



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 22nd July 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 25 th July 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	912	1,921
Estimated Excess Reserves	15,613	14,935
Required Reserves	46,066	46,066

Commentary:

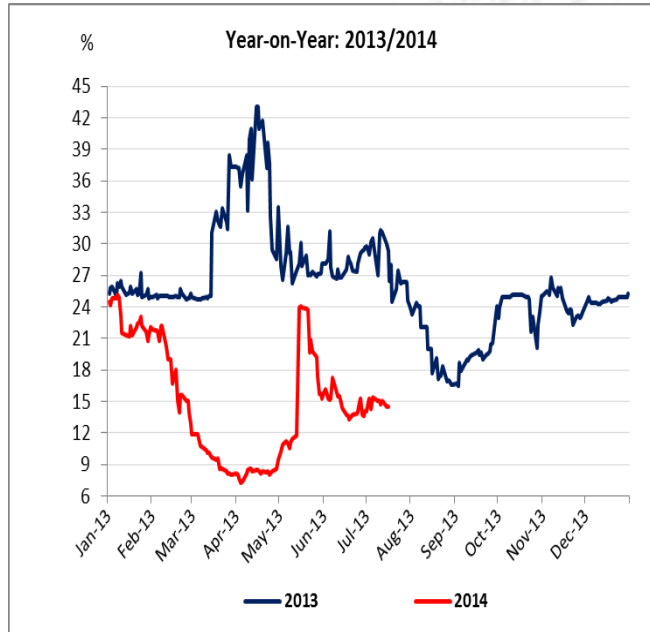
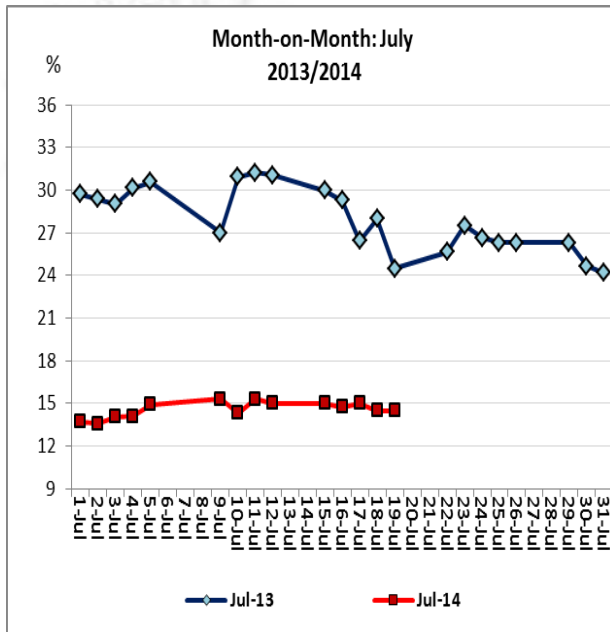
- Excess reserves are estimated to close at MK15.61 billion today from MK12.65 billion observed yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	3,550	14.50
7 days	-	-
14 days	1,000	15.88
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market dropped to MK3.55 billion yesterday from MK4.02 billion recorded last Friday
- The interbank rate (IBR) remained unchanged at 14.50 percent and no bank accessed the Lombard Facility yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

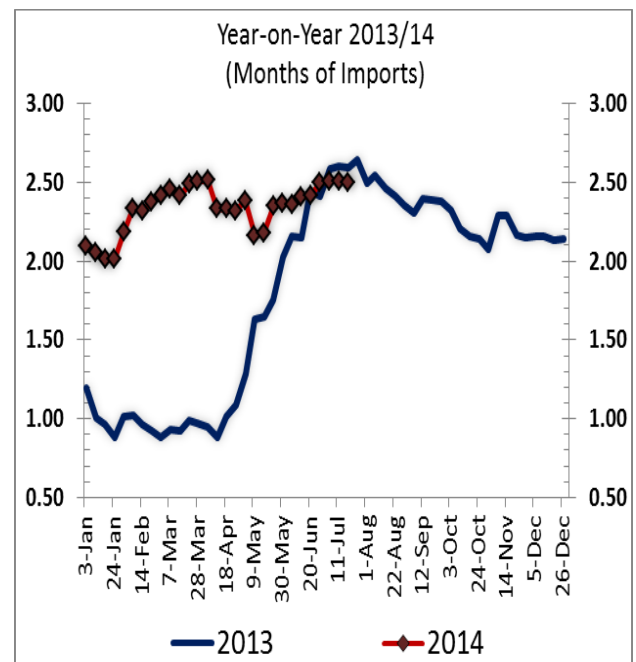
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
11 th July 2014	477	2.50
18 th July 2014	477	2.50

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

Commentary:

- Gross official reserves position remained unchanged at US\$477 million on 18 July 2014 from the previous week.



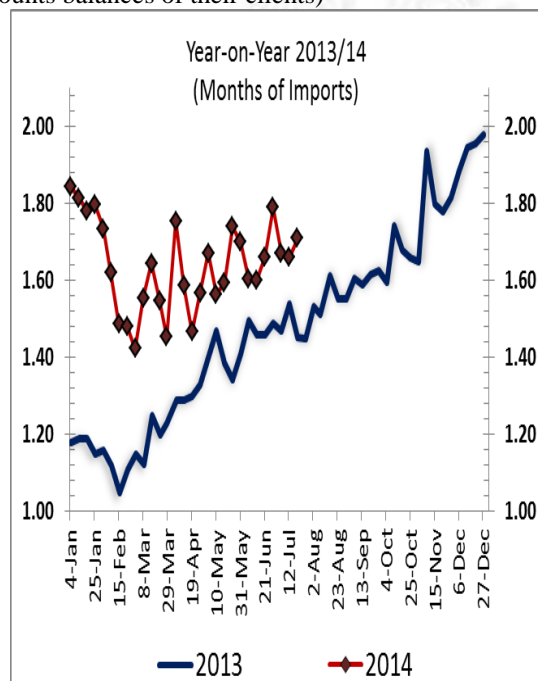
ii. Private Sector Foreign Reserves

(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)
11 th July 2014	5.96	310.80	316.76	1.66
18 th July 2014	10.22	315.76	325.98	1.71
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
11 th July 2014	58.12		56.63	
18 th July 2014	71.12		67.81	

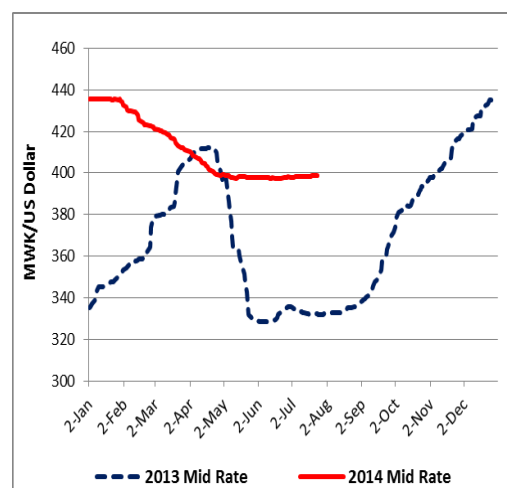
Commentary:

- FCDA positions continue to be more volatile this year relative to same time last year.
- For the week ending 18th July 2014, total ADBs purchases of forex from the market amounted to U\$71.12 million surpassing sales at U\$67.81 million by U\$3.31 million.



iii. Exchange Rate Developments

Week ending	11 th July 2014	18 th July 2014	Today
MWK/USD	398.4319	398.6044	398.6044
MWK/GBP	682.5935	681.6534	680.6569
MWK/EUR	542.2260	539.1523	539.0726
MWK/ZAR	37.2405	37.0412	37.5893
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 18th July 2014, the Kwacha has remained unchanged against the US Dollar. The local currency has appreciated against the GBP and the EUR but it has depreciated against the ZAR. 			



D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
08 th July 2014	14.91%	-	-	-	23.28%	26.97%	26.50%
15 th July 2014	15.02%	-	-	-	19.52%	-	-
Change in yield (bp)	11	-	-	-	-376	-	-

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.