



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 06 March 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 06 th March 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-49	-4,005
Estimated Excess Reserves	11,343	11,343
Required Reserves	73,131	73,131

Known Projected Transactions

	Week ending 06 th Mar 2015	Week ending 13 th Mar 2015	Week ending 20 th Mar 2015	March 2015	April 2015
Maturity of normal TBs/TNs/PNs	8,907	4,082	15,953	45,958	39,610
Maturity of OMO	-	-	-	-	-

Commentary:

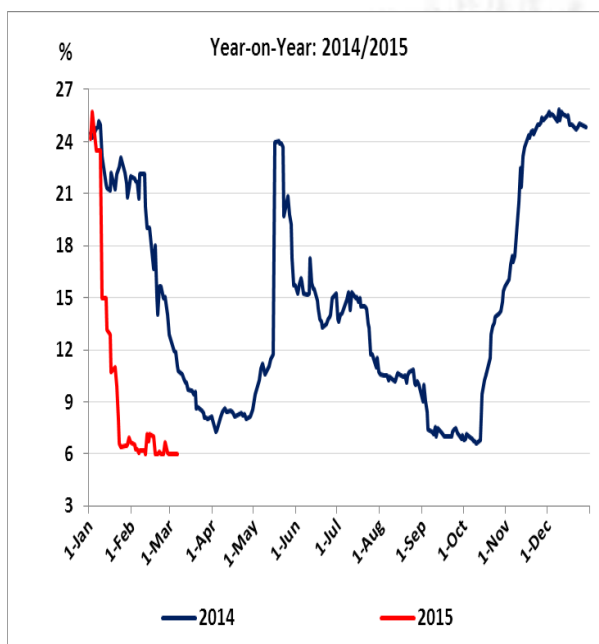
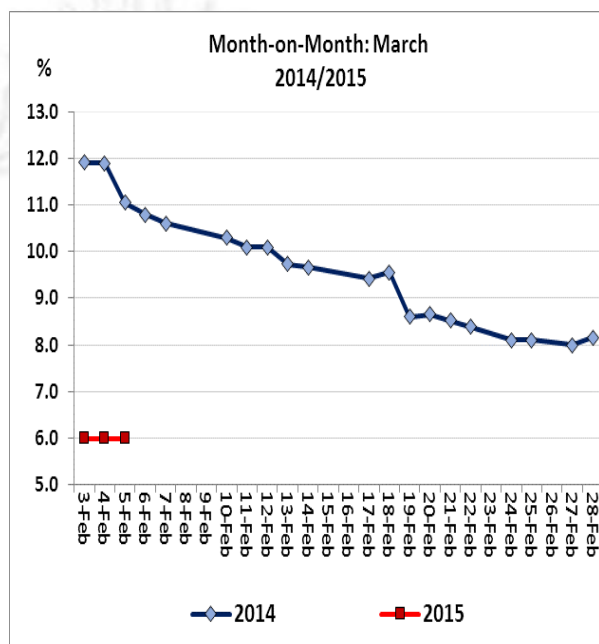
- Excess reserves are estimated to close at K11.34 billion today from K11.39 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,700	6.00
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	2,500	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased yesterday to K1.70 billion from K450 million recorded on Wednesday, 04th March 2015.
- The overnight interbank market rate (IBR) stood at 6.00 percent, the same rate recorded on Monday and Wednesday this week.
- A total of K2.5 billion was accessed on the Lombard Facility yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

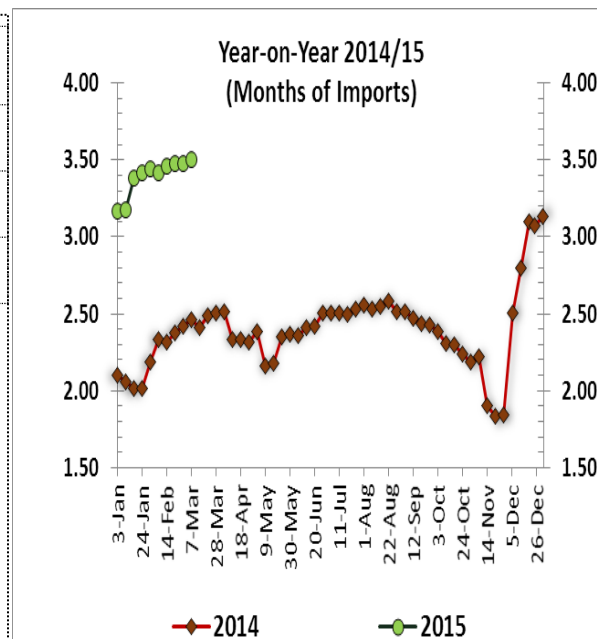
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
20 th February 2015	665.54	3.48
27 th February 2015	665.39	3.48
04 th March 2015	669.18	3.50

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

Commentary:

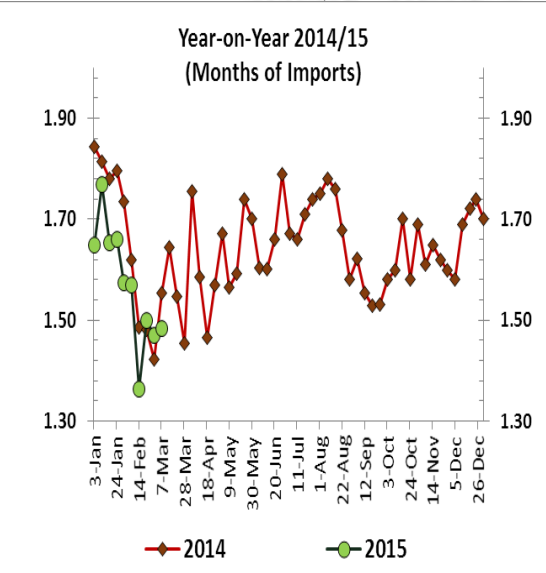
- Gross Official Reserves were almost unchanged during the week ending 27th February 2015 compared to the preceding week. The gross official reserves stood at US\$669.18 million (3.50 months of imports) as of Wednesday, 04th March 2015.



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)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
20 th February 2015	-12.71	299.54	286.84	1.50
27 th February 2015	-10.24	291.94	281.70	1.47
04 th March 2015	-9.42	292.80	283.38	1.48
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADBs Purchases		ADBs Sales	
20 th February 2015	36.11		40.60	
27 th February 2015	53.86		51.01	
On 05 th March 2015	4.87		6.14	
Commentary:				
<ul style="list-style-type: none">ADBs sold US\$51.01 million to the market and monetary authorities against purchases of US\$53.86 million during the week ending 27th January 2015. On 05th March, 2015, ADBs bought US\$4.87 million and sold US\$6.14 million.				

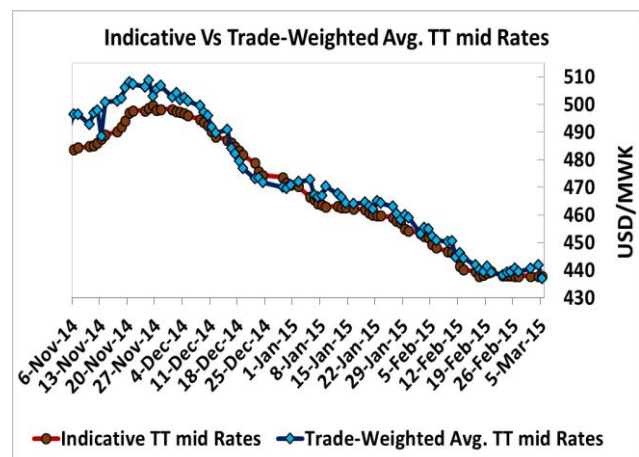
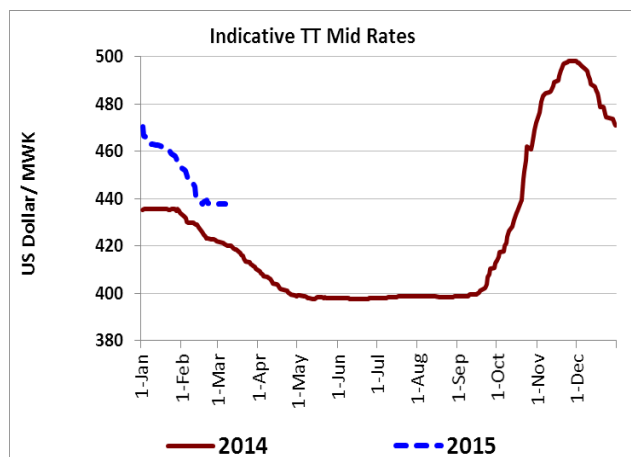


iii. Exchange Rate Developments

	25 Feb 2015	26 Feb 2015	27 Feb 2015	02 Mar 2015	04 Mar 2015	05 Mar 2015	Today Indicative
USD/MWK	439.4510	440.8157	439.4153	440.6404	441.8582	437.1154	437.8829
GBP/MWK	674.4904	679.8187	679.4602	667.2161	678.4084	668.4730	667.3335
EUR/MWK	497.0621	501.5305	490.0537	493.5499	494.0549	487.3757	482.9848
ZAR/MWK	38.3730	38.8575	38.3090	38.2482	37.5216	37.8326	36.9759

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 GBP, the USD, and the EUR yesterday and depreciated against the ZAR. Indicatively, the Malawi Kwacha is expected to trade at around MK437.8829 against the USD today.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
24 th February 2015	6.00%	-	-	-	26.65%	26.99%	26.81%
02 nd March 2015	6.00%	-	-	-	26.88%	27.00%	27.00%
Change in yield (bp)	0	-	-	-	23	01	19

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.