



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 22nd August 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 22 nd August 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	1,352	3,239
Estimated Excess Reserves	3,550	3,550
Required Reserves	46,652	46,652

Commentary:

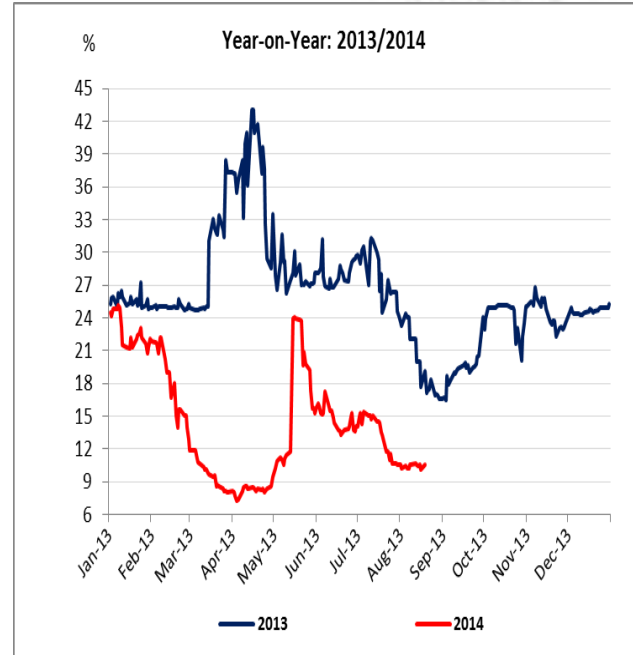
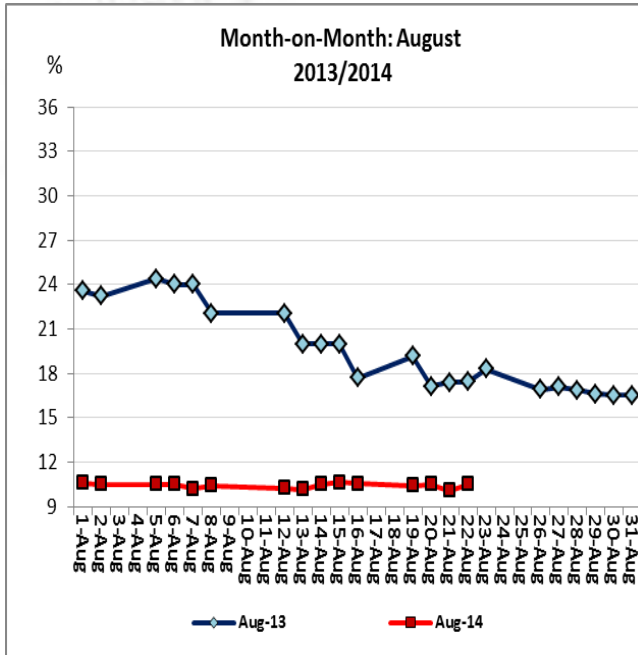
- Excess reserves are expected to close at MK3.55 billion today, going up from MK2.20 billion that was observed yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	3,930	10.50
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:

- Traded volumes on the interbank market went up significantly yesterday. A total of MK3.93 billion was traded on this market, up from MK1.65 billion that was recorded the previous day.
- The interbank rate (IBR) moved up 40 basis points from the previous trading day's position and stood at 10.50 percent.
- No access on the Lombard Facility was observed yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

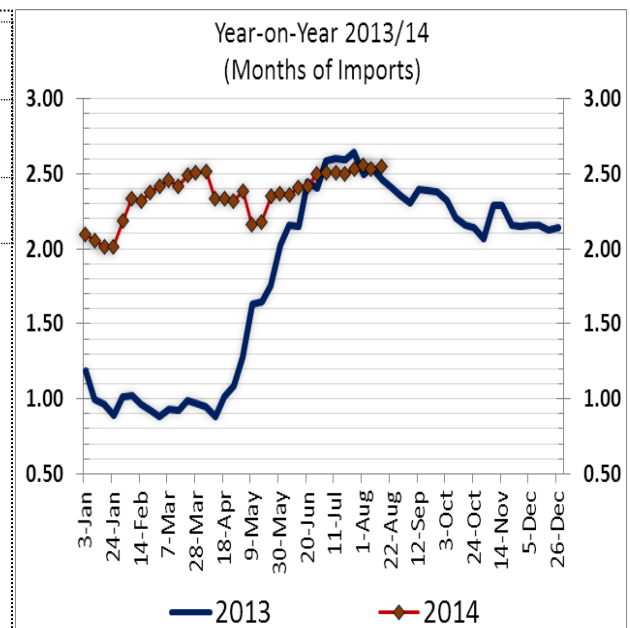
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves million (US\$)	Import Cover * (Months)
08 th August 2014	483.33	2.53
15 th August 2014	487.44	2.55

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

Commentary:

- Gross official reserves increased to U\$487 million on Friday, 15th August 2014, from U\$483 million recorded by end of the preceding 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)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
8th August 2014	14.56	325.54	340.10	1.78
15th August 2014	12.38	323.86	336.24	1.76

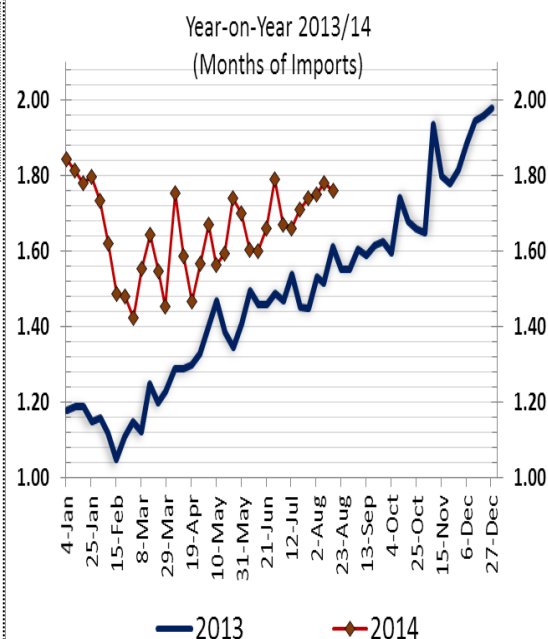
* US\$191.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ m)	ADB's Purchases	ADB's Sales
8th August 2014	52.18	52.69
15th August 2014	55.25	55.52

Commentary:

- In the week ending 15th August 2014, total ADBs purchases of forex from the market at US\$55.25 million were marginally below total sales that amounted to US\$55.52 million.

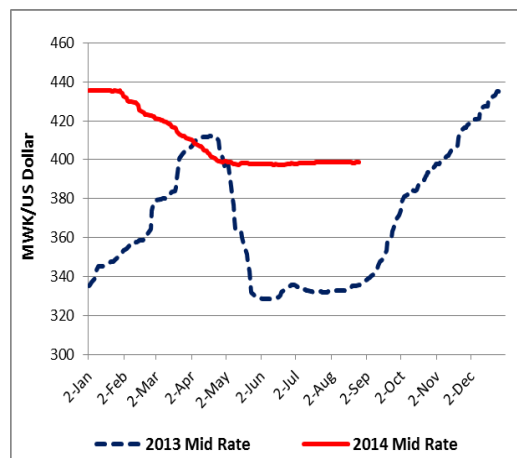


iii. Exchange Rate Developments

Week ending	08 th August 2014	15 th August 2014	Today
MWK/USD	398.7544	398.7771	398.5376
MWK/GBP	671.2233	665.3995	661.1340
MWK/EUR	532.8954	532.9656	529.8956
MWK/ZAR	37.0356	37.8013	37.2650

Commentary:

- Compared to last Friday, 15th August 2014, the Kwacha has appreciated against all currencies of major trading partners.



D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
12 th August 2014	10.25%	-	-	-	17.13%	17.91%	19.17%
19 th August 2014	10.50%	13.00%	-	-	18.36%	19.28%	20.50%
Change in yield (bp)	25	-	-	-	123	63	133

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.