



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 16 December 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 19 <sup>th</sup> December 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	30	-1,690
Estimated Excess Reserves	13,687	13,723
Required Reserves	71,104	71,104

#### Known Projected Transactions

	Week ending 19 <sup>th</sup> Dec 2014	Week ending 26 <sup>th</sup> Dec 2014	Week ending 02 <sup>nd</sup> Jan 2015	December 2014	January 2015
Maturity of normal TBs/TNs/PNs	5,426	4,142	3,333	33,741	14,902
Maturity of OMO	-	-	-	-	-

#### Commentary:

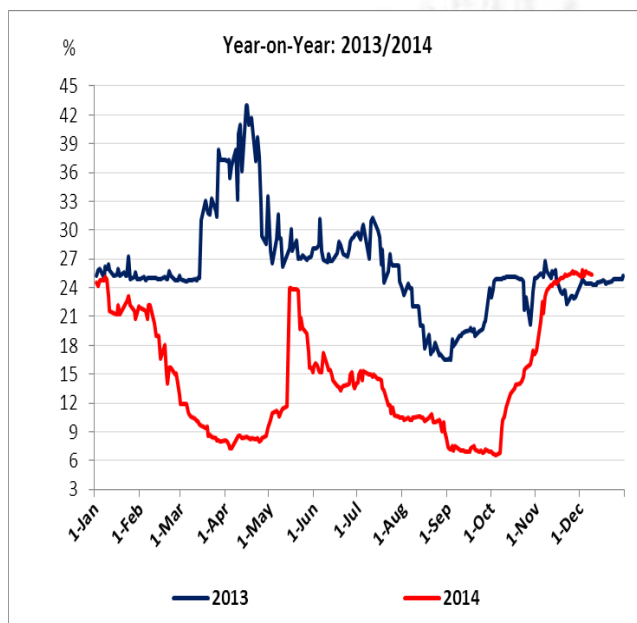
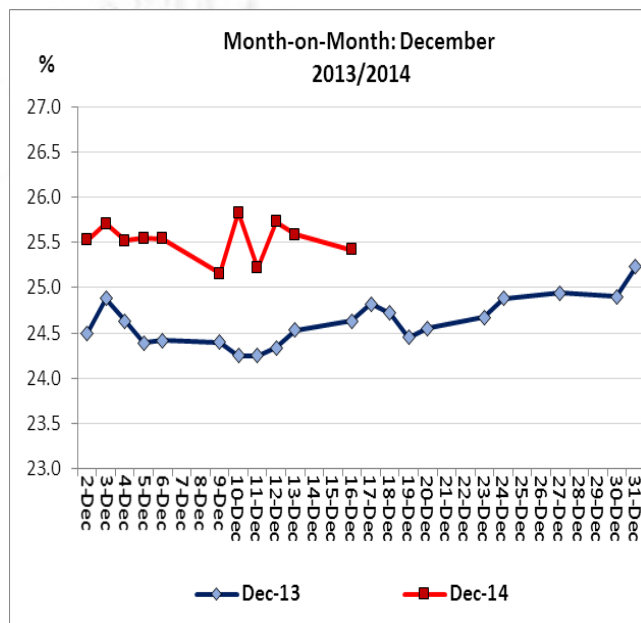
- Excess reserves are estimated to close at K13.69 billion today compared to K13.66 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	4,810	25.42
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>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market increased yesterday to MK4.81 billion from MK2.60 billion recorded last Friday.
- The interbank market rate (IBR) dropped 17 basis points yesterday and settled at 25.42 percent from 25.59 percent observed on Friday, 12<sup>th</sup> December 2014.
- No access on the Lombard Facility was observed yesterday.

## A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i.

### Gross Official Foreign Reserves Position

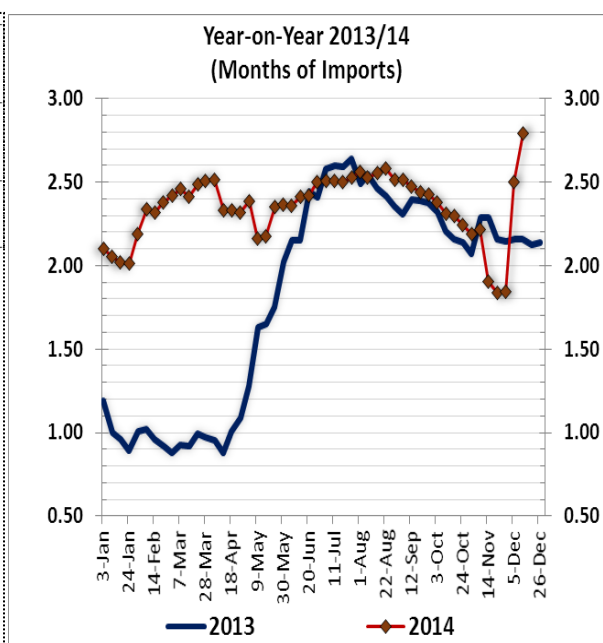
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
05 <sup>th</sup> December 2014	477.67	2.50
12 <sup>th</sup> December 2014	533.71	2.79

\* US\$191.0 million per month is used in this calculation

### Commentary:

- Gross Official Reserves increased during the week ending 12<sup>th</sup> December 2014 compared to the week ending 05<sup>th</sup> December 2014. The Official Reserves at US\$533.71 million on 12<sup>th</sup> December 2014 were US\$56.04 million higher than the position recorded on the last business day of the preceding week.

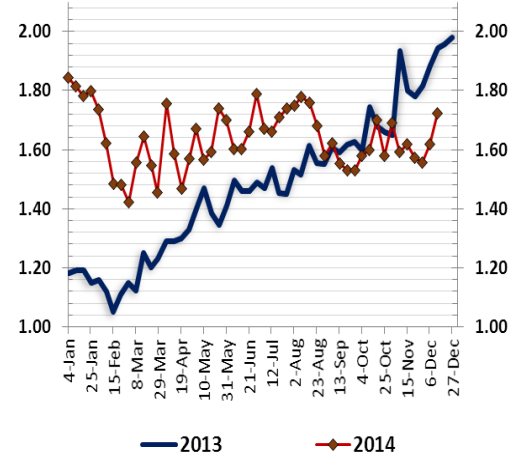


## ii. Private Sector Foreign Reserves

(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\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
28 <sup>th</sup> November 2014	9.84	287.26	297.10	1.56
05 <sup>th</sup> December 2014	6.44	302.60	309.04	1.62
* 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	
05 <sup>th</sup> December 2014	44.97		46.74	
12 <sup>th</sup> December 2014	35.79		27.58	
Yesterday	6.60		6.83	
Commentary:				
<ul style="list-style-type: none"><li>• ADBs purchases from the market during last week at US\$35.79 million surpassed corresponding sales amounting to US\$27.58 million by US\$8.21 million.</li><li>• ADBs bought a total of US\$6.60 million from the market against sales of US\$6.83 million on 15<sup>th</sup> December 2014.</li></ul>				

Year-on-Year 2013/14  
(Months of Imports)

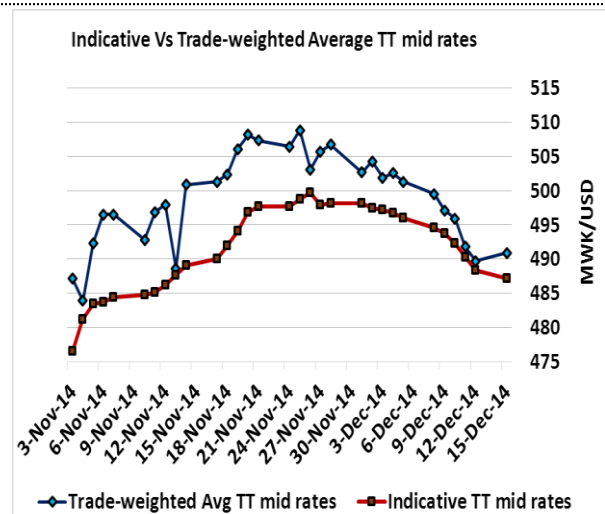
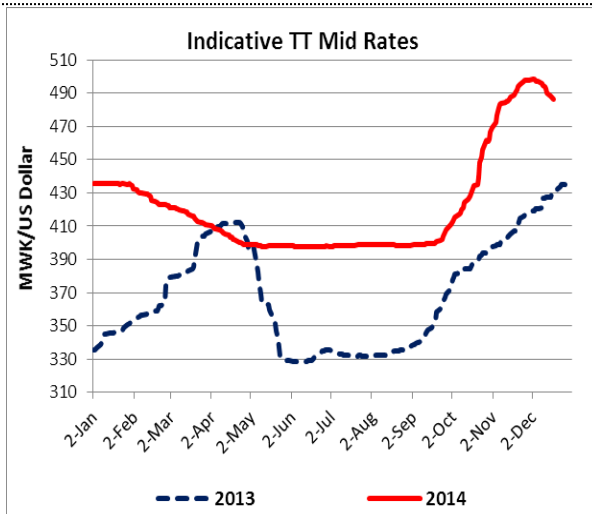


## iii. Exchange Rate Developments

	8 <sup>th</sup> Dec 2014	9 <sup>th</sup> Dec 2014	10 <sup>th</sup> Dec 2014	11 <sup>th</sup> Dec 2014	12 <sup>th</sup> Dec 2014	15 <sup>th</sup> Dec 2014	Today Indicative
MWK/USD	499.5269	497.0996	495.8980	491.8434	489.7117	490.9064	486.2051
MWK/GBP	777.2350	813.0374	776.9960	780.9083	782.7459	776.0476	760.3275
MWK/EUR	603.3978	609.7623	606.0591	610.7643	607.9628	607.1660	604.6933
MWK/ZAR	44.7049	44.3249	43.9709	43.2706	42.8304	42.8137	41.3464

**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 local currency appreciated yesterday against the EUR, the GBP, and the ZAR and depreciated against the USD. Indicatively, the Malawi Kwacha is expected to trade around MK486.2051 against the USD today.



## B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
02 <sup>nd</sup> December 2014	25.71%	-	-	-	26.84%	24.73%	27.00%
09 <sup>th</sup> December 2014	25.83%	26.00%	-	-	27.00%	26.97%	26.99%
Change in yield (bp)	12	-	-	-	16	224	-01

**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