



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 20 February 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 <sup>th</sup> February 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-1,455	3,001
Estimated Excess Reserves	10,732	10,732
Required Reserves	73,131	73,131

#### Known Projected Transactions

	Week ending 20 <sup>th</sup> Feb 2015	Week ending 27 <sup>th</sup> Feb 2015	Week ending 6 <sup>th</sup> 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:

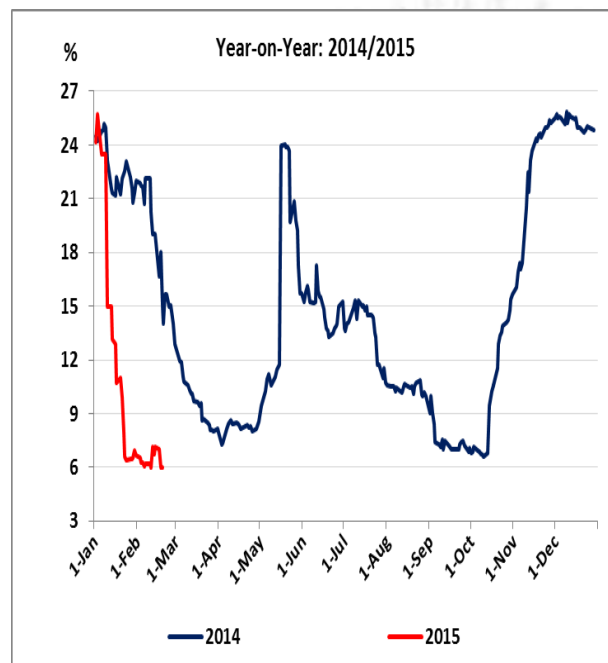
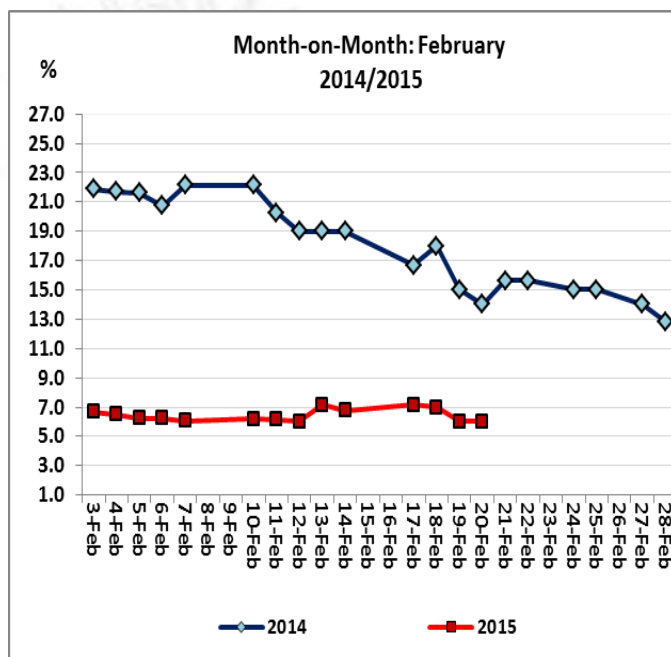
- Excess reserves are estimated to close at K10.73 billion today from K12.22 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	250	6.00
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>	1,500	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market amounted to MK250 million yesterday, MK100 million below the MK350 million recorded on Wednesday, 18<sup>th</sup> February 2015.
- The overnight interbank market rate (IBR) was unchanged at 6.00 percent.
- MK1.50 billion was accessed on the Lombard Facility yesterday.

## A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

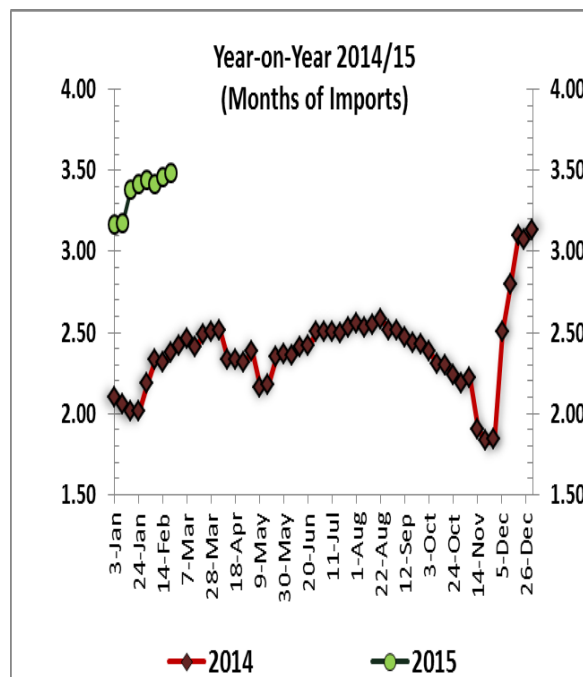
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
6 <sup>th</sup> February 2015	653.55	3.42
13 <sup>th</sup> February 2015	661.04	3.46
18 <sup>th</sup> February 2015	665.93	3.49

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

### Commentary:

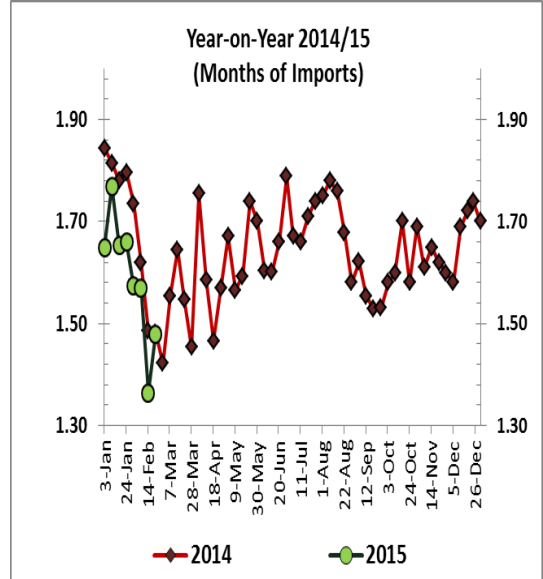
- Gross Official Reserves increased during the week ending 13<sup>th</sup> February 2015 compared to the preceding week. The gross official reserves stood at US\$665.93 million (3.49 months of imports) as of Wednesday, 18<sup>th</sup> February 2015.



## ii. Private Sector Foreign Exchange Reserves

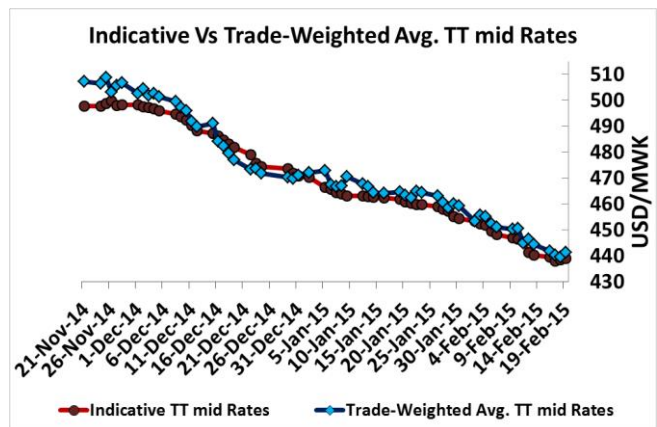
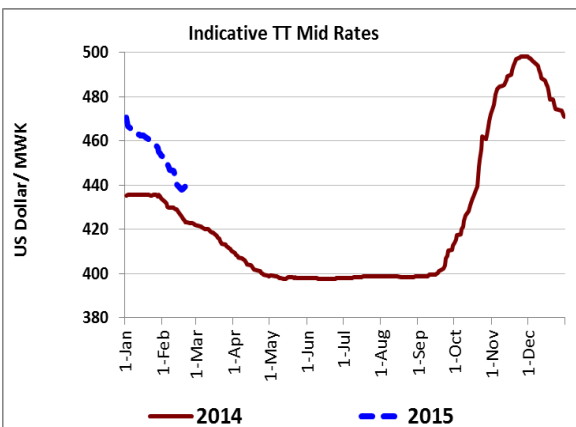
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
06 <sup>th</sup> February 2015	-3.97	304.76	300.79	1.57
13 <sup>th</sup> February 2015	-6.49	266.98	260.49	1.36
18 <sup>th</sup> February 2015	-12.70	294.50	281.79	1.48
* 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		
6 <sup>th</sup> February 2015	49.75	51.91		
13 <sup>th</sup> February 2015	40.08	45.74		
Yesterday	9.13	11.76		
Commentary:				
• ADBs sold US\$45.74 million to the market and monetary authorities against purchases of US\$40.08 million during the week ending 13 <sup>th</sup> January 2015. Yesterday, ADBs sold US\$11.76 million against purchases of US\$9.13 million.				



## iii. Exchange Rate Developments

	12 Feb 2015	13 Feb 2015	16 Feb 2015	17 Feb 2015	18 Feb 2015	19 Feb 2015	Today Indicative
<b>USD/MWK</b>	446.3004	444.3539	441.8223	440.1523	439.3902	441.3344	439.4809
<b>GBP/MWK</b>	676.3856	675.7966	674.2327	673.0791	674.0933	666.1879	677.4159
<b>EUR/MWK</b>	497.5292	507.2200	491.5180	496.4562	504.2919	497.3587	499.6019
<b>ZAR/MWK</b>	37.2359	37.5478	38.3855	37.8592	37.5217	37.6407	37.6390
<b>Note:</b> 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							
<b>Commentary:</b> The Kwacha appreciated against the GBP and the EUR and depreciated against the USD and the ZAR yesterday. Indicatively, the Malawi Kwacha is expected to appreciate and trade at around MK439.4809 against the USD today.							



## B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
<b>10<sup>th</sup> February 2015</b>	6.16%	-	-	-	26.94%	27.00%	26.89%
<b>17<sup>th</sup> February 2015</b>	7.00%	-	-	-	26.96%	26.47%	26.94%
<b>Change in yield (bp)</b>	84	-	-	-	02	-53	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 herein.