



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 14 January 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 16 <sup>th</sup> January 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	872	-2,406
Estimated Excess Reserves	25,478	17,702
Required Reserves	74,406	74,406

#### Known Projected Transactions

	Week ending 16 <sup>th</sup> Jan 2015	Week ending 23 <sup>th</sup> Jan 2015	Week ending 30 <sup>th</sup> Jan 2015	January 2015	February 2015
Maturity of normal TBs/TNs/PNs	2,565	2,731	5,778	23,070	28,067
Maturity of OMO	-	-	-	-	-

#### Commentary:

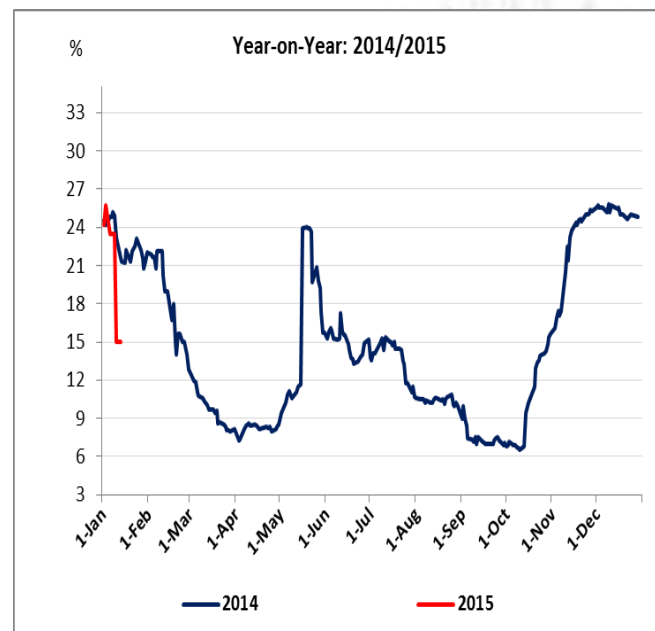
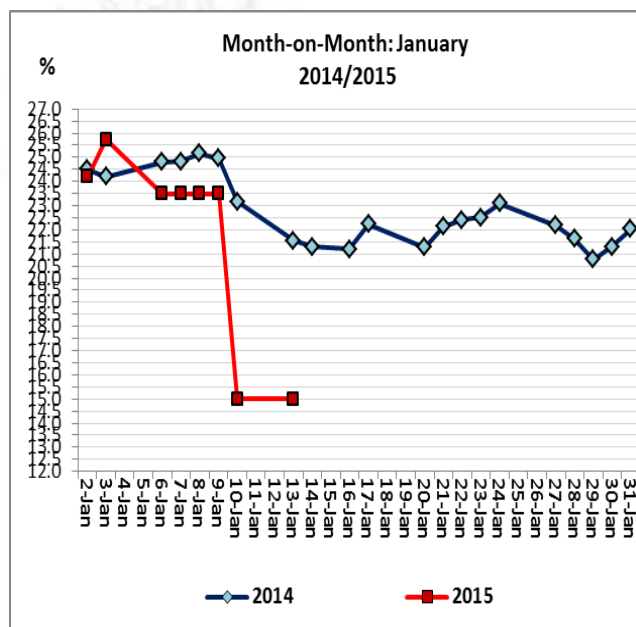
- Excess reserves are estimated to close at K25.48 billion today compared to K24.61 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	-	-
07 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:

- No trade was recorded on the interbank market yesterday.
- No access on the Lombard Facility was observed yesterday.

## A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

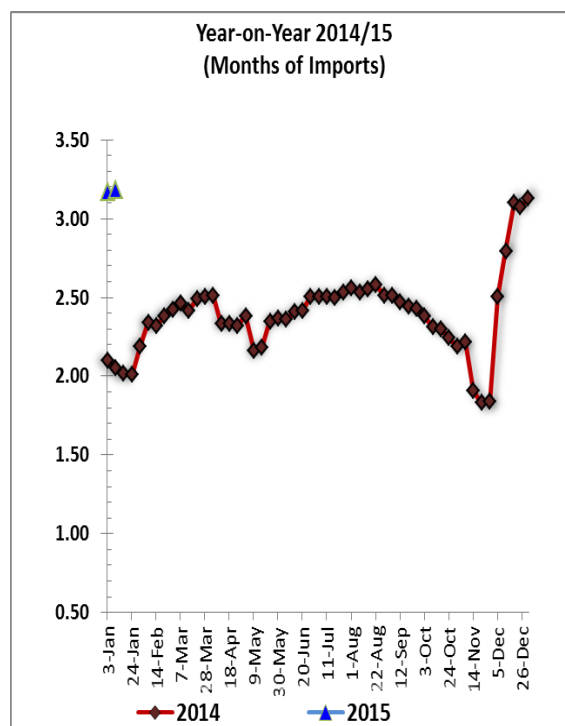
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
02 <sup>nd</sup> January 2015	606.19	3.17
09 <sup>th</sup> January 2015	607.95	3.18
12 <sup>th</sup> January 2015	646.22	3.38

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

### Commentary:

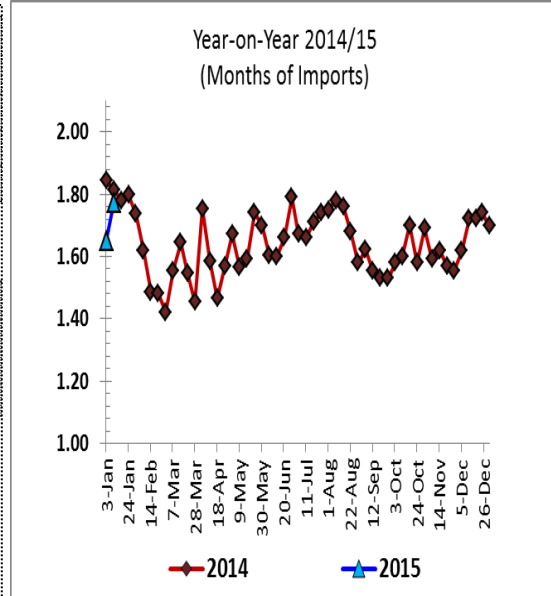
- Gross Official Reserves increased during the week ending 9<sup>th</sup> January 2015 compared to the preceding week. The Gross Official Reserves stood at US\$607.95 million (3.18 months of imports) as at 9<sup>th</sup> January, 2015 compared to US\$606.19 million (3.17 months of imports) recorded on 2<sup>nd</sup> January, 2015. The Gross Official Reserves went up further and stood at US\$646.22 million (3.38 months of imports) as at Monday, 12<sup>th</sup> January, 2015.



## 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)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
02 <sup>nd</sup> January, 2015	7.40	307.09	314.49	1.65
9 <sup>th</sup> January, 2015	2.29	335.80	338.09	1.77
12 <sup>th</sup> January, 2015	3.23	322.71	325.94	1.71
* 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	
02 <sup>nd</sup> January 2015		38.88	51.39	
09 <sup>th</sup> January 2015		41.33	48.88	
As at 13 <sup>th</sup> January 2015		6.27	5.54	
Commentary:				
<ul style="list-style-type: none"><li>ADB's sales to the market at US\$48.88 million surpassed corresponding purchases by US\$7.55 million during the week ending 9th January 2015.</li><li>ADB's bought US\$6.27 million from the market against sales of US\$5.54 million yesterday.</li></ul>				

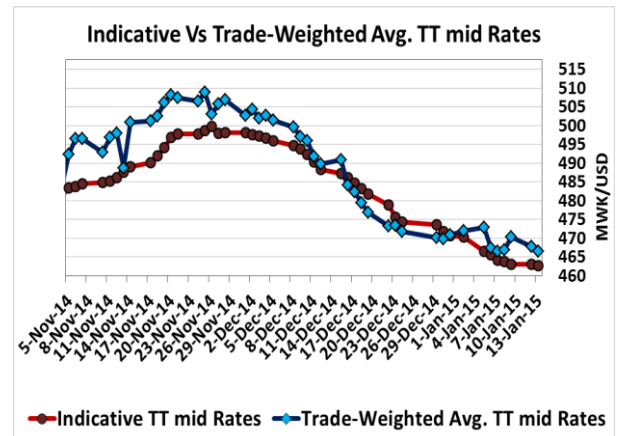
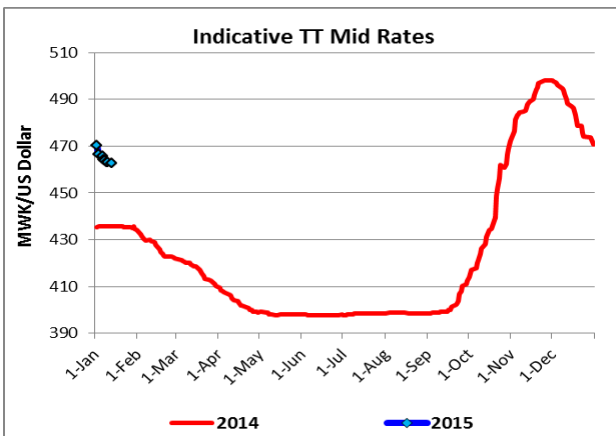


## iii. Exchange Rate Developments

	06 Jan 2015	07 Jan 2015	08 Jan 2015	09 Jan 2015	12 Jan 2015	13 Jan 2015	Today Indicative
USD/MWK	467.3687	466.5688	466.9138	470.4046	467.7090	466.5601	462.5711
GBP/MWK	697.0471	708.3398	704.9491	709.2879	703.2257	684.1576	701.2578
EUR/MWK	552.4685	541.9481	545.1506	549.1079	553.3731	546.7500	544.5850
ZAR/MWK	40.3533	39.0876	39.0477	40.4248	39.0971	40.9130	40.1186

**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 EUR yesterday but depreciated against the ZAR. Indicatively, the Malawi Kwacha is expected to trade at around MK462.5711 against the USD today.



## B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
6 <sup>th</sup> January 2015	23.50%	-	-	-	26.96%	26.99%	26.97%
13 <sup>th</sup> January 2015	15.00%	-	-	-	26.84%	26.79%	26.71%
Change in yield (bp)	-850	-	-	-	-12	-20	-26

**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 herein.