



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 10 March 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 13 <sup>th</sup> March 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-173	3,252
Estimated Excess Reserves	15,485	18,568
Required Reserves	72,142	72,142

#### Known Projected Transactions

	Week ending 13 <sup>th</sup> Mar 2015	Week ending 20 <sup>th</sup> Mar 2015	Week ending 27 <sup>th</sup> Mar 2015	March 2015	April 2015
Maturity of normal TBs/TNs/PNs	4,082	15,953	17,017	45,958	39,610
Maturity of OMO	-	-	-	-	-

#### Commentary:

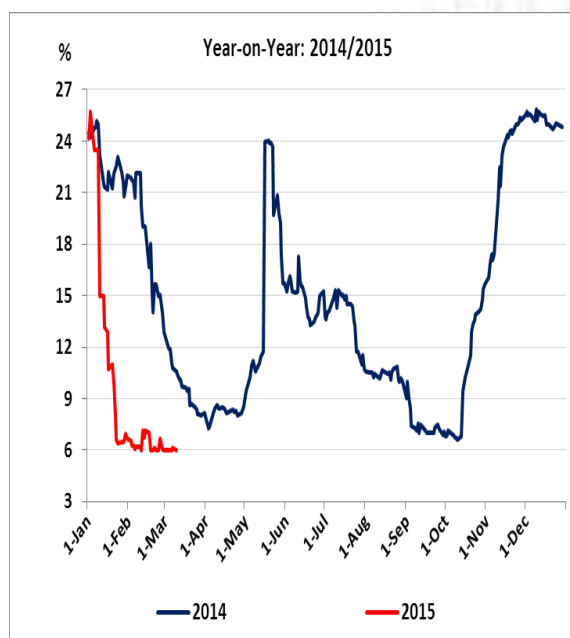
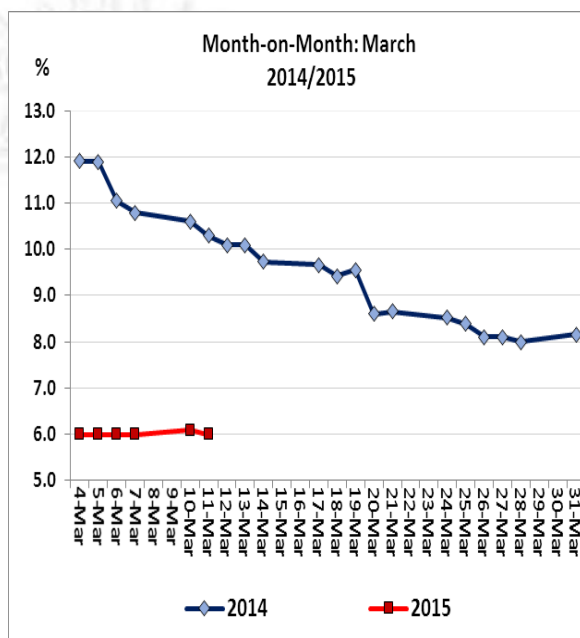
- Excess reserves are estimated to close at K15.49 billion today from K15.66 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,870	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 volume on the interbank market dropped to K1.87 billion yesterday from K5.38 billion recorded last Friday.
- The overnight interbank market rate (IBR) lost 9 basis points and closed at 6.00 percent yesterday from 6.09 percent recorded on Friday, 06<sup>th</sup> March 2015.
- A total of K1.5 billion was accessed on the Lombard Facility yesterday.

## A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

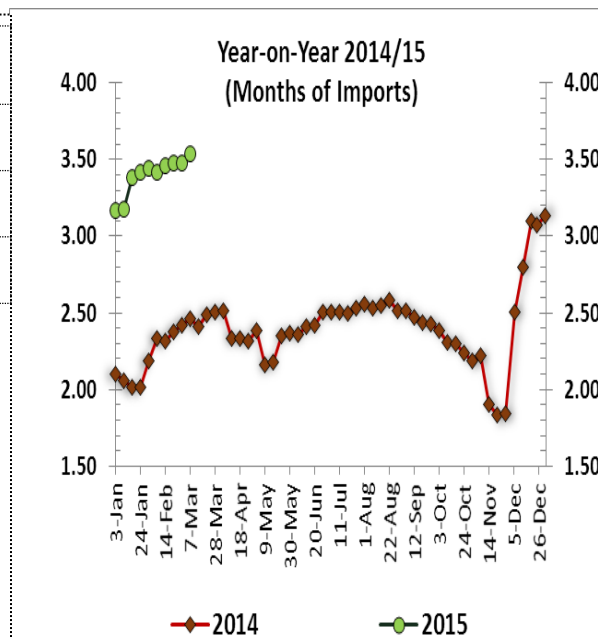
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
20 <sup>th</sup> February 2015	665.54	3.48
27 <sup>th</sup> February 2015	665.39	3.48
06 <sup>th</sup> March 2015	675.00	3.53

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

### Commentary:

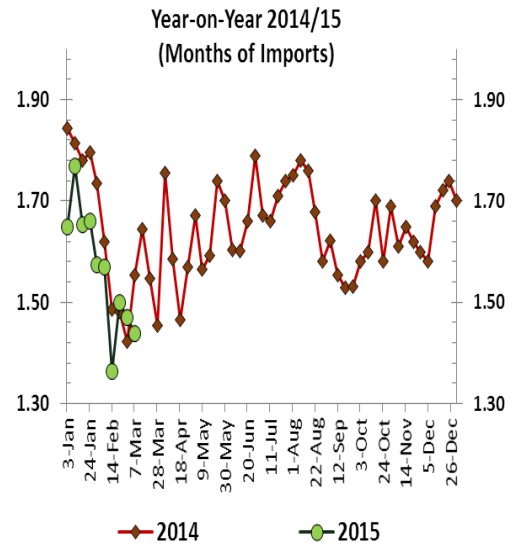
- Gross Official Reserves increased during the week ending 06<sup>th</sup> March 2015 compared to the preceding week. The gross official reserves stood at US\$675.00 million (3.53 months of imports) as of Friday, 06<sup>th</sup> March 2015.



## 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 <sup>th</sup> February 2015	-12.71	299.54	286.84	1.50
27 <sup>th</sup> February 2015	-10.24	291.94	281.70	1.47
06 <sup>th</sup> March 2015	-11.81	286.39	274.58	1.44
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADBs Purchases		ADBs Sales	
27 <sup>th</sup> February 2015	53.86		51.01	
06 <sup>th</sup> March 2015	33.10		35.52	
On 09 <sup>th</sup> March 2015	4.69		5.78	
<b>Commentary:</b>				
<ul style="list-style-type: none"><li>ADBs sold US\$33.10 million to the market and monetary authorities against purchases of US\$35.52 million during the week ending 06<sup>th</sup> March 2015. On 09<sup>th</sup> March, 2015, ADBs bought US\$4.69 million and sold US\$5.78 million.</li></ul>				

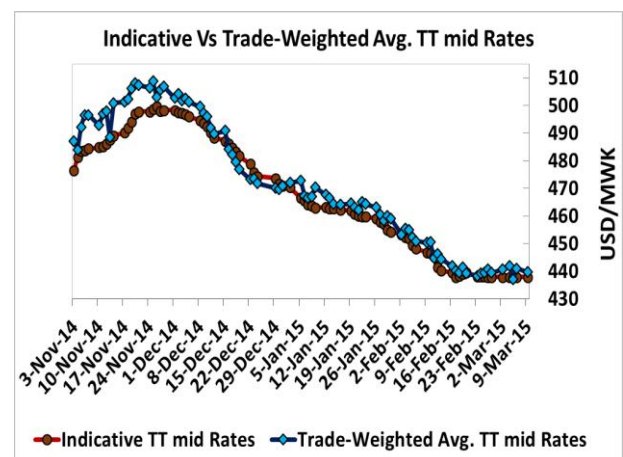
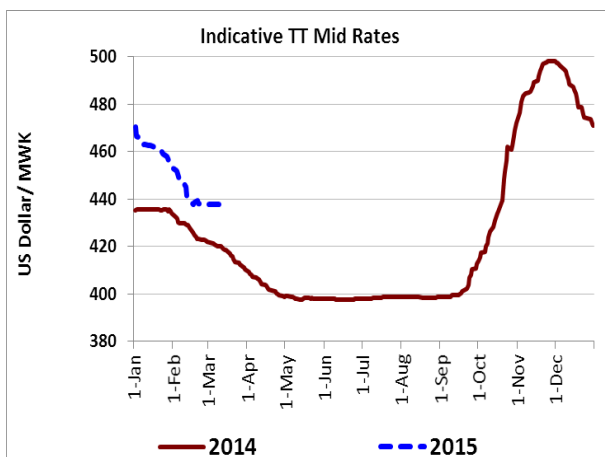


## iii. Exchange Rate Developments

	27 Feb 2015	02 Mar 2015	04 Mar 2015	05 Mar 2015	06 Mar 2015	09 Mar 2015	Today Indicative
USD/MWK	439.4153	440.6404	441.8582	437.1154	441.0272	439.6798	437.6613
GBP/MWK	679.4602	667.2161	678.4084	668.4730	680.5668	663.9833	662.0940
EUR/MWK	490.0537	493.5499	494.0549	487.3757	482.0510	484.8259	474.9500
ZAR/MWK	38.3090	38.2482	37.5216	37.8326	37.6183	37.1909	36.2012

**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 GBD, and the ZAR yesterday and depreciated against the EUR. Indicatively, the Malawi Kwacha is expected to trade at around MK437.6613 against the USD today.



## B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
24 <sup>th</sup> February 2015	6.00%	-	-	-	26.65%	26.99%	26.81%
02 <sup>nd</sup> 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.