



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 18 December 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 19 th December 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-3,445	-1,589
Estimated Excess Reserves	13,390	13,420
Required Reserves	71,104	71,104

Known Projected Transactions

	Week ending 19 th Dec 2014	Week ending 26 th Dec 2014	Week ending 02 nd 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:

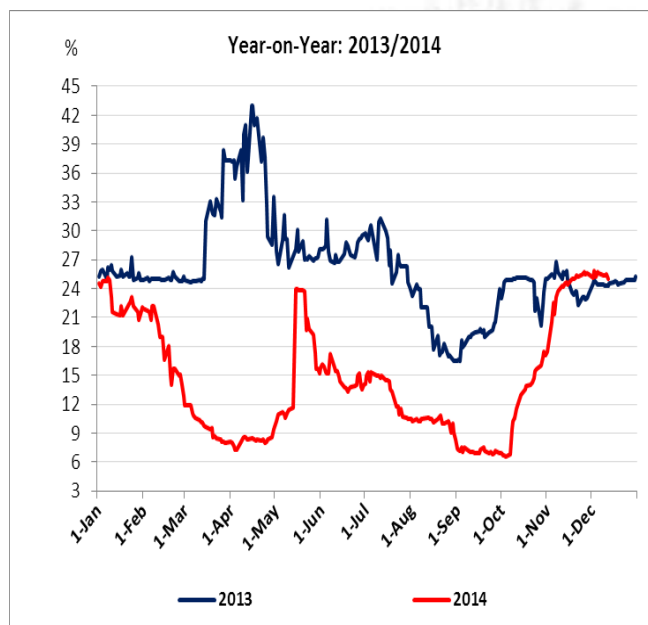
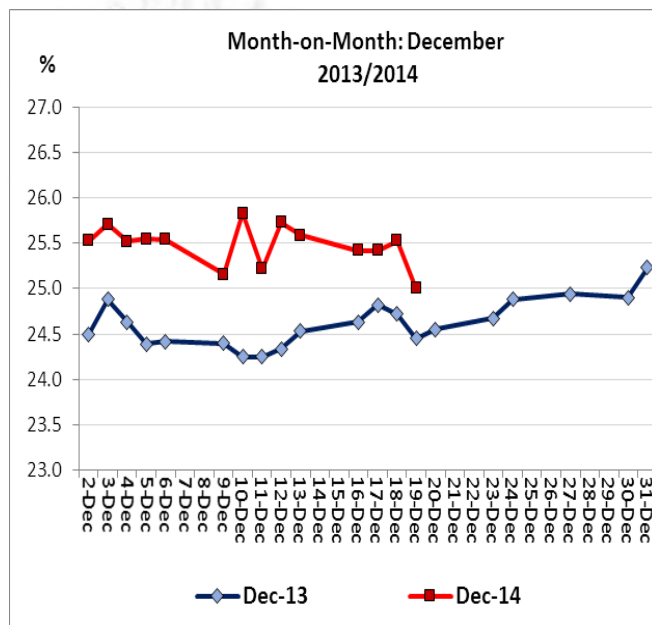
- Excess reserves are estimated to close at K13.39 billion today compared to K16.84 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	500	25.00
7 days	1,900	25.00
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	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market dropped to MK2.40 billion yesterday from MK4.12 billion recorded on Tuesday, 16th December 2014.
- The interbank market rate (IBR) lost 53 basis points and settled at 25.00 percent yesterday from 25.53 percent observed during the preceding day.
- No access on the Lombard Facility was observed yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i.

Gross Official Foreign Reserves Position

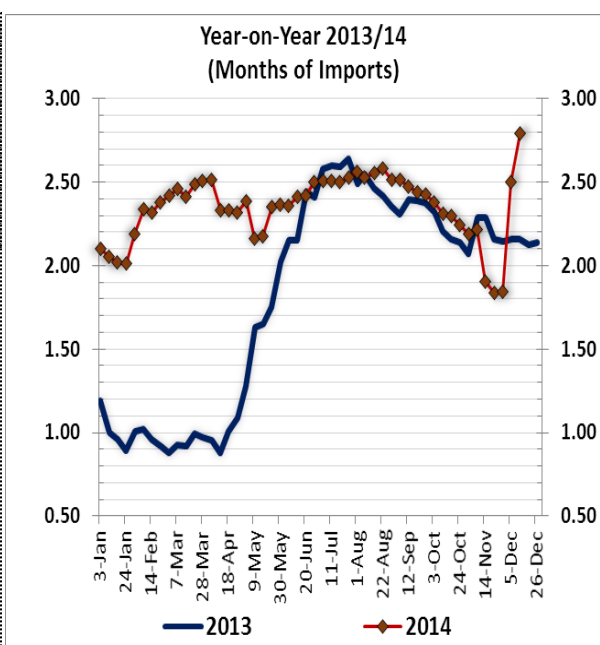
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
05 th December 2014	477.67	2.50
12 th 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 12th December 2014 compared to the week ending 05th December 2014. The Official Reserves at US\$533.71 million on 12th December 2014 were US\$56.04 million higher than the position recorded on the last business day of the preceding week.

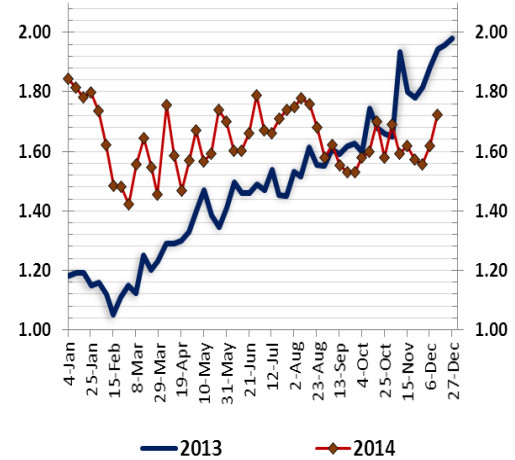


ii. Private Sector Foreign Exchange Reserves

(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)
05 th December 2014	6.44	302.60	309.04	1.62
12 th December 2014	6.44	322.38	328.82	1.72
* 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 th December 2014	44.97		46.74	
12 th December 2014	35.79		27.58	
Yesterday	7.95		5.14	
Commentary:				
<ul style="list-style-type: none">• 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.• ADBs bought a total of US\$7.95 million from the market against sales of US\$5.14 million on 17th December 2014.				

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

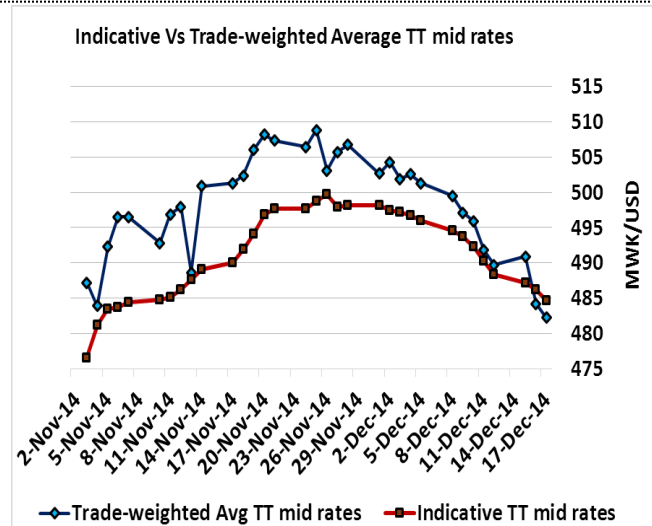
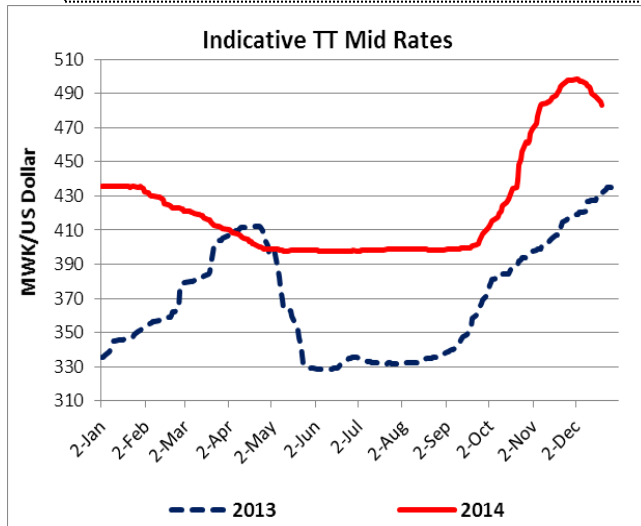


iii. Exchange Rate Developments

	10 Dec 2014	11 Dec 2014	12 Dec 2014	15 Dec 2014	16 Dec 2014	17 Dec 2014	Today Indicative
MWK/USD	495.8980	491.8434	489.7117	490.9064	484.1765	482.2340	483.1442
MWK/GBP	776.9960	780.9083	782.7459	776.0476	756.8607	753.4720	752.4971
MWK/EUR	606.0591	610.7643	607.9628	607.1660	616.7487	599.0309	596.2966
MWK/ZAR	43.9709	43.2706	42.8304	42.8137	42.2905	42.7297	41.5651

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 USD, the GBP, and the EUR and depreciated against the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK483.1442 against the USD today.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
09th December 2014	25.83%	26.00%	-	-	27.00%	26.97%	26.99%
16th December 2014	25.53%	25.00%	-	-	26.96%	26.86%	26.96%
Change in yield (bp)	-30	-100			-4	-11	-3

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