



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 19 September 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 19 th September 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	278	-3,318
Estimated Excess Reserves	5,383	5,383
Required Reserves	47,619	47,619

Commentary:

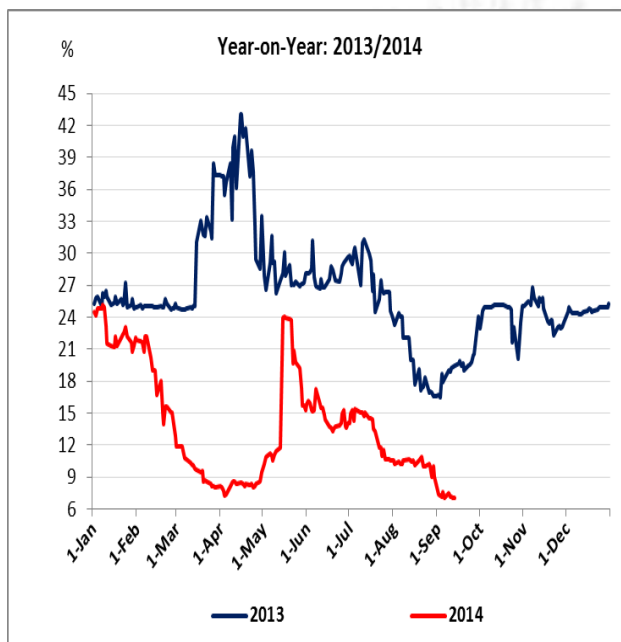
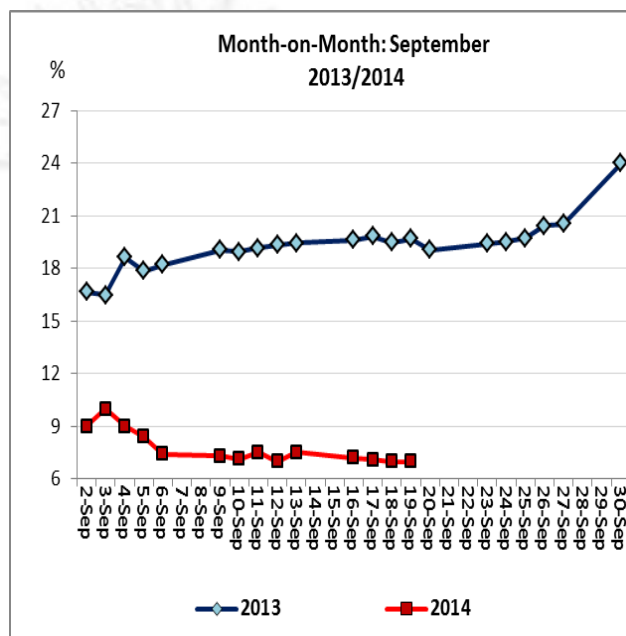
- Excess reserves are expected to close today at MK5.38 billion from MK 5.11 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	3,230	7.00
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 increased to MK3.23 billion yesterday from MK3.00 billion recorded on Wednesday, 17th September, 2014.
- The interbank rate (IBR) remained unchanged at 7.00 percent.
- No access on the Lombard Facility was recorded yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

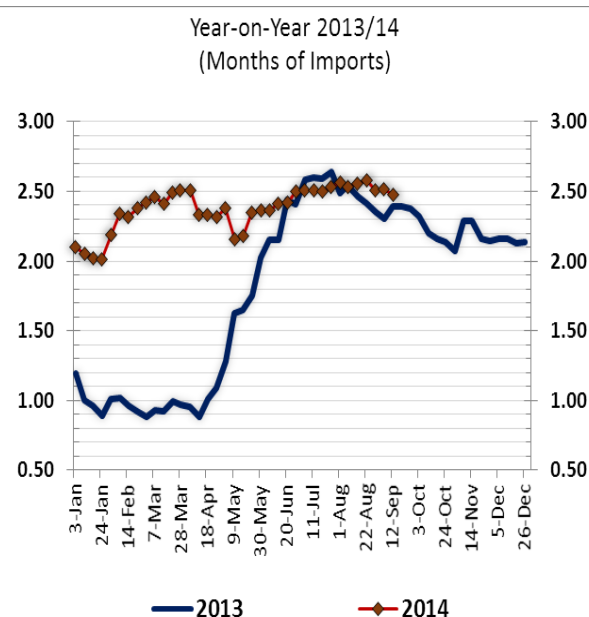
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
05 th September 2014	481.11	2.52
12 th September 2014	472.25	2.47

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

Commentary:

- Gross Official Reserves decreased during the week ending 12th September 2014 compared to the previous week.



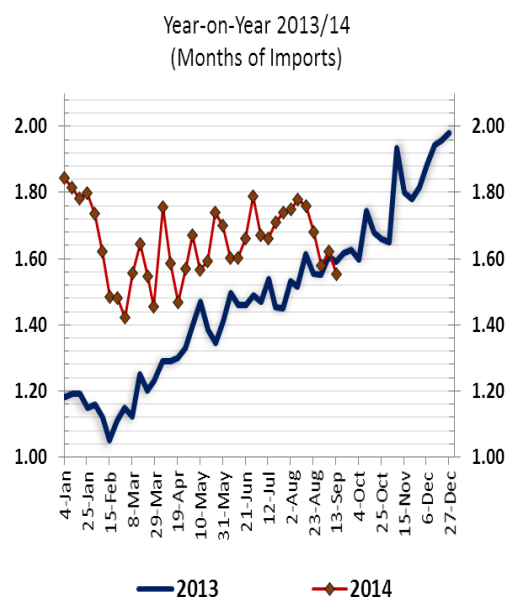
ii. Private Sector Foreign Reserves

(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)
05 th September 2014	17.75	291.87	309.62	1.62
12 th September 2014	7.26	289.33	296.59	1.55
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
05 th September 2014	46.26		41.09	
12 th September 2014	30.73		43.10	

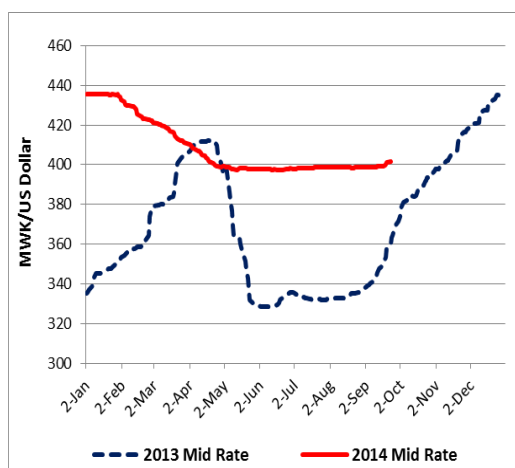
Commentary:

- Private sector reserves decreased during the week ending 12th September 2014 as ADBs sales to the market surpassed purchases.



iii. Exchange Rate Developments

Week ending	05 th September 2014	12 th September 2014	Today
MWK/USD	398.7036	399.3868	401.4314
MWK/GBP	651.1228	649.2032	658.1468
MWK/EUR	516.0819	516.2074	518.7698
MWK/ZAR	37.1540	36.4244	36.2394
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 12th September 2014, the Kwacha has depreciated against the USD, the GBP and the EUR. The local currency has, however, appreciated against the ZAR. 			



D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
09 th September 2014	7.12%	-	-	-	19.34%	20.50%	20.50%
16 th September 2014	7.10%	-	-	-	18.36%	20.30%	20.27%
Change in yield (bp)	-2	-	-	-	-98	-20	-23

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