



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 23rd June 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 27 th June 2014	Week ending 04 th July 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-248	3,128	698
Estimated Excess Reserves	1,630	5,005	4,307
Required Reserves	45,152	45,152	45,152

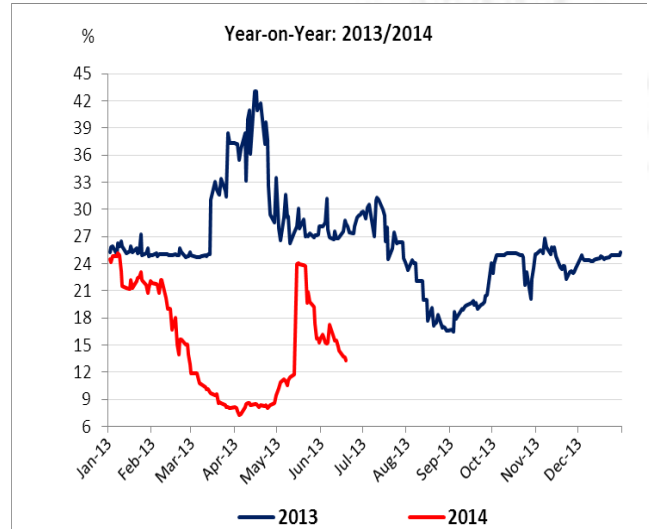
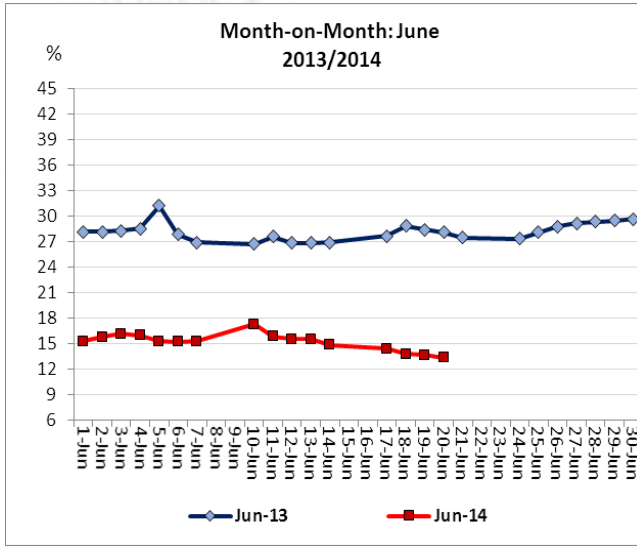
Commentary: Excess reserves are estimated to close at MK1.63 billion today from MK1.59 billion observed on Friday, 20 June 2014.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	6,820	13.29
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	-	-
(iii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-

ii. Weighted Average Interbank Rates



Commentary:

Traded volumes on the interbank market slightly declined to K6.8 billion by close of business last Friday from K6.9 billion recorded on Thursday, 19 June 2014. The weighted average interbank rate continues to decline and stood at 13.29% on 20 June 2014 from 13.64% observed on 19 June 2014.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

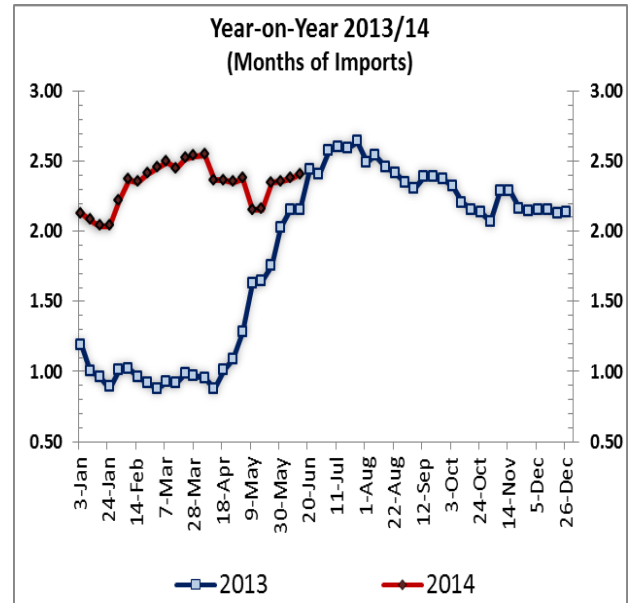
i. Gross Official Foreign Reserves Position

(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)

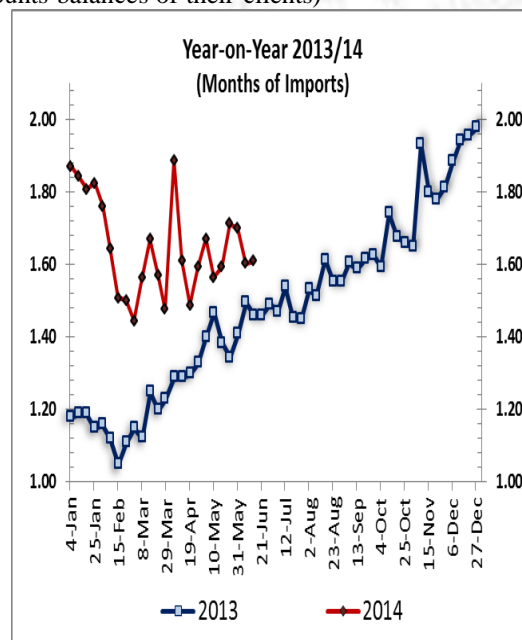
Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
6 th June 2014	0.24	305.99	306.23	1.60
13 th June 2014	3.91	302.88	306.79	1.61

* 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

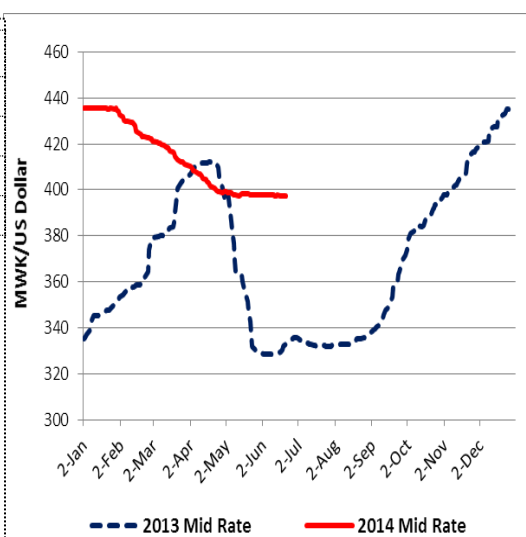
Commentary: Private sector reserves rose slightly during the week. FCDAs continue to be volatile compared to a similar period last year. Total ADBs purchases of forex from the market registered \$70 million last week.



iii. Exchange Rate Developments

Week ending	13 th June 2014	20 th June 2014	Today
MWK/USD	397.5647	397.5647	397.5647
MWK/GBP	673.0373	677.4105	677.5298
MWK/EUR	538.7797	541.0060	541.1253
MWK/ZAR	37.2475	36.9896	37.3125

Commentary: Compared to Friday, 20 June 2014, the Kwacha remains unchanged against the USD but has marginally depreciated against the ZAR, GBP, and EUR.



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.