



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 05 January 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 9 th January 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	30	3,571
Estimated Excess Reserves	8,554	9,992
Required Reserves	73,429	73,429

Known Projected Transactions

	Week ending 09 th Jan 2015	Week ending 16 th Jan 2015	Week ending 23 rd Jan 2015	January 2015	February 2015
Maturity of normal TBs/TNs/PNs	7,464	2,565	2,731	27,935	22,117
Maturity of OMO	-	-	-	-	-

Commentary:

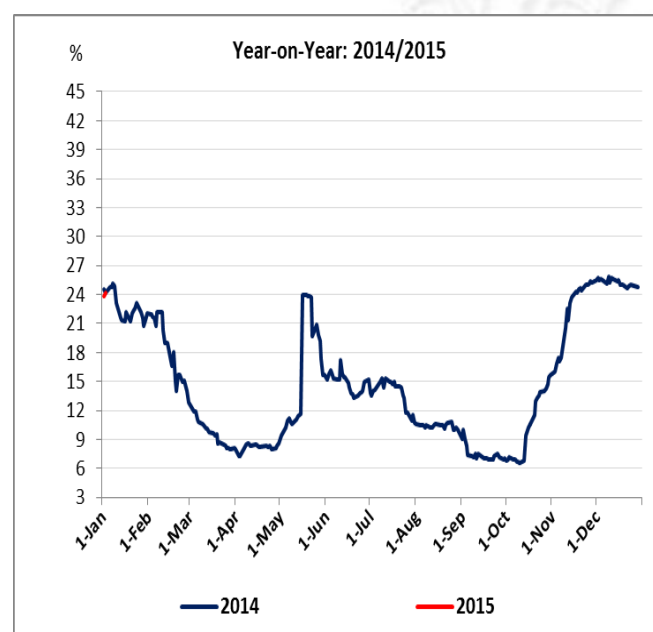
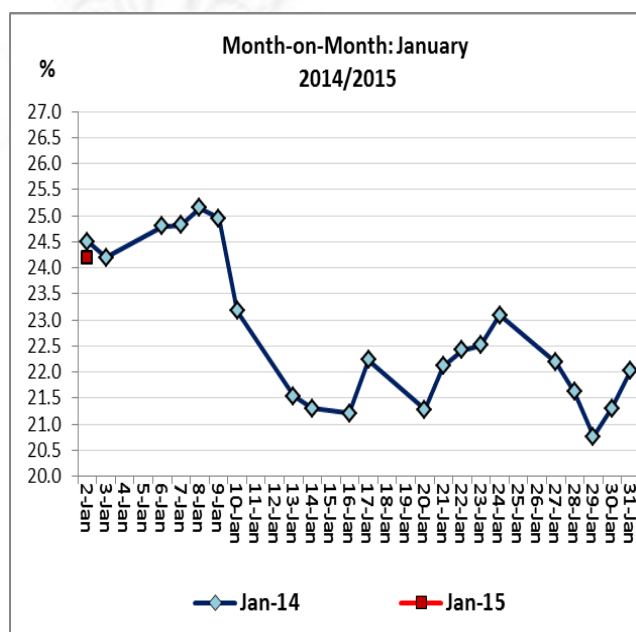
- Excess reserves are estimated to close at K8.55 billion today compared to K6.55 billion estimated on Friday, 2nd January, 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,850	24.19
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 dropped to MK4.85 billion on Friday, 2nd January 2015 from MK7.00 billion recorded on Wednesday, 31st December 2014.
- The interbank market rate (IBR) went up to 24.19 percent from 23.64 percent recorded on Wednesday, 31st December 2014.
- No access on the Lombard Facility was observed on Friday, 2nd January 2015.

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)
24 th December 2014	586.11	3.07
31 st December 2014	597.91	3.13

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

Commentary:

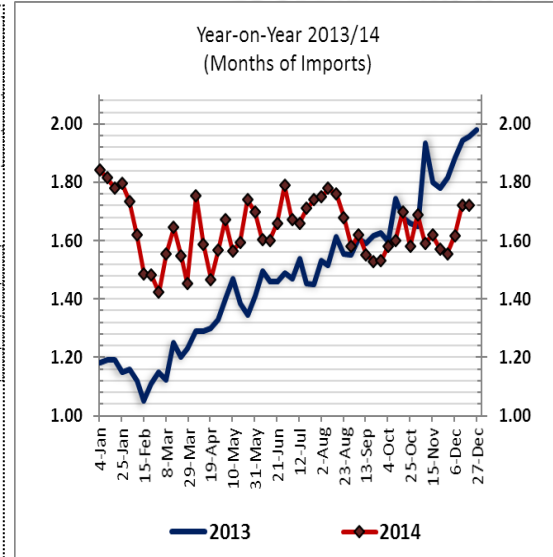
- Gross Official Reserves increased during the week ending 31st December 2014 compared to the week ending 24th December 2014. Gross Official Reserves amounted to US\$597.91 million on 31st December 2014, which was 3.13 months of import cover.



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)
19 th December 2014	17.51	320.19	337.70	1.77
24 th December 2014	24.94	307.03	331.97	1.74
* 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		
26 th December 2014	19.12	13.54		
2 nd January 2015	38.88	51.39		
Friday, 2 nd January 2015	17.01	21.78		
Commentary:				
<ul style="list-style-type: none">• ADBs purchased US\$38.88 million from the market last week against sales of US\$51.39 million• The ADBs bought a total of US\$17.01 million from the market against sales of US\$21.78 million on Friday, 2nd January 2015.				

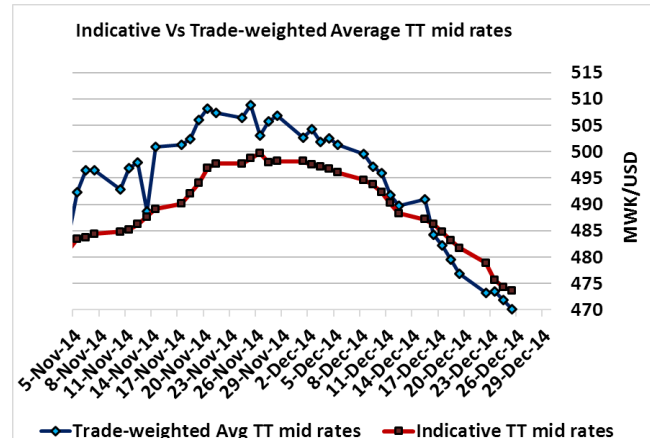
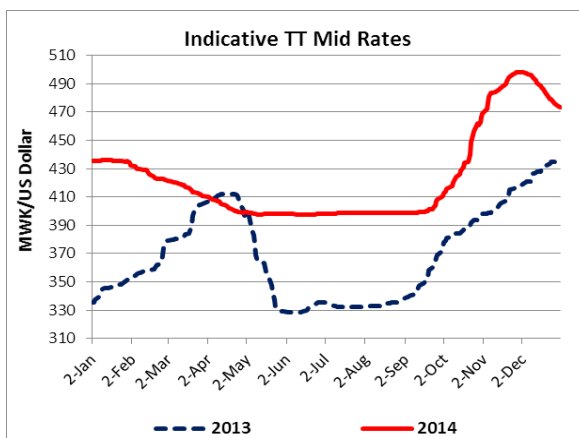


iii. Exchange Rate Developments

	22 Dec 2014	23 Dec 2014	24 Dec 2014	29 Dec 2014	30 Dec 2014	31 Dec 2014	2 nd Jan 2015
USD/MWK	473.2085	473.4838	471.7970	470.1472	469.7778	470.9155	472.0322
GBP/MWK	753.3017	731.2969	740.2207	723.8884	727.7387	729.5826	708.6162
EUR/MWK	591.2985	575.1536	580.3180	562.1936	571.4456	563.1262	554.7765
ZAR/MWK	42.1862	41.8788	41.1349	41.0154	41.2955	41.4025	40.8556

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: On Friday, 2nd January 2015, the Kwacha depreciated against the USD. The local currency, however, appreciated against the GBP, the EUR and the ZAR.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
24 th December 2014	25.03%	25.00%			26.85%	26.88%	26.95%
30 th December 2014	24.50%	-			26.94%	26.85%	27.00%
Change in yield (bp)	-53	-			09	-03	05

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