



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

*(In Millions of Malawi Kwacha, unless otherwise specified)*

**Wednesday 18<sup>th</sup> June 2014**

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 <sup>th</sup> June 2014	Week ending 27 <sup>th</sup> June 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-1,056	2,360	2,468
Estimated Excess Reserves	4,008	6,600	9,068
Required Reserves	45,388	45,388	45,388

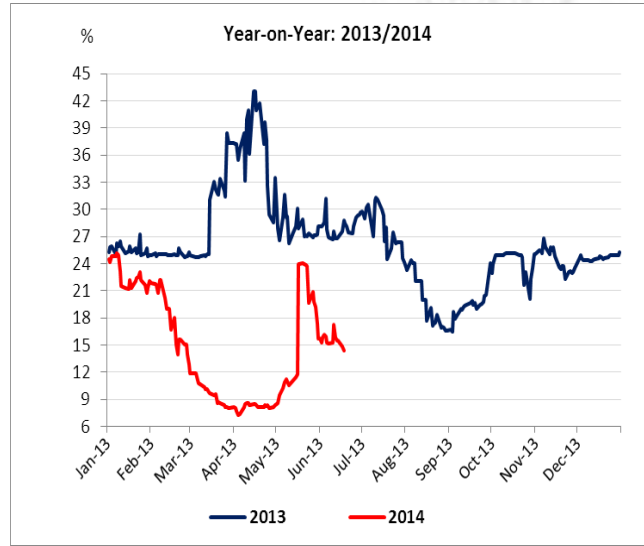
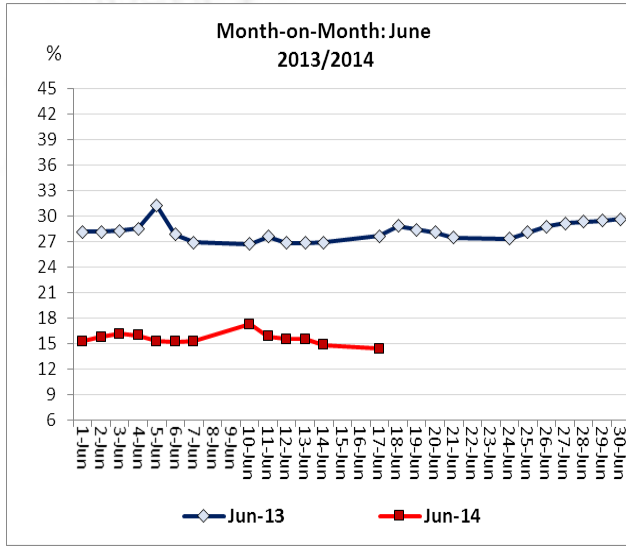
**Commentary:** Excess reserves are estimated to close at MK4.01 billion from MK5.46 billion yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	2,950	14.35
7 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Access to the Lombard facility	-	-
(ii) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(iii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

Traded volumes on the interbank market declined from MK6.0 billion recorded on Monday, 16 June 2014 to MK3.0 billion by end of business yesterday. The weighted average interbank rate went down further to 14.35% yesterday from 14.83% observed on Monday. No access on the Lombard facility was recorded.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

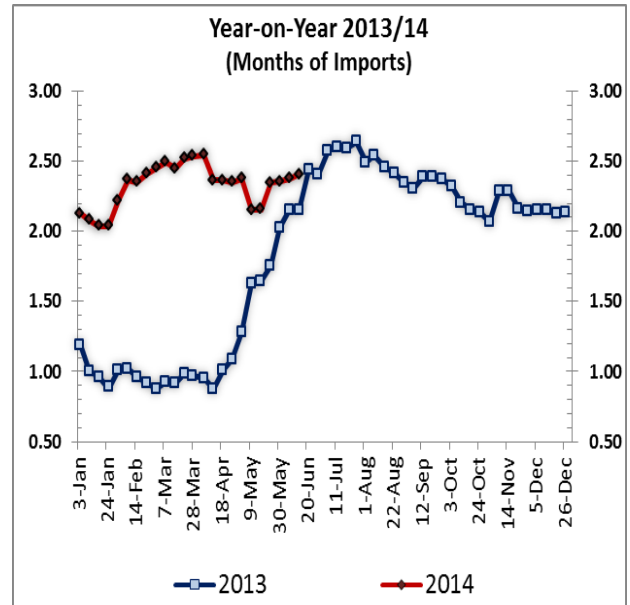
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
6 <sup>th</sup> June 2014	455	2.38
13 <sup>th</sup> June 2014	460	2.41

\* US\$191 million per month is used in this calculation

### Commentary:

Gross official reserves increased during the week under review due to purchases of foreign exchange from the ADBs.



## ii. Private Sector Foreign 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)

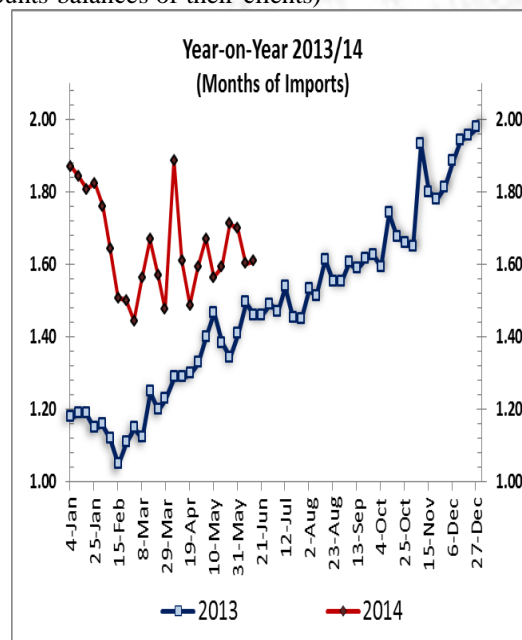
Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
6 <sup>th</sup> June 2014	0.24	305.99	306.23	1.60
13 <sup>th</sup> June 2014	3.91	302.88	306.79	1.61

\* US\$191.0 million per month is used in this calculation

**ADB's FOREIGN EXCHANGE TRADING ACTIVITY- WEEK ENDING**

Week Ending (US\$ m)	ADB's Purchases	ADB's Sales
6 <sup>th</sup> June 2014	71.08	66.55
13 <sup>th</sup> June 2014	69.91	68.11

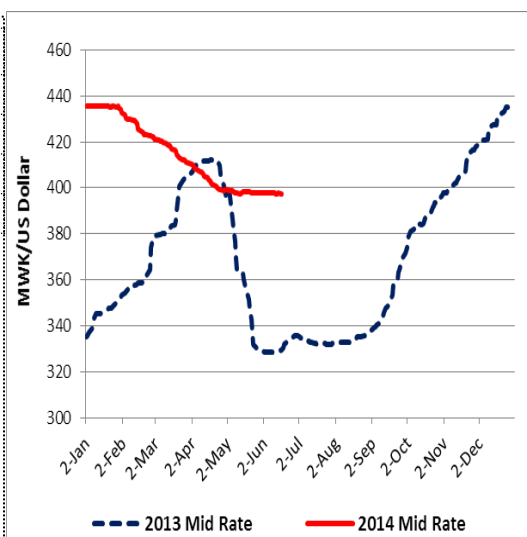
**Commentary:** Private sector reserves rose slightly during the week. FCDAs continue to be volatile compared to a similar period last year. Total ADBs purchases of forex from the market registered \$70 million last week.



## iii. Exchange Rate Developments

Week ending	6 <sup>th</sup> June 2014	13 <sup>th</sup> June 2014	Today
MWK/USD	397.9090	397.5647	397.5647
MWK/GBP	669.2829	673.0373	674.4685
MWK/EUR	543.5437	538.7797	538.5809
MWK/ZAR	37.2302	37.2475	36.6808

**Commentary:** Compared to end of last week, the Kwacha remained unchanged against the USD but depreciated against the GBP. The local currency, however, appreciated against the EUR and the ZAR.



## D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
3rd June 2014	15.77%	-	-	-	20.62%	26.17%	26.17%
10 <sup>th</sup> June 2014	15.19%	20.00	-	27.00	20.90%	26.36%	26.59%
Change in yield (bp)	-58	-	-	-	28	19	42

**DISCLAIMER:** This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.