



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 14 October 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 14 th October 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	7,948	9,478
Estimated Excess Reserves before OMO	12,653	12,653
Estimated Excess Reserves after OMO	0	0
Required Reserves	54,085	54,085

i. Known Projected Transactions

	Week ending 14 th October 2016	Week ending 21 st October	Week ending 28 th 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	20,713	26,456	69,546	33,376

Commentary:

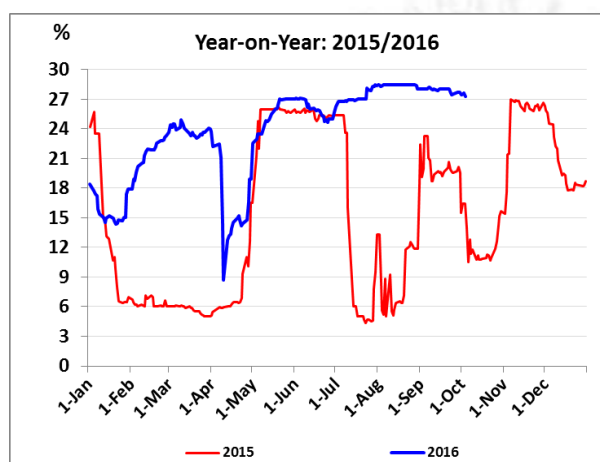
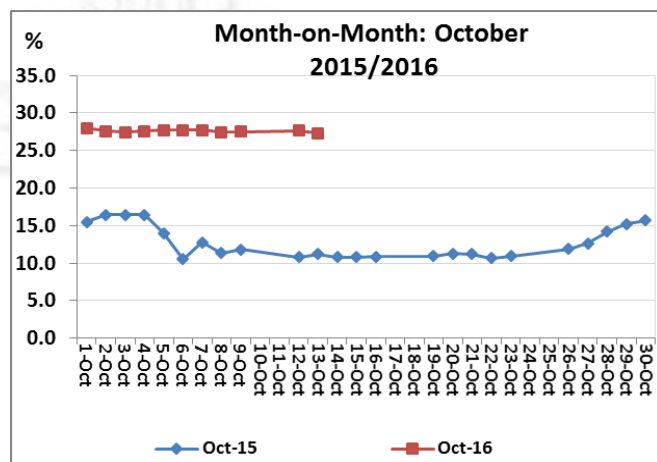
- Excess reserves increased to K4.81 billion yesterday from K2.92 billion recorded on Wednesday, 12th October 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,850	27.29
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	1,400	29.00
14 days	-	-
33 days	2,559	29.00
63 days	30	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	520	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K2.85 billion yesterday from K4.11 billion recorded on Wednesday, 12th October 2016.
- The overnight interbank market rate (IBR) also dropped and closed at 27.29 percent yesterday from 27.65 percent recorded on Wednesday, 12th October 2016.
- About K3.99 billion was withdrawn from the banking system through OMO repos yesterday.
- A total of K520.00 million was accessed on the Lombard Facility yesterday, 13th October 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

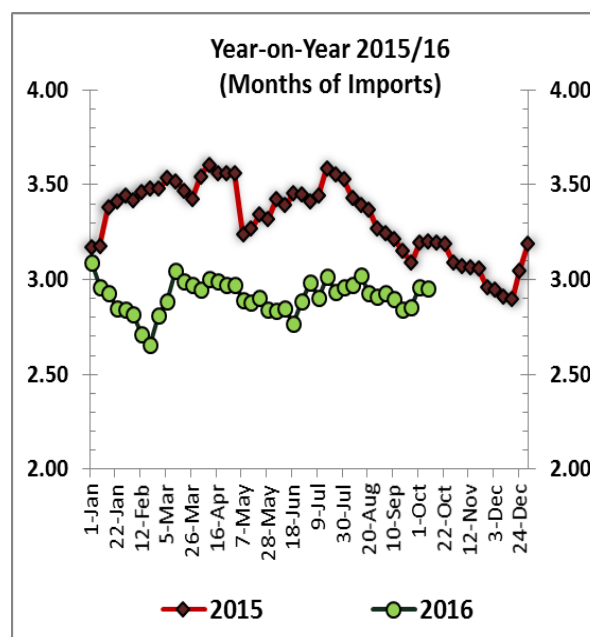
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
23 rd September 2016	593.49	2.84
30 th September 2016	596.66	2.85
7 th October 2016	618.39	2.96
12 th October 2016	617.14	2.95

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

Commentary:

- Gross official reserves increased during the week ending 7th October 2016 compared to the previous week. As at 12th October 2016, the gross official reserves stood at US\$617.14 million (2.95 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 th September 2016	2.21	327.46	329.66	1.58
07 th October 2016	-4.49	331.62	327.13	1.57
12 th October 2016	-6.25	332.93	326.68	1.56

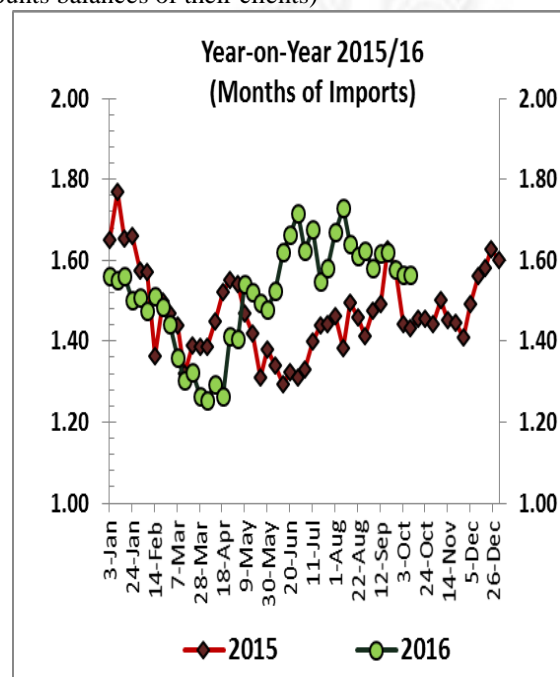
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 rd September 2016	45.17	41.53
30 th September 2016	64.35	67.59
07 th October 2016	41.69	47.18
On 13 th October 2016	4.47	3.68

Commentary:

- ADB's purchased US\$41.69 million from the market and monetary authorities during the week ending 7th October 2016 against sales to the market at US\$47.18 million. Yesterday, 13th October 2016, ADB's purchased US\$4.47 million from the market and sold US\$3.68 million.

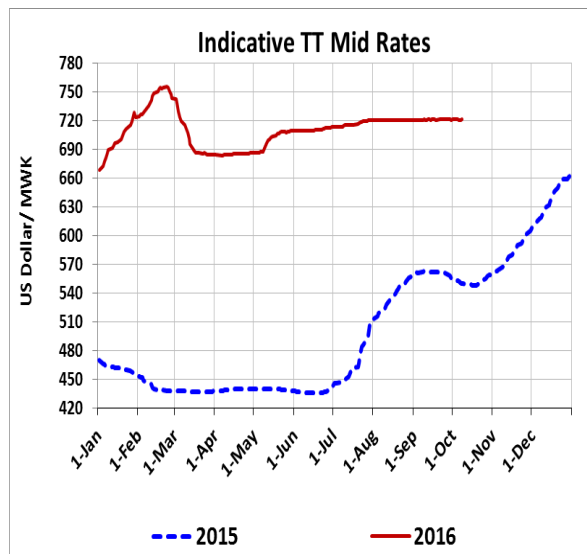
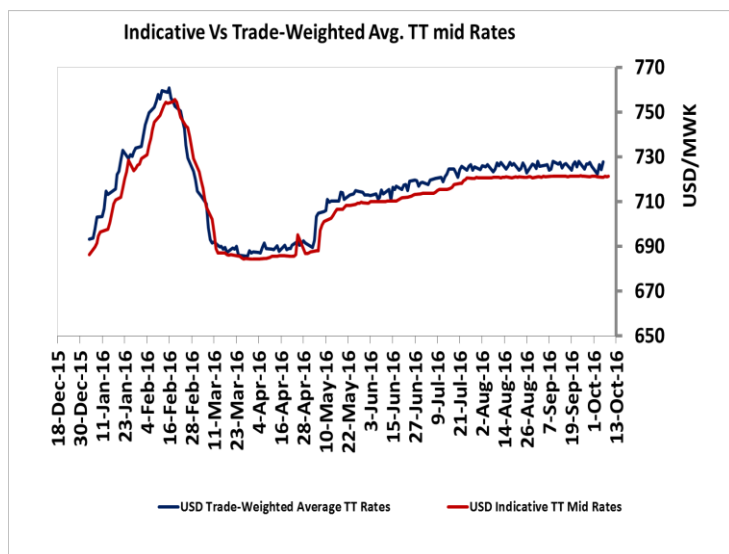


iii. Exchange Rate Developments

	06 th Oct 2016	07 th Oct 2016	10 th Oct 2016	11 th Oct 2016	12 th Oct 2016	13 th Oct 2016	Today's Indicative
MWK/USD	725.7665	722.2821	726.5297	724.2134	727.6206	726.6703	721.3557
MWK/GBP	923.2411	900.9008	896.7010	894.4522	890.7475	883.5919	879.4047
MWK/EUR	811.8265	804.6082	809.0850	804.8547	800.9962	799.5577	795.2225
MWK/ZAR	52.4372	52.0956	52.5223	52.1275	50.2716	50.9186	50.5339

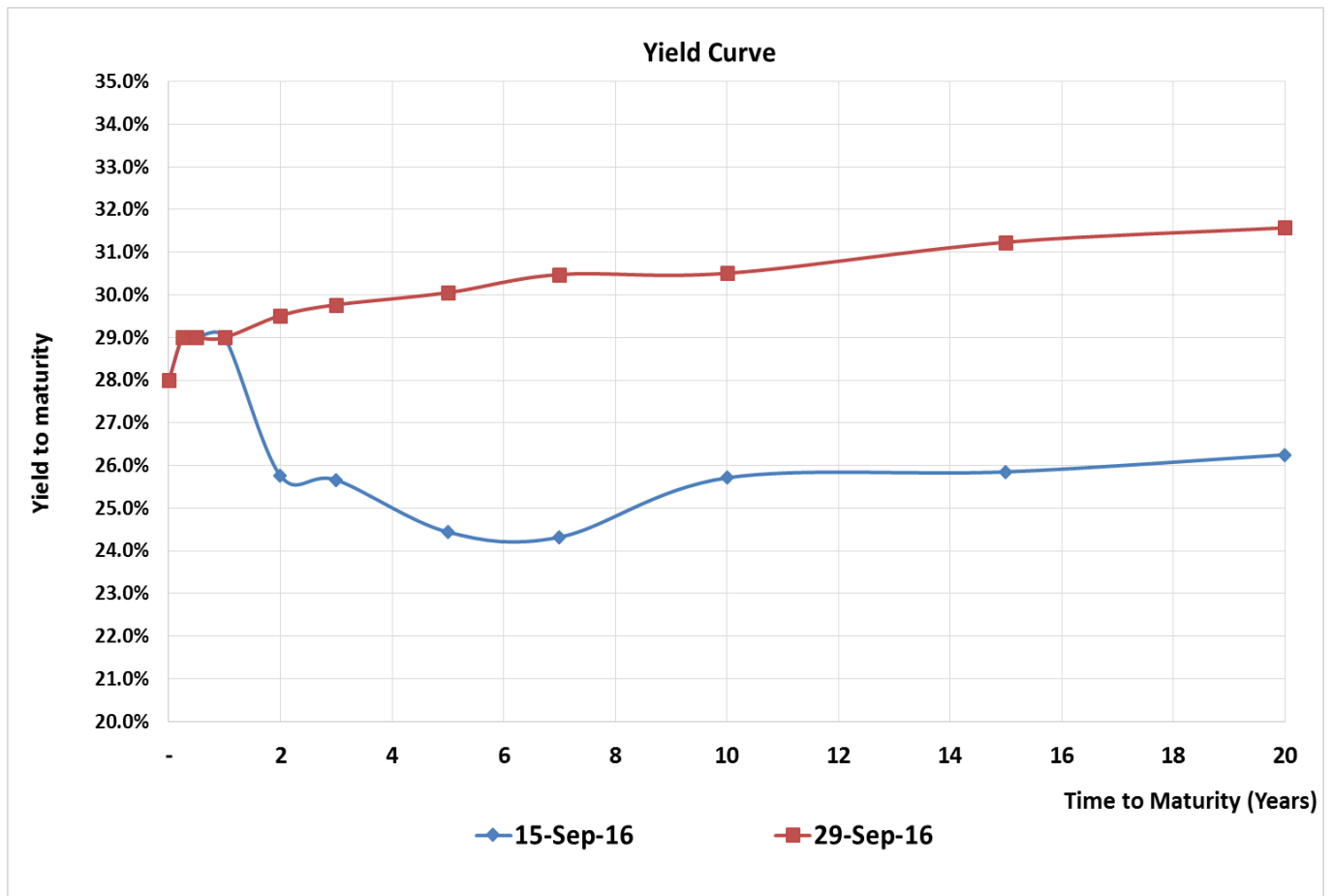
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 13th October 2016, the Kwacha appreciated against the USD, the GBP and the EUR but depreciated marginally versus the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.3557 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 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%	28.16%	28.35%	27.70%	27.57%	29.21%	29.67%	29.84%
29 th 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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