



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 23 December 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 26 th December 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-1,099	-654
Estimated Excess Reserves	18,457	14,176
Required Reserves	73,429	73,429

Known Projected Transactions

	Week ending 26 th Dec 2014	Week ending 02 nd Jan 2015	Week ending 09 th Jan 2015	December 2014	January 2015
Maturity of normal TBs/TNs/PNs	4,142	9,445	7,464	33,741	27,935
Maturity of OMO	-	-	-	-	-

Commentary:

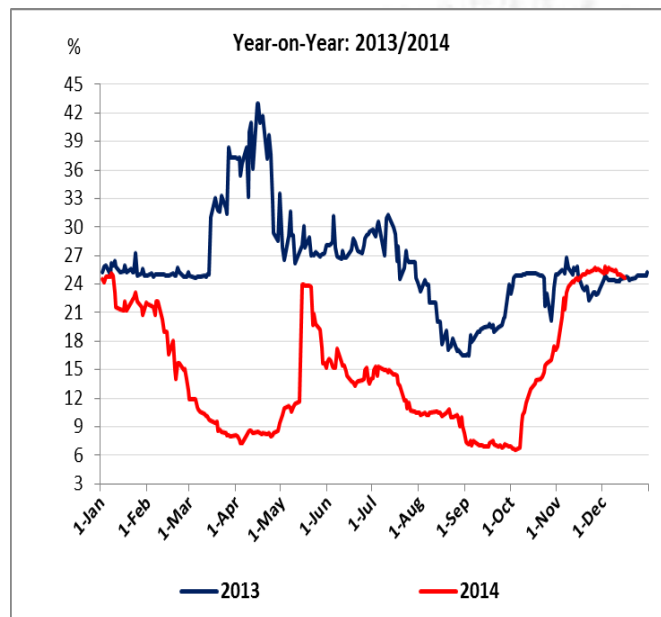
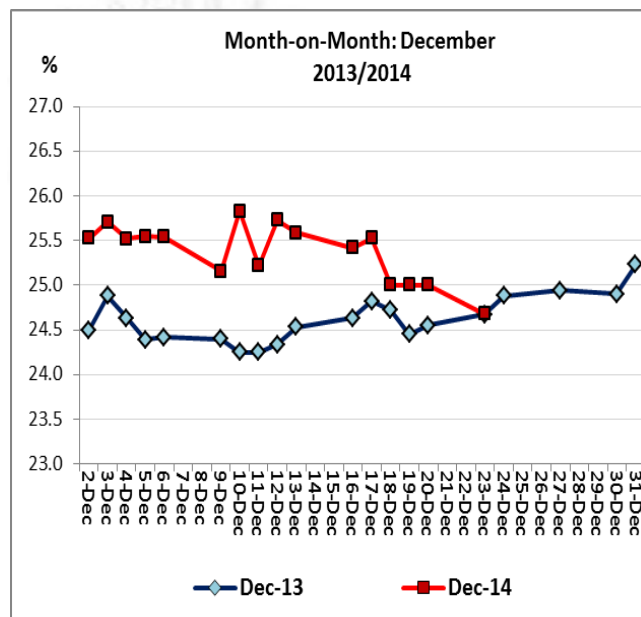
- Excess reserves are estimated to close at K18.46 billion yesterday compared to K19.56 billion recorded on Friday, 19th December 2014.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,400	24.68
10 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	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market increased to MK4.40 billion yesterday from MK910 million recorded on Friday, 19th December 2014.
- The interbank market rate (IBR) dropped by 32 basis points and closed at 24.68 percent.
- No access on the Lombard Facility was observed yesterday, 22nd December 2014.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i.

Gross Official Foreign Reserves Position

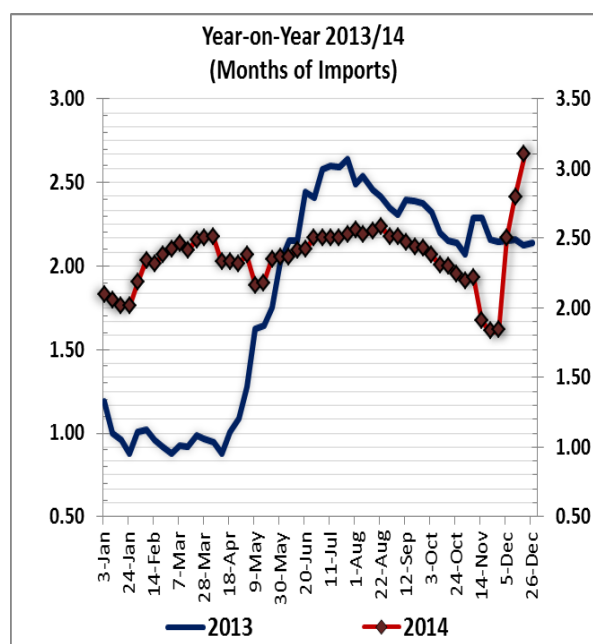
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
12 th December 2014	533.71	2.79
19 th December 2014	591.30	3.10

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

Commentary:

- Gross Official Reserves increased during the week ending 19th December 2014 compared to the week ending 12th December 2014. The Official Reserves at US\$591.30 million on 19th December 2014 were US\$57.59 million higher than the position recorded on 12th December 2014.

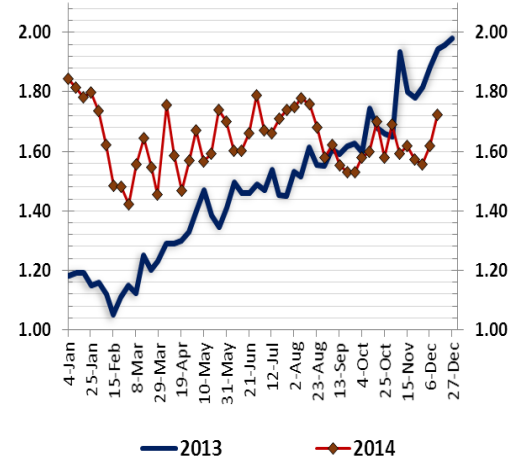


ii. Private Sector Foreign Exchange Reserves

(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	
12 th December 2014	35.79		27.58	
19 th December 2014	49.45		43.41	
Last Friday	12.55		9.52	
Commentary:				
<ul style="list-style-type: none">• ADBs purchased US\$49.45 million from the market during last week against sales of US\$43.41 million• The ADBs bought a total of US\$7.01 million from the market against sales of US\$3.96 million yesterday, 22nd December 2014.				

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

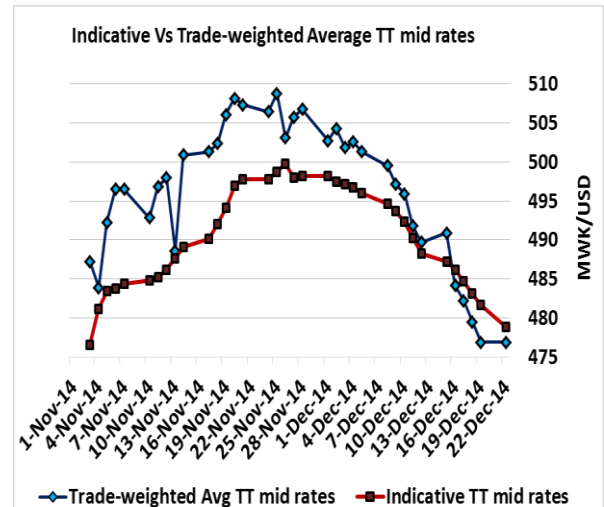
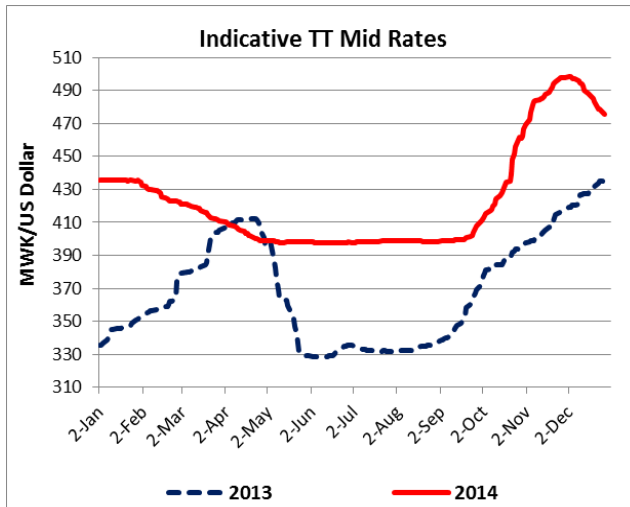


iii. Exchange Rate Developments

	15 Dec 2014	16 Dec 2014	17 Dec 2014	18 Dec 2014	19 Dec 2014	22 Dec 2014	Today Indicative
MWK/USD	490.9064	484.1765	482.2340	479.4950	476.8828	473.2085	478.8469
MWK/GBP	776.0476	756.8607	753.4720	747.5863	734.3865	753.3017	748.4377
MWK/EUR	607.1660	616.7487	599.0309	592.8003	578.7761	591.2985	585.3903
MWK/ZAR	42.8137	42.2905	42.7297	42.5246	43.2473	42.1862	41.3630

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 yesterday against the USD and the ZAR but depreciated against the GBP and the EUR. Indicatively, the Malawi Kwacha is expected to trade around MK478.8469 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