



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 13 October 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 17 th October 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-2,918	-2,955
Estimated Excess Reserves	-2,876	320
Required Reserves	47,701	47,701

Commentary:

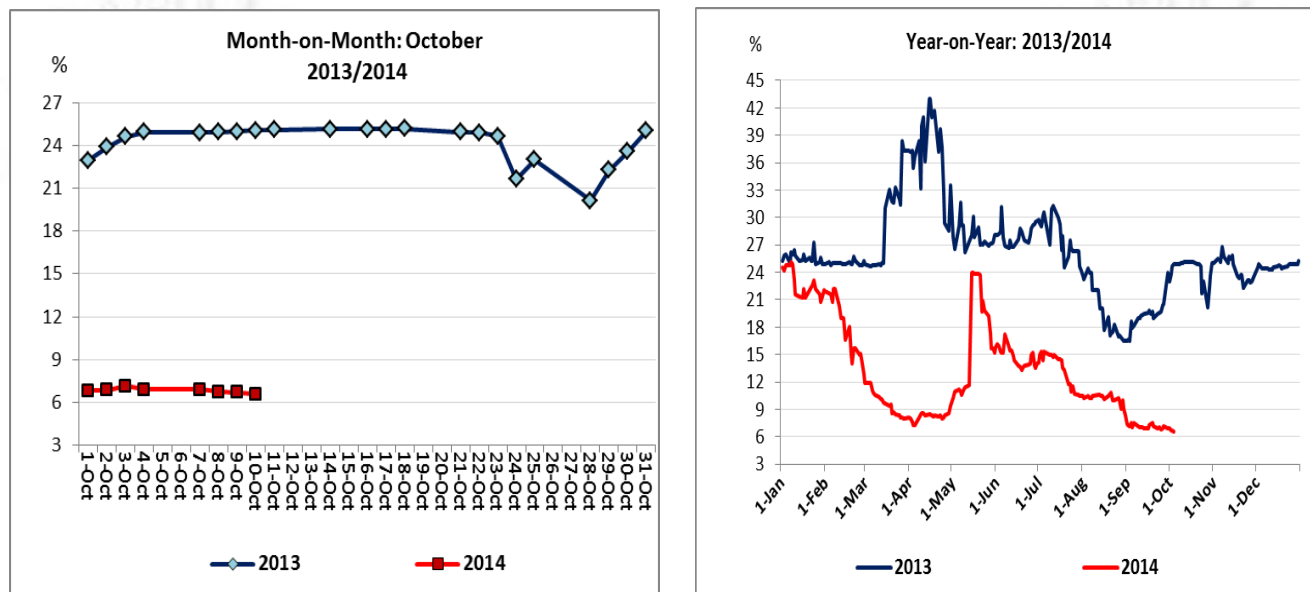
- Excess reserves are expected to close today at negative MK2.92 billion from negative MK778 million observed on Friday, 10th October 2014.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	3,450	6.57
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 on Friday, 10th October 2014 to MK3.45 billion from MK2.93 billion observed the previous trading day.
- The interbank rate (IBR) moved down to 6.57 percent from 6.71 percent recorded on Thursday, 9th October 2014.
- No access on the Lombard Facility was recorded last Friday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

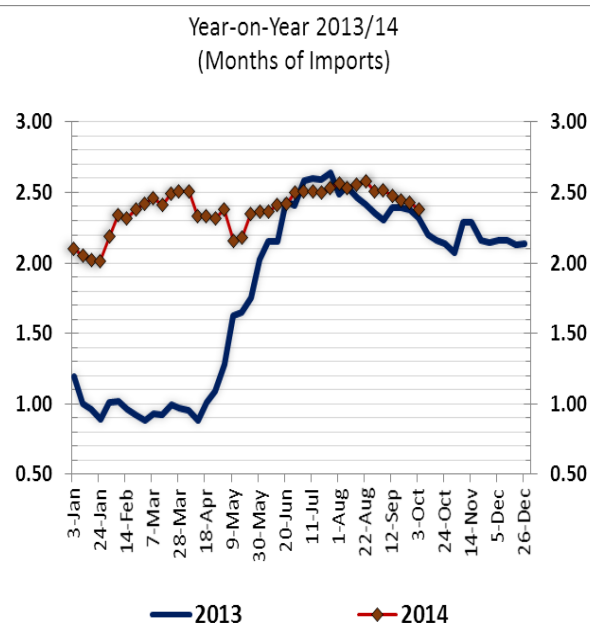
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
26 th September 2014	463.72	2.43
03 rd October 2014	454.84	2.38

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

Commentary:

- Gross Official Reserves decreased during the week ending 03rd October 2014 compared to the previous week following the Monetary Authorities' continued commitment to support importation of strategic commodities in the economy. The decrease notwithstanding, the official gross fx reserves were still higher than the position observed same time last year.



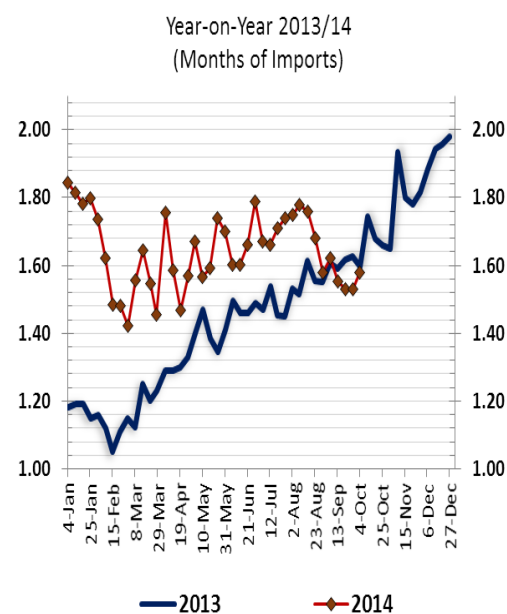
ii. Private Sector Foreign Reserves

(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)
26 th September 2014	10.38	281.91	292.29	1.53
03 rd October 2014	9.31	292.56	301.87	1.58
* 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	
26 th September 2014	58.91		53.25	
03 rd October 2014	37.41		47.91	

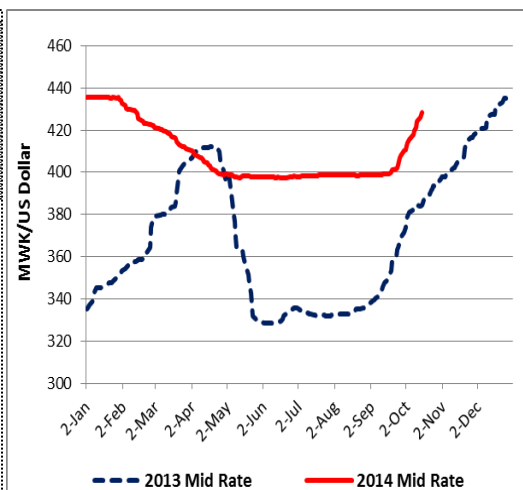
Commentary:

- Private sector fx reserves significantly improved during the week ending 3rd October 2014 and stood at US\$301.9 million as of Friday, 3rd October, 2014.



iii. Exchange Rate Developments

Week ending	3 rd October 2014	10 th October 2014	Today
MWK/USD	417.2631	426.1865	428.3077
MWK/GBP	673.6713	686.8848	688.3761
MWK/EUR	528.6306	540.8733	541.0383
MWK/ZAR	37.3056	38.5166	38.5020
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 10th October 2014, the Kwacha has depreciated today against the USD, the GBP and the EUR. The local currency, however, has appreciated marginally against the ZAR. 			



D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
30 th September 2014	7.08%	-	-	-	18.82%	20.36%	20.50%
07 th October 2014	6.90%	-	-	-	18.85%	20.30%	20.50%
Change in yield (bp)	-18	-	-	-	03	-06	00

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