



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 31st July 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 1 st August 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-8,740	471
Estimated Excess Reserves	10,116	11,436
Required Reserves	44,920	44,920

Commentary:

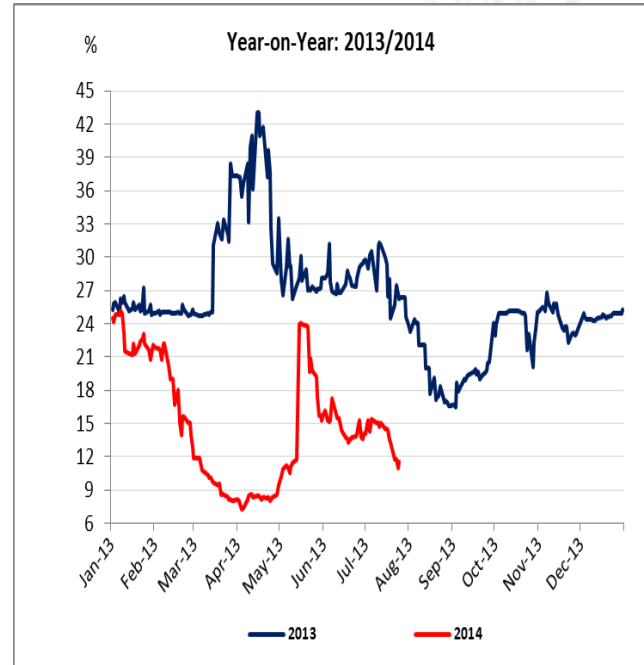
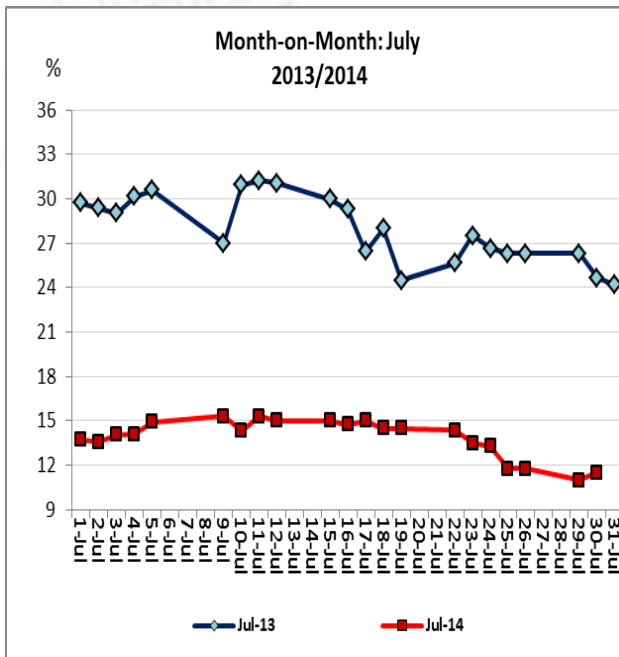
- Excess reserves are estimated to close at MK10.12 billion today, down from MK18.96 billion observed yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	650	11.50
7 days	-	-
14 days	-	-
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:

- A total of MK0.65 billion was traded on the interbank market yesterday, compared with a total of MK0.43 billion that was traded on that market the previous day.
- The interbank rate (IBR) went up by 50 basis points yesterday and reached 11.50 percent.
- No bank accessed the Lombard Facility yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

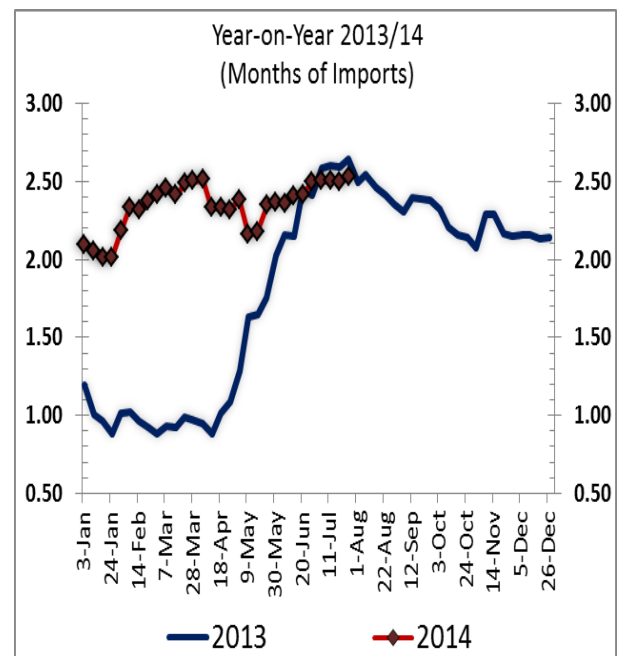
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
18 th July 2014	477	2.50
25 th July 2014	484	2.53

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

Commentary:

- Gross official reserves increased to US\$484 million on 25 July 2014, from \$477 million recorded on 18 July 2014.



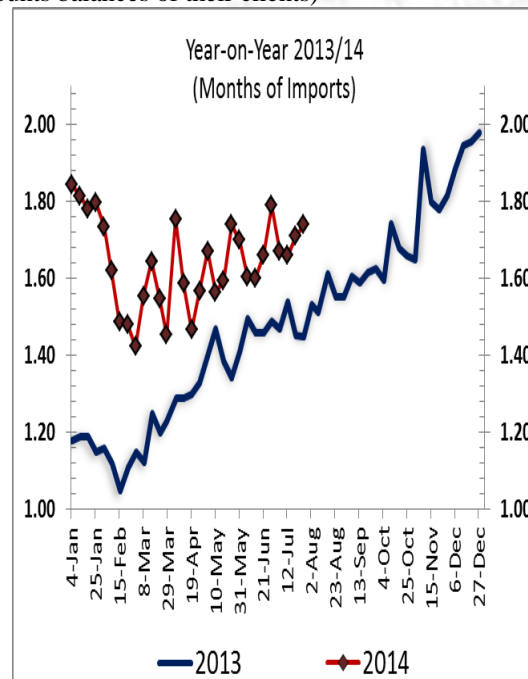
ii. Private Sector Foreign Reserves

(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)
18 th July 2014	10.22	315.76	325.98	1.71
25 th July 2014	16.33	315.06	331.39	1.74
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
18 th July 2014	71.12		67.81	
25 th July 2014	60.34		54.94	

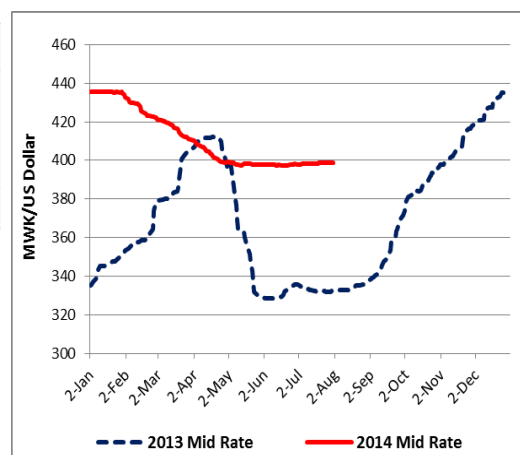
Commentary:

- FCDA positions continue to be more volatile this year relative to same time last year.
- For the week ending 25th July 2014, total ADBs purchases of forex from the market amounted to US\$60.34 million surpassing sales at US\$54.94 million by US\$5.40 million.



iii. Exchange Rate Developments

Week ending	18 th July 2014	25 th July 2014	Today
MWK/USD	398.6044	398.6044	398.6044
MWK/GBP	681.6534	677.0694	674.1596
MWK/EUR	539.1523	536.6810	534.0103
MWK/ZAR	37.0412	37.8632	37.4073
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 25th July 2014, the Kwacha has remained unchanged against the US Dollar. The local currency has appreciated against the GBP, the EUR and the ZAR. 			



D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
22 nd July 2014	14.38%	-	-	-	18.59%	-	-
29 th July 2014	11.00	-	-	-	16.81%	17.85%	17.89%
Change in yield (bp)	-338	-	-	-	-178	-	-

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.