



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 14 November 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 14 <sup>th</sup> November 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-5,331	-6,092
Estimated Excess Reserves	-4,893	-4,893
Required Reserves	69,758	69,758

#### Commentary:

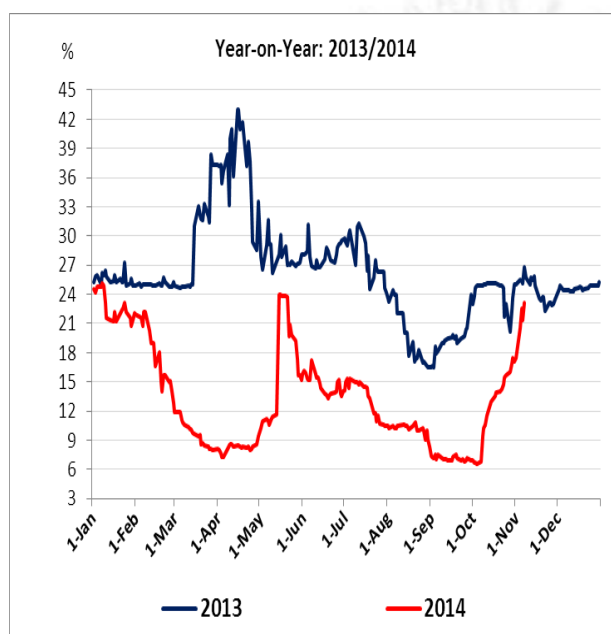
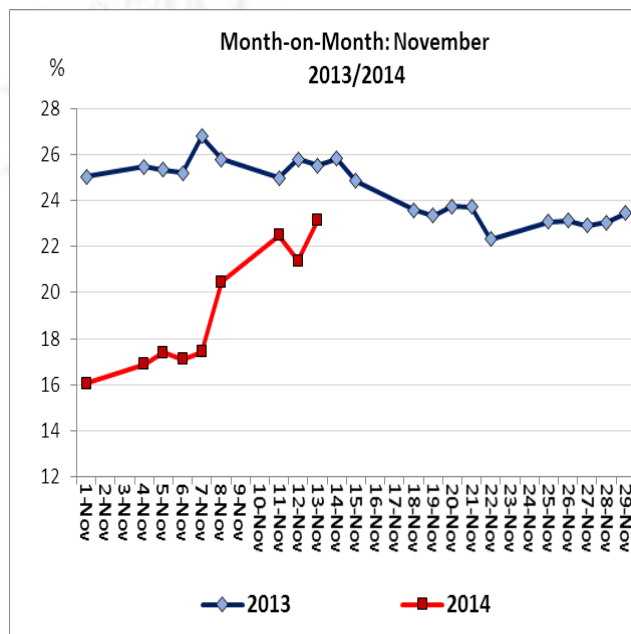
- Excess reserves are expected to close at negative MK4.89 billion today from MK438 million recorded yesterday.

### B.INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	4,900	23.16
7 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(iii) Outright Purchase of Securities		
<b>(c) Access on the Lombard Facility</b>	4,700	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market picked up to MK4.70 billion yesterday from MK3.40 billion observed on Wednesday, 12<sup>th</sup> November 2014.
- The interbank market rate (IBR) stood at 23.16 percent yesterday, up from 21.37 percent recorded during the previous day.
- MK4.70 billion was accessed on the Lombard Facility yesterday.

## B. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

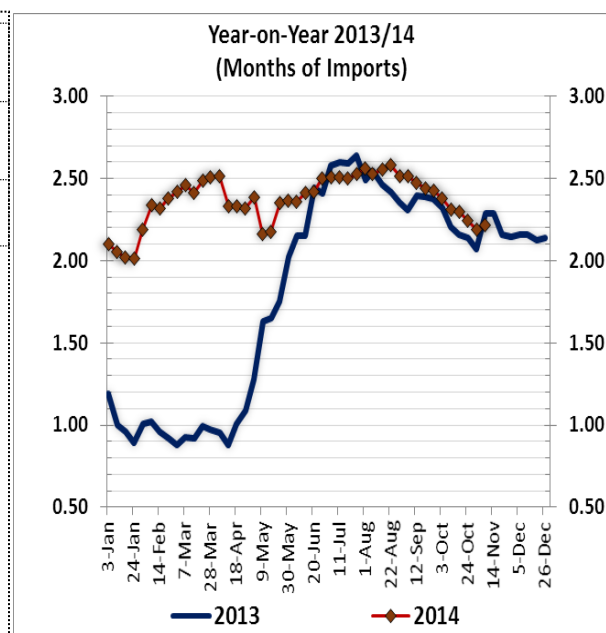
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
31 <sup>st</sup> October 2014	418.59	2.19
07 <sup>th</sup> November 2014	423.54	2.22

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

### Commentary:

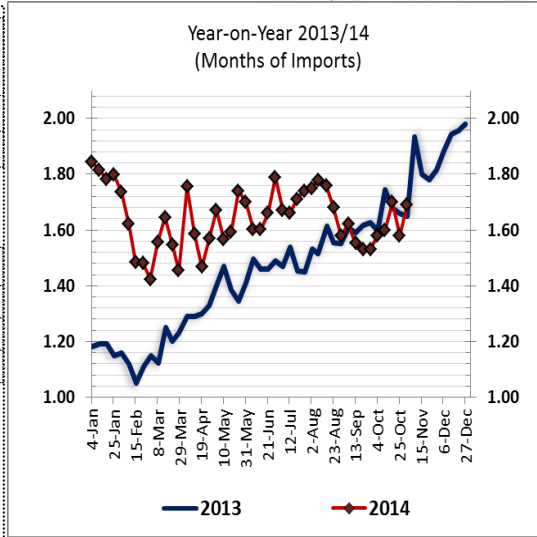
- Gross Official Reserves increased during the week ending 07<sup>th</sup> November 2014 compared to the preceding week.
- Gross Official Reserves are expected to drop this week following the revision of LRR directive on observance of reserve requirement for foreign currency deposit liabilities.



## 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)
24 <sup>th</sup> October 2014	11.95	289.79	301.74	1.58
31 <sup>st</sup> 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\$ mn)	ADB's Purchases	ADB's Sales		
31 <sup>st</sup> October 2014	46.53	47.25		
07 <sup>th</sup> November 2014	33.54	29.74		
Yesterday	13.23	9.71		
<b>Commentary:</b>				
<ul style="list-style-type: none"><li>• ADBs purchases from the market during last week surpassed sales by US\$3.8 million.</li><li>• ADBs bought about US\$13.23 million from the market yesterday against the sales of US\$9.71 million.</li></ul>				



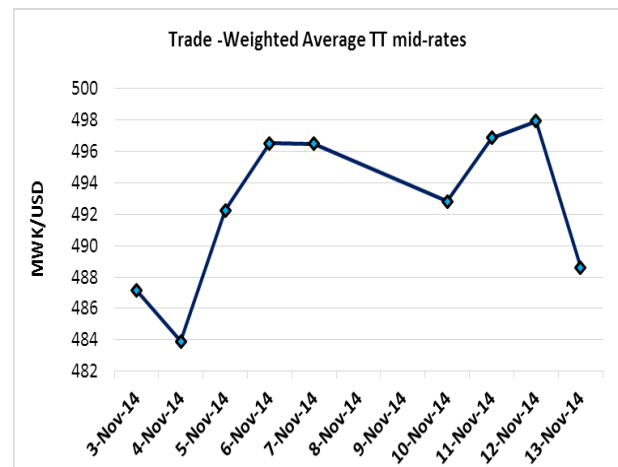
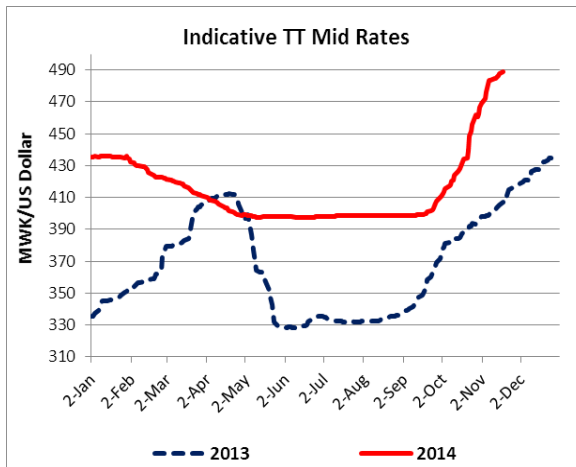
## iii. Exchange Rate Developments

	06 <sup>th</sup> Nov 2014	07 <sup>th</sup> Nov 2014	10 <sup>th</sup> Nov 2014	11 <sup>th</sup> Nov 2014	12 <sup>th</sup> Nov 2014	13 <sup>th</sup> Nov 2014	Today Indicative
<b>MWK/USD</b>	496.5231	496.4945	492.8292	496.8734	497.9408	488.6148	489.0827
<b>MWK/GBP</b>	779.1080	784.1518	774.7383	794.0683	787.8799	783.6595	768.3978
<b>MWK/EUR</b>	613.1766	612.6686	605.9405	613.3313	616.3142	621.5166	610.2285
<b>MWK/ZAR</b>	45.3376	44.8516	45.0282	44.8275	45.8757	45.7659	43.6295

**Note:** Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

### Commentary:

The Kwacha appreciated against the USD, the GBP, and the ZAR yesterday. It however, depreciated against the EUR. The local currency is indicatively expected to trade around MK489.0827 against the USD today.



## C. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
<b>4<sup>th</sup> November 2014</b>	16.90%	-	-	-	22.21%	20.51%	20.50%
<b>11<sup>th</sup> November 2014</b>	22.48%	-	-	-	23.65%	23.86%	20.50%
<b>Change in yield (bp)</b>	558	-	-	-	144	335	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