



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 03 November 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 7 th November 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	1,011	614
Estimated Excess Reserves	-1,425	-3,479
Required Reserves	46,128	46,128

Commentary:

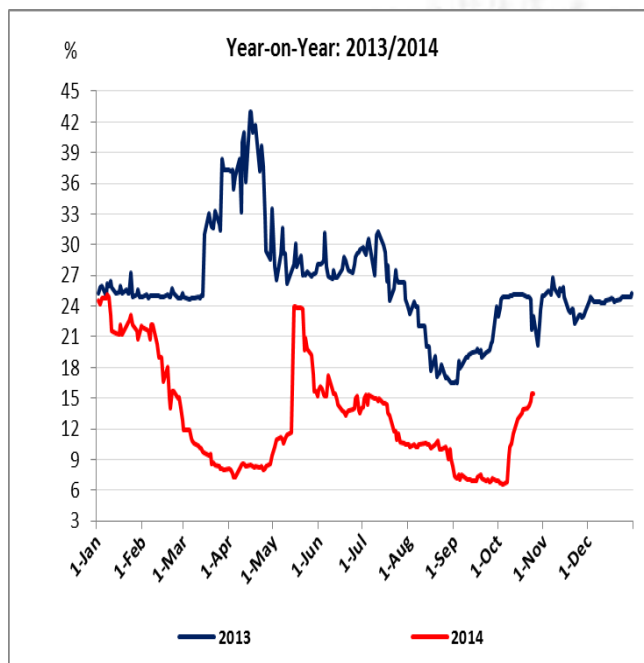
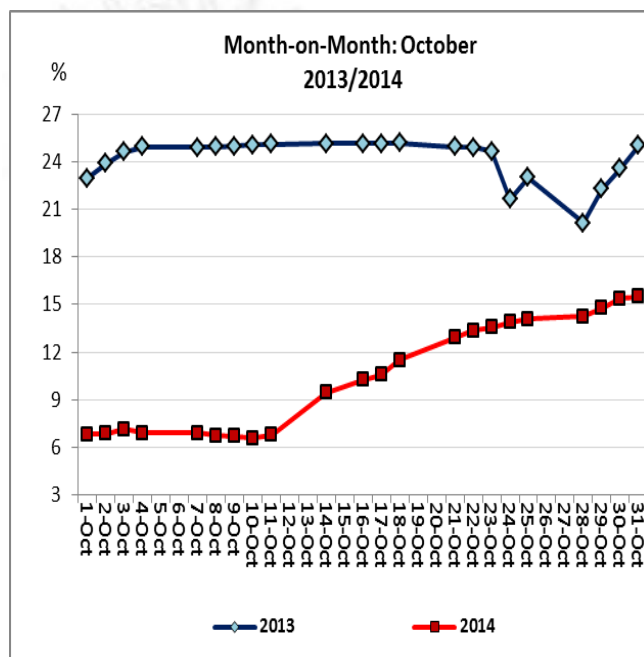
- Excess reserves are expected to close today at negative MK1.43 billion from MK1.66 billion observed on Friday, 31 October 2014.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	2,350	15.63
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	4,100	24.50

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market dropped to MK2.35 billion on Friday, 31 October 2014, from MK4.10 billion observed on Thursday, 30th October 2014.
- The interbank rate (IBR) gained 24 basis points and closed at 15.63 percent from 15.39 recorded on Thursday, 30th October 2014.
- K4.10 billion was accessed from the Lombard Facility last Friday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

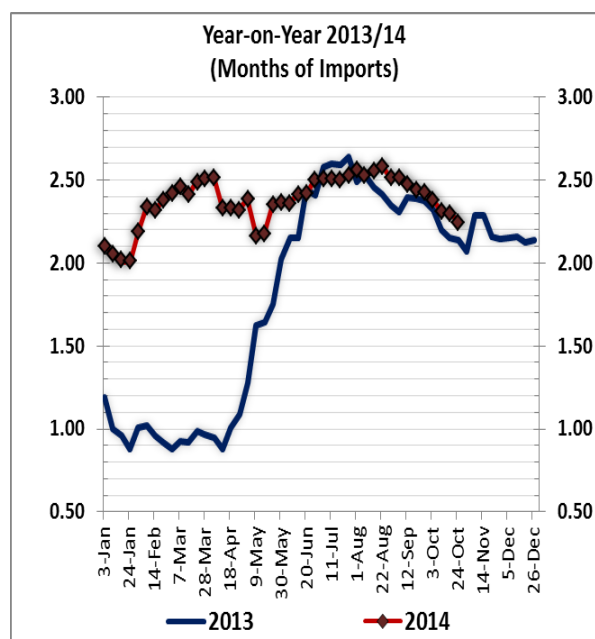
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
17 th October 2014	439.31	2.30
24 th October 2014	427.35	2.24

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

Commentary:

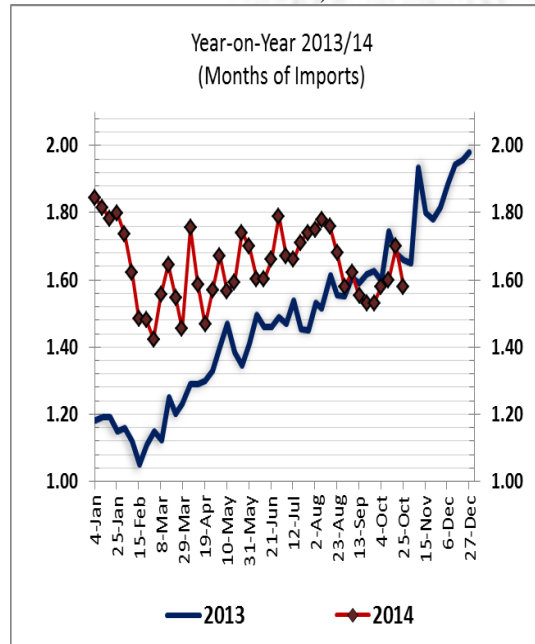
- Gross Official Reserves decreased during the week ending 24th October 2014 compared to the preceding week. This was mainly on account of Monetary Authorities' continued commitment to support importation of strategic commodities in the economy. However, the official gross foreign exchange reserves were still higher than the position observed same time last year.



ii. Private Sector Foreign Reserves

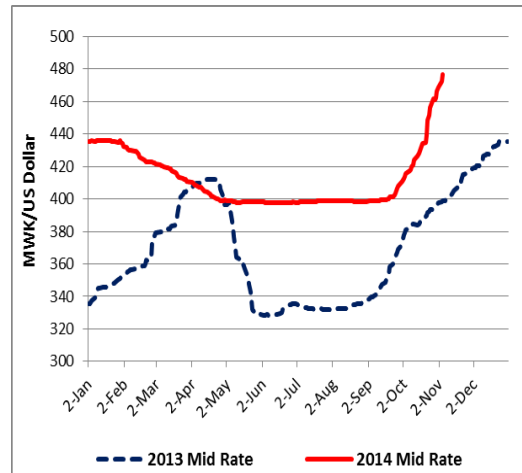
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
17 th October 2014	14.87	309.76	324.63	1.70
24 th October 2014	11.95	289.79	301.74	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	
17 th October 2014	44.11		47.00	
24 th October 2014	27.32		33.08	
Commentary:				
<ul style="list-style-type: none">Private sector foreign exchange reserves declined during the week-ending 24th October 2014 and stood at US\$301.74 million.				



iii. Exchange Rate Developments

Week ending	24 th October 2014	31 st October 2014	Today
MWK/USD	461.8187	472.2305	476.5121
MWK/GBP	740.2954	755.6632	761.2281
MWK/EUR	584.0159	595.6243	596.4502
MWK/ZAR	42.0703	43.4491	43.1428
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 31st October 2014, the Kwacha has depreciated today 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
21 st October 2014	12.91%	-	-	-	20.44%	20.39%	20.38%
28 th October 2014	14.25%	-	-	-	20.17%	20.50%	20.50%
-Change in yield (bp)	134	-	-	-	-27	11	12

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