



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

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

**Tuesday, 01<sup>st</sup> July 2014**

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 04 <sup>th</sup> July 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-247	-4,501
Estimated Excess Reserves	6,596	1,792
Required Reserves	45,595	45,595

**Commentary:**

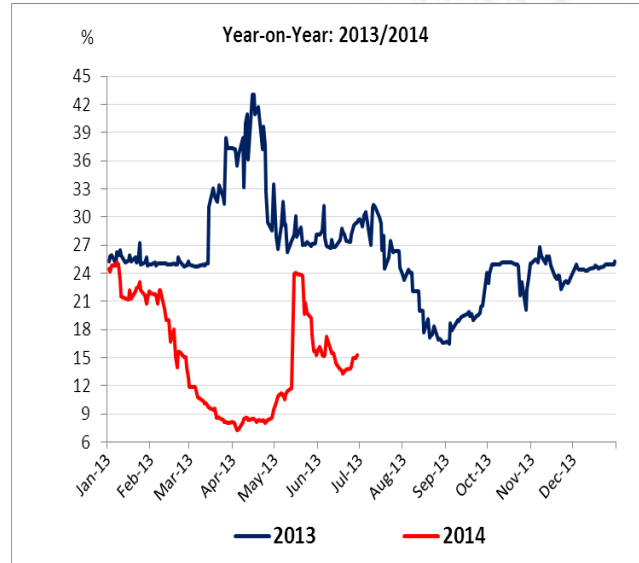
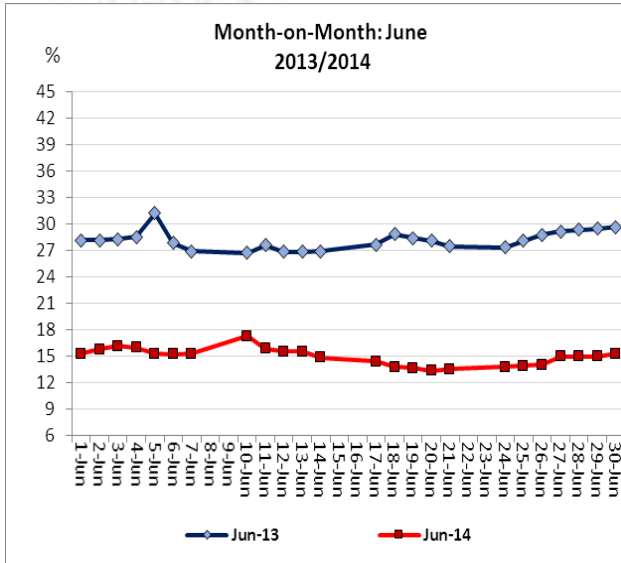
Excess reserves are estimated to close the day at MK6.6 billion from MK6.84 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	3,950	14.22
7 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	663	25.00
60 days	1,215	22.50
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market stood at K3.95 billion yesterday compared to MK5.0 billion observed last Friday. The interbank rate (IBR) lost 72 basis points and settled at 14.22 percent on 30 June 2014.
- Repos of tenors 30 days and 60 days withdrew about K663 million and K1,215 million respectively from the banking system yesterday. No access on the Lombard Facility was recorded on 30 June 2014.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

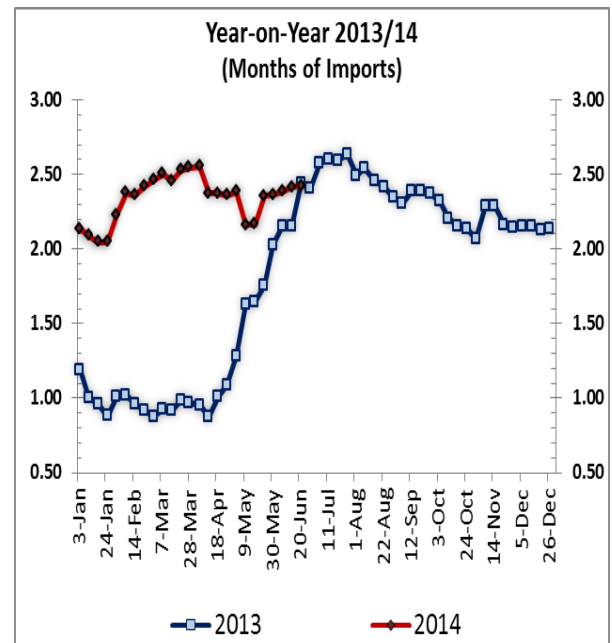
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
20 <sup>th</sup> June 2014	462	2.42
27 <sup>th</sup> June 2014	478	2.50

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

### Commentary:

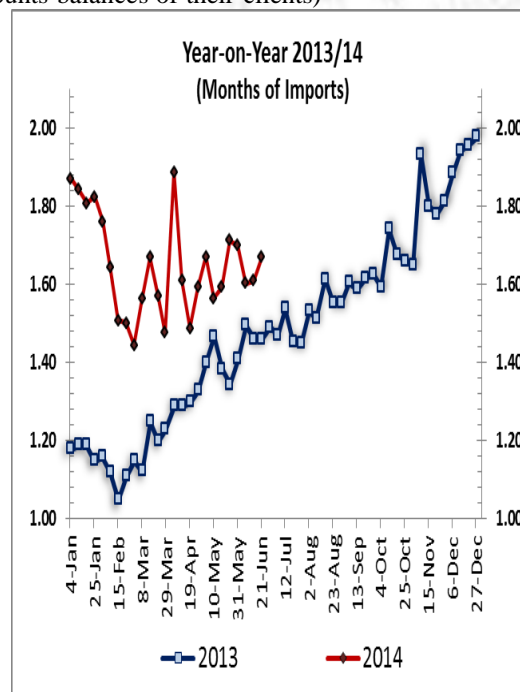
Purchases of foreign exchange from the ADBs continue to boost gross official reserves position.



## ii. Private Sector Foreign Reserves

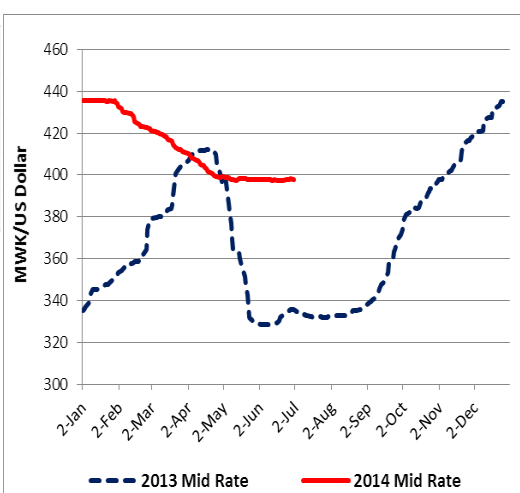
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
20 <sup>th</sup> June 2014	-2.69	319.88	317.19	1.67
27 <sup>th</sup> June 2014	-4.04	345.77	341.73	1.79
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY- WEEK ENDING				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
20 <sup>th</sup> June 2014	80.53		86.05	
27 <sup>th</sup> June 2014	60.13		56.21	
<b>Commentary:</b> Private sector reserves rose significantly during the week on account of increase in FCDAs. Total ADBs purchases of forex from the market amounted to U\$60.13 million against the sales of \$56.21 million.				



## iii. Exchange Rate Developments

Week ending	20 <sup>th</sup> June 2014	27 <sup>th</sup> June 2014	Today
MWK/USD	397.5647	397.7871	397.8325
MWK/GBP	677.4105	677.6701	680.5323
MWK/EUR	541.0060	542.1043	544.7123
MWK/ZAR	36.9896	37.4060	37.3991
<b>Commentary:</b> The Kwacha today has depreciated against most of the currencies of major trading partners compared to Friday, 27 June 2014 except for the ZAR which has appreciated.			



## D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
17 <sup>th</sup> June 2014	14.35%	-	-	-	21.27%	26.63%	26.59%
24 <sup>th</sup> June 2014	13.75%	20.00	-	-	21.72%	26.76%	26.00%
Change in yield (bp)	-60	-	-	-	45	13	-59

**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.