



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 19th June 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 th June 2014	Week ending 27 th June 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	2,534	-350	2,468
Estimated Excess Reserves	41	302	2,769
Required Reserves	45,388	45,388	45,388

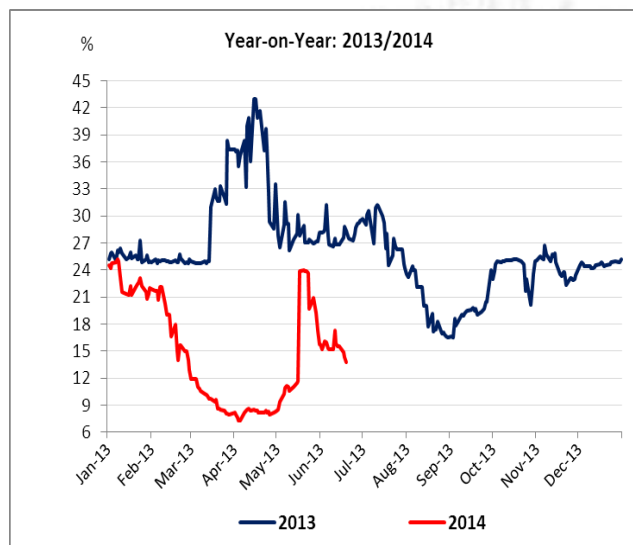
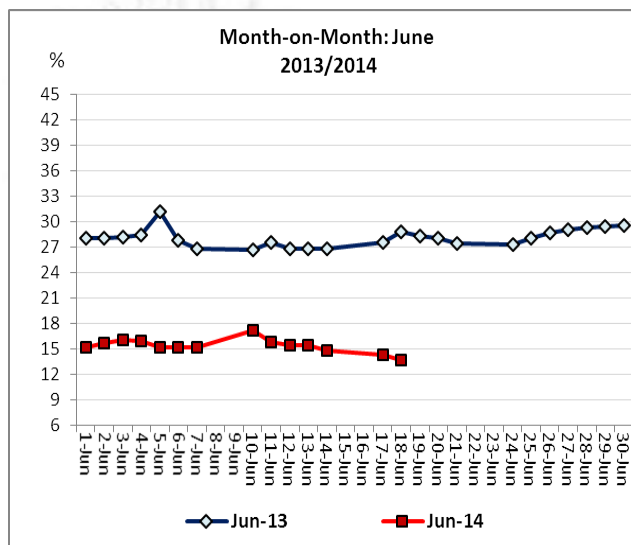
Commentary: Excess reserves are estimated to close at MK41 million from negative MK2.30 billion yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	5,100	13.76
7 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Access to the Lombard facility	-	-
(ii) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	3,868	25.83
(iii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-

ii. Weighted Average Interbank Rates



Commentary:

Traded volumes on the interbank market picked up to K5.1 billion on 18 June 2014 from MK3.0 billion recorded on Tuesday, 17 June 2014. The weighted average interbank rate stood at 13.76% yesterday down from 14.35% recorded on 17 June 2014. K3.9 billion was withdrawn from the market yesterday through repos. No access on the Lombard facility was recorded.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

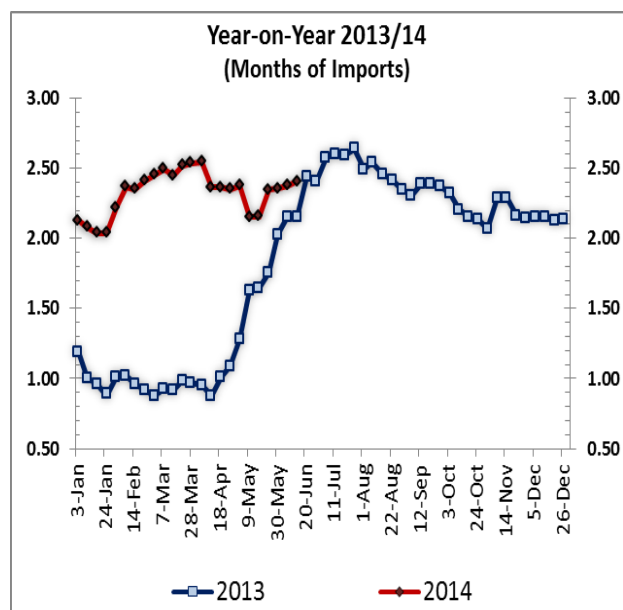
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
6 th June 2014	455	2.38
13 th 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)

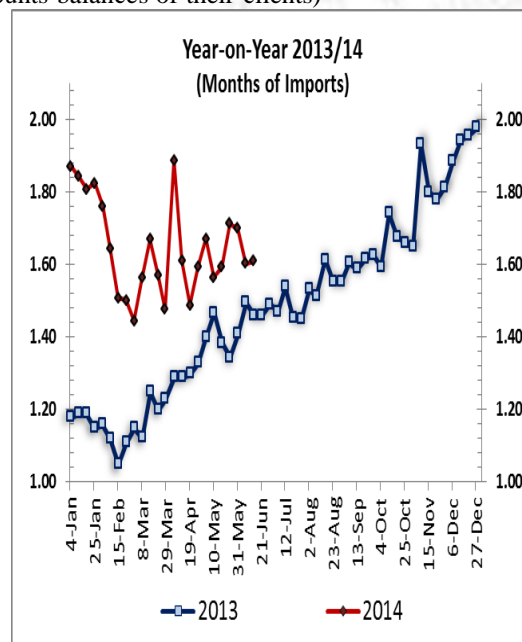
Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
6 th June 2014	0.24	305.99	306.23	1.60
13 th June 2014	3.91	302.88	306.79	1.61

* 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 th June 2014	71.08	66.55
13 th June 2014	69.91	68.11

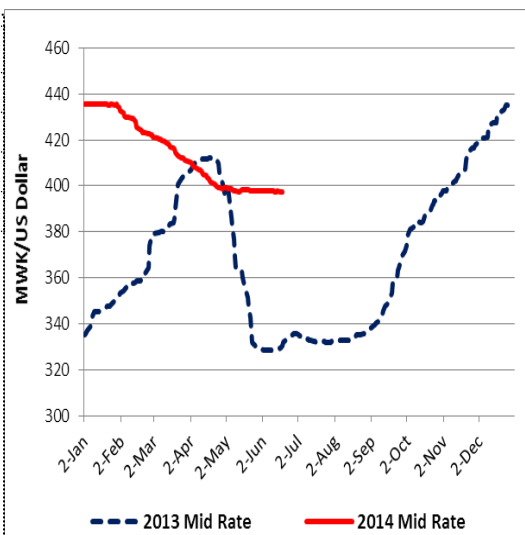
Commentary: Private sector reserves rose slightly during the week. FCDAs continue to be volatile compared to a similar period last year. Total ADBs purchases of forex from the market registered \$70 million last week.



iii. Exchange Rate Developments

Week ending	6 th June 2014	13 th June 2014	Today
MWK/USD	397.9090	397.5647	397.5647
MWK/GBP	669.2829	673.0373	675.6215
MWK/EUR	543.5437	538.7797	540.4892
MWK/ZAR	37.2302	37.2475	37.2849

Commentary: Compared to Friday, 13 June 2014, the Kwacha remains unchanged against the USD but has recorded a marginal depreciation against the GBP, EUR and ZAR.



D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
10 th June 2014	15.19%	20.00	-	27.00	20.90%	26.36%	26.59%
17 th June 2014	14.35%	-	-	-	21.27%	26.63%	26.59%
Change in yield (bp)	-84	-	-	-	37	27	-

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.