.35	67.59
07 <sup>th</sup> October 2016	41.69	47.18
On 12 <sup>th</sup> October 2016	10.71	12.61

### Commentary:

- ADB's purchased US\$41.69 million from the market and monetary authorities during the week ending 7<sup>th</sup> October 2016 against sales to the market at US\$47.18 million. Yesterday, 12<sup>th</sup> October 2016, ADB's purchased US\$10.71 million from the market and sold US\$12.61 million.

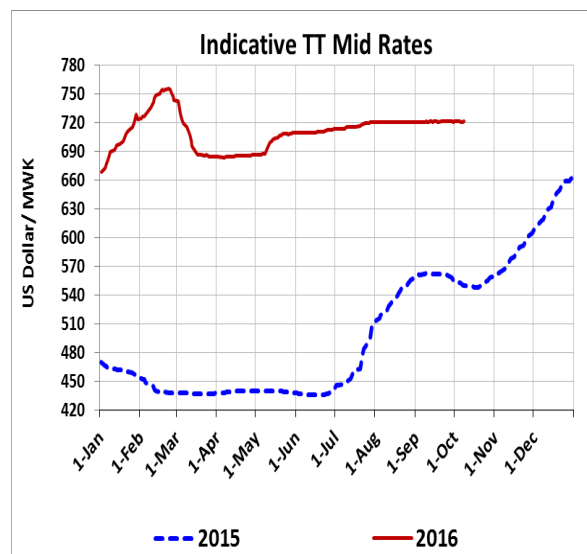
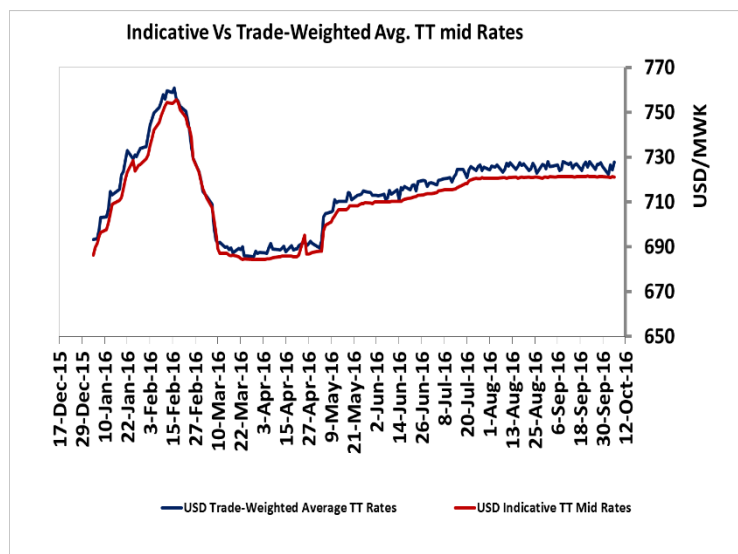


## iii. Exchange Rate Developments

	05 <sup>th</sup> Oct 2016	06 <sup>th</sup> Oct 2016	07 <sup>th</sup> Oct 2016	10 <sup>th</sup> Oct 2016	11 <sup>th</sup> Oct 2016	12 <sup>th</sup> Oct 2016	Today's Indicative
MWK/USD	727.3797	725.7665	722.2821	726.5297	724.2134	727.6206	721.4424
MWK/GBP	922.9133	923.2411	900.9008	896.7010	894.4522	890.7475	879.6547
MWK/EUR	810.5429	811.8265	804.6082	809.0850	804.8547	800.9962	794.8131
MWK/ZAR	52.5328	52.4372	52.0956	52.5223	52.1275	50.2716	50.5279

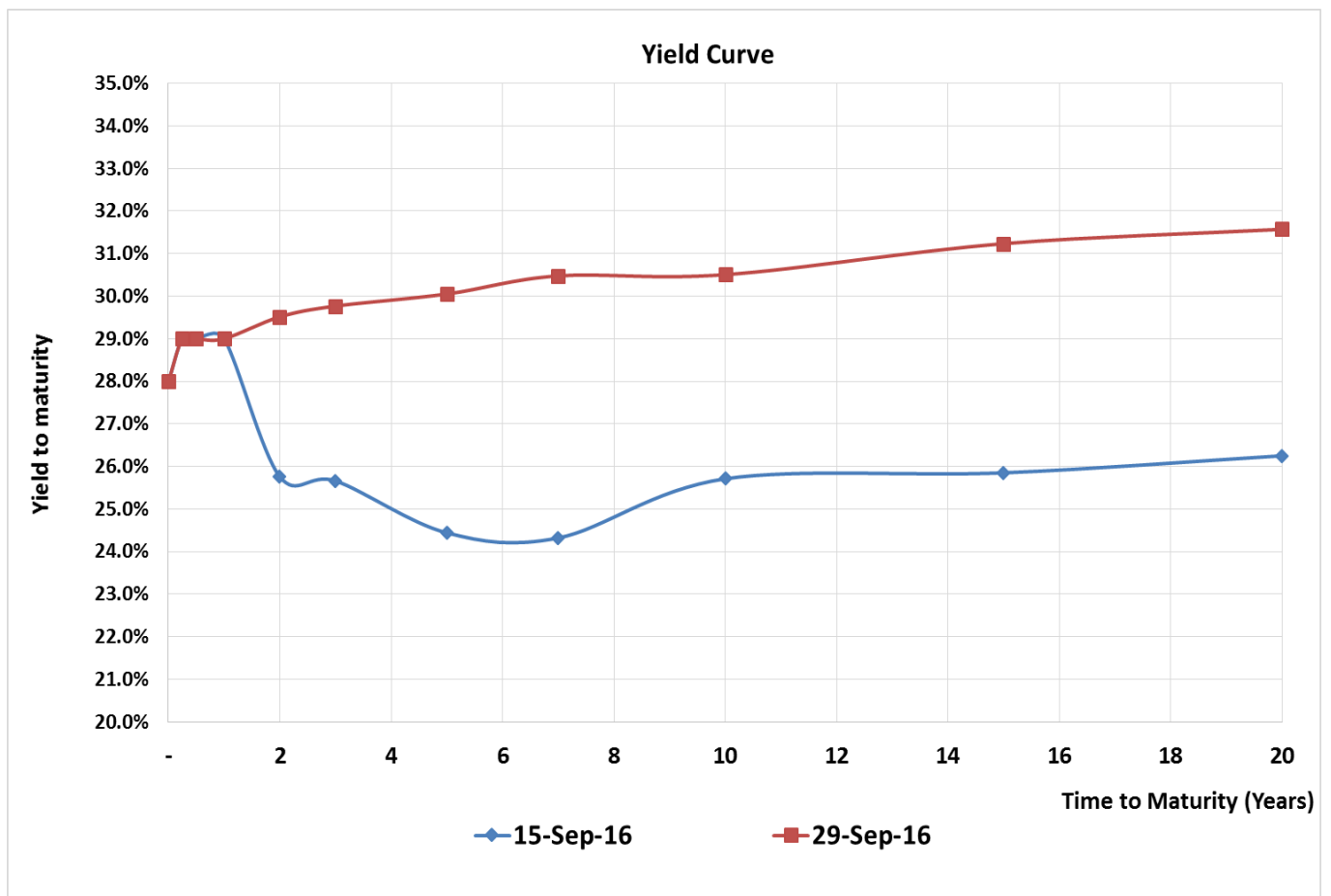
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** Yesterday, 12<sup>th</sup> October 2016, the Kwacha depreciated against the USD and appreciated versus the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.4424 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
16 <sup>th</sup> 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 <sup>rd</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>st</sup> 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 <sup>th</sup> 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 <sup>th</sup> September 2016	28.00%	29.00%	29.00%	29.00%	28.16%	28.35%	27.70%	27.57%	29.21%	29.67%	29.84%
29 <sup>th</sup> September 2016	28.00%	29.00%	29.00%	29.00%	29.51%	29.77%	30.05%	30.48%	30.51%	31.23%	31.57%
29 September-15 September Change in Yield (Bp)	0	0	0	0	136	142	236	291	129	156	173



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