



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 17 February 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 th February 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	593	-893
Estimated Excess Reserves	9,743	7,265
Required Reserves	72,243	72,243

Known Projected Transactions

	Week ending 20 th Feb 2015	Week ending 27 th Feb 2015	Week ending 6 th Mar 2015	February 2015	March 2015
Maturity of normal TBs/TNs/PNs	8,111	6,070	571	28,067	45,958
Maturity of OMO	-	-	-	-	-

Commentary:

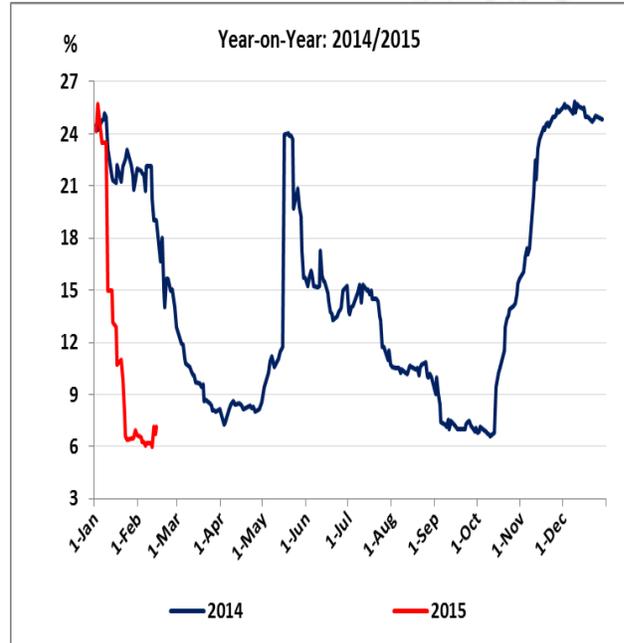
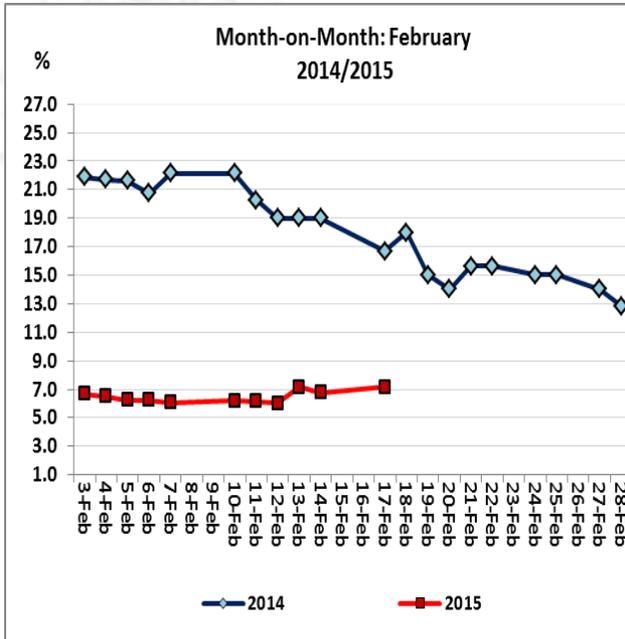
- Excess reserves are estimated to close at K9.74 billion today from 9.02 billion recorded yesterday

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	780	7.16
07 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	1,000	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market went down to MK780 million yesterday from MK 1.06 billion recorded on Friday, 13th February 2015.
- The overnight interbank market rate (IBR) went up to 7.16 percent from 6.76 percent recorded on Friday, 13th February 2015.
- MK1.00 billion was accessed on the Lombard Facility yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

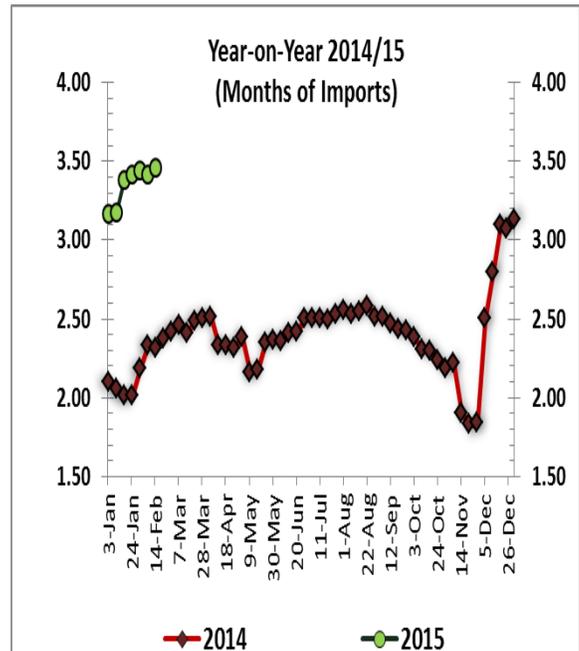
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover* (Months)
30 th January 2015	658.38	3.45
6 th February 2015	653.55	3.42
13 th February 2015	661.04	3.46

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

Commentary:

- Gross Official Reserves increased during the week ending 13th February 2015 compared to the preceding week. The gross official reserves stood at US\$661.04 million (3.46 months of imports) as of Friday, 13th February 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)
30 th January, 2015	-4.53	305.04	300.51	1.57
06 th February 2015	-3.97	304.76	300.79	1.57
13 th February 2015	-6.49	266.98	260.49	1.36

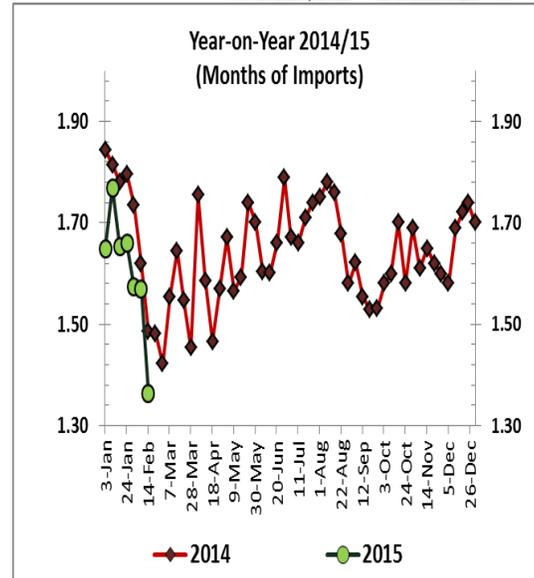
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
6 th February 2015	49.75	51.91
13 th February 2015	40.08	45.74
Yesterday	5.39	7.95

Commentary:

- ADB's sold US\$45.74 million to the market and monetary authorities against purchases of US\$40.08 million during the week ending 13th January 2015. Yesterday, ADB's sold US\$7.95 million against purchases of US\$5.39 million.

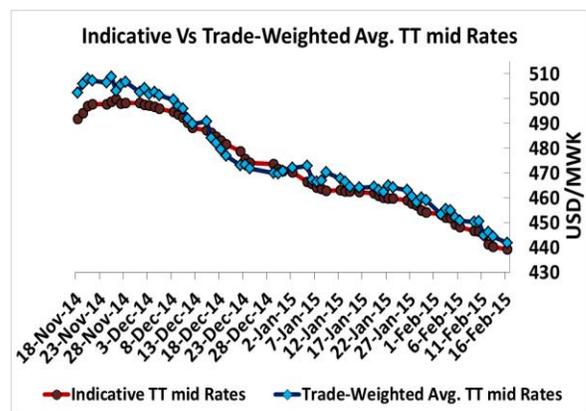
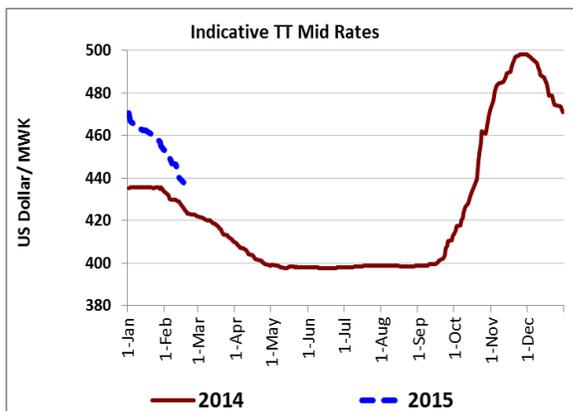


iii. Exchange Rate Developments

	09 Feb 2015	10 Feb 2015	11 Feb 2015	12 Feb 2015	13 Feb 2015	16 Feb 2015	Today Indicative
USD/MWK	450.2952	450.4913	444.8664	446.3004	444.3539	441.8223	437.8688
GBP/MWK	676.4977	683.8209	669.4615	676.3856	675.7966	674.2327	672.6978
EUR/MWK	502.6718	507.2998	502.3397	497.5292	507.2200	491.5180	497.2000
ZAR/MWK	39.2311	38.8347	38.5670	37.2359	37.5478	38.3855	37.5911

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 and depreciated against the ZAR yesterday. Indicatively, the Malawi Kwacha is expected to trade at around MK437.8688 against the USD today.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
03rd February 2015	6.50%	-	-	-	27.00%	27.00%	26.99%
10th February 2015	6.16%	-	-	-	26.94%	27.00%	26.89%
Change in yield (bp)	-34	-	-	-	-6	0	-10

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.