



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 06 November 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 7 th November 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	1,710	-1,150
Estimated Excess Reserves	-8,804	-9,398
Required Reserves	46,128	46,128

Commentary:

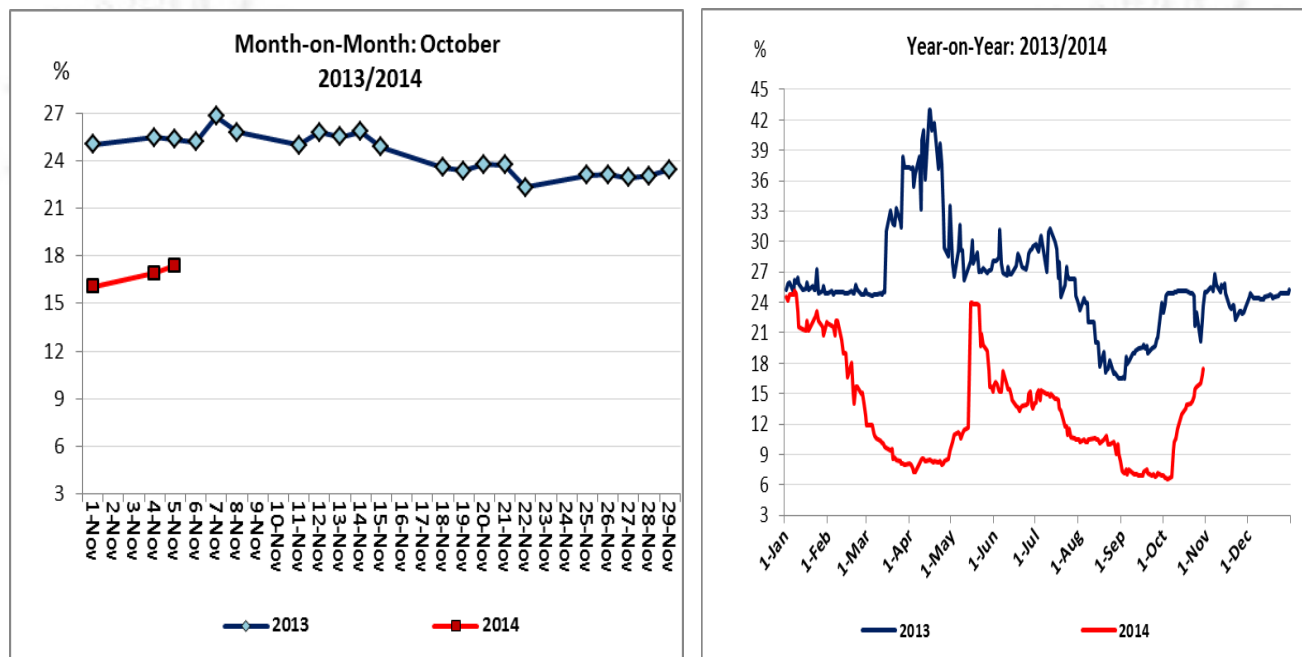
- Excess reserves are expected to close today at negative MK8.80 billion from MK9.53 billion observed yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	7,100	17.40
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 decreased yesterday to MK7.10 billion from MK8.85 billion recorded on Tuesday, 4th November, 2014.
- The interbank rate (IBR) moved up and stood at 17.40 percent from 16.90 percent recorded on Tuesday, 4th November, 2014.
- No bank accessed the Lombard Facility yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

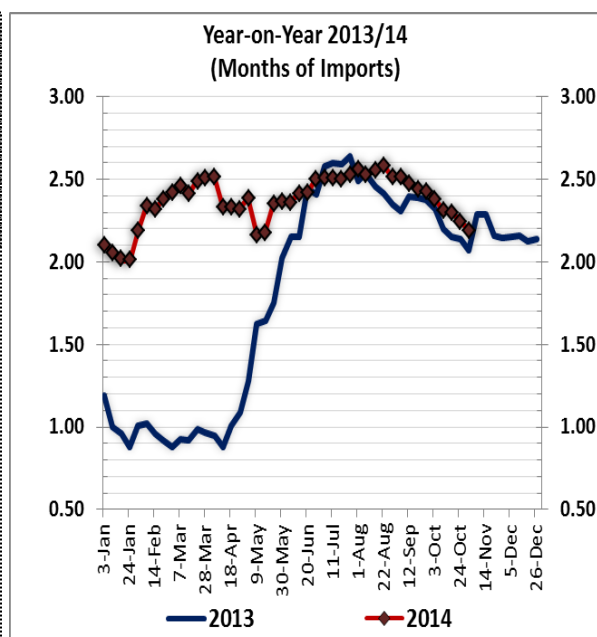
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
24 th October 2014	427.35	2.24
31 st October 2014	418.59	2.19

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

Commentary:

- Gross Official Reserves decreased during the week ending 31st October 2014 compared to the preceding week mainly due to Monetary Authorities' continued commitment to support importation of strategic commodities in the country.



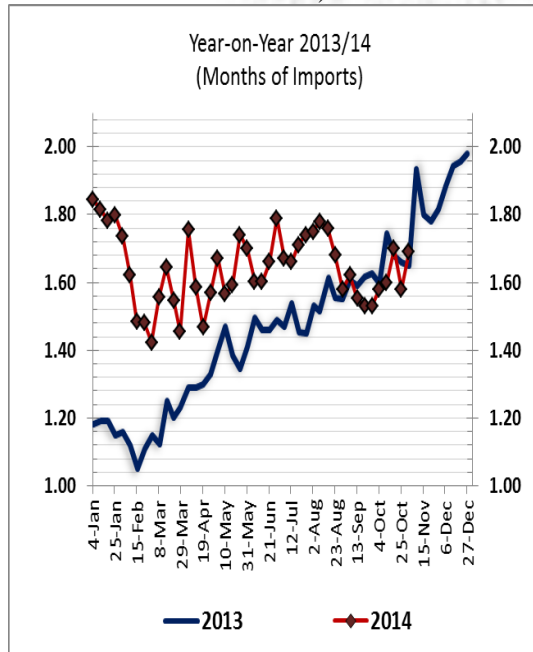
ii. Private Sector Foreign Reserves

(Foreign reserves under the direct control of authorized dealer banks (ADB's) which consists of ADB's 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)
24 th October 2014	11.95	289.79	301.74	1.58
31 st October 2014	11.36	310.98	322.34	1.69
* 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	
24 th October 2014	27.32		33.08	
31 st October 2014	46.53		47.25	

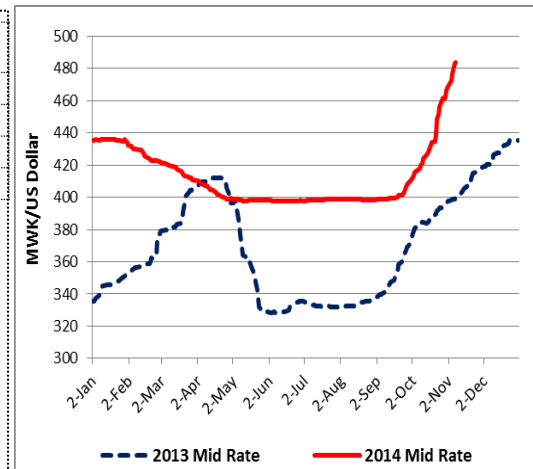
Commentary:

- Private sector foreign exchange reserves increased during the week ending 31st October 2014 and stood at US\$322.34 from US\$301.74 million recorded the preceding week.



iii. Exchange Rate Developments

Week ending	24 th October 2014	31 st October 2014	Today
MWK/USD	461.8187	472.2305	483.7471
MWK/GBP	740.2954	755.6632	772.8344
MWK/EUR	584.0159	595.6243	604.0066
MWK/ZAR	42.0703	43.4491	43.3990
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
28 th October 2014	14.25%	-	-	-	20.17%	20.50%	20.50%
4 th November 2014	16.90%	-	-	-	22.21%	20.51%	20.50%
Change in yield (bp)	265	-	-	-	204	01	0

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