



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 09 March 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 13 th March 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	171	3,081
Estimated Excess Reserves	15,419	18,398
Required Reserves	72,142	72,142

Known Projected Transactions

	Week ending 13 th Mar 2015	Week ending 20 th Mar 2015	Week ending 27 th 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:

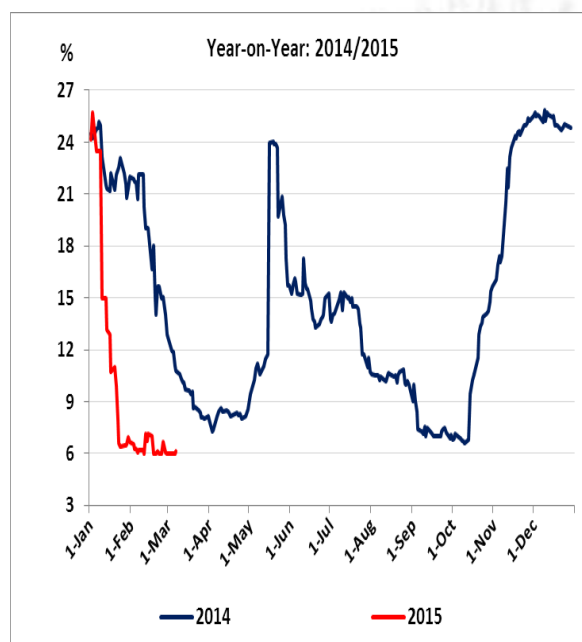
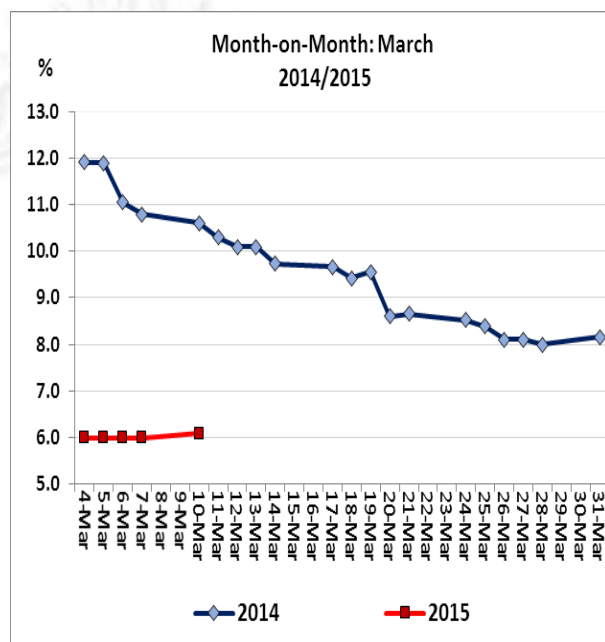
- Excess reserves are estimated to close at K15.42 billion today from K15.25 billion recorded last Friday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	5,380	6.09
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 to K5.38 billion last Friday from K1.70 billion recorded on Thursday, 05th March 2015.
- The overnight interbank market rate (IBR) gained 9 basis points and closed at 6.09 percent on Friday, 06 March 2015 from 6.00 percent recorded during the previous day.
- A total of K2.5 billion was accessed on the Lombard Facility last Friday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

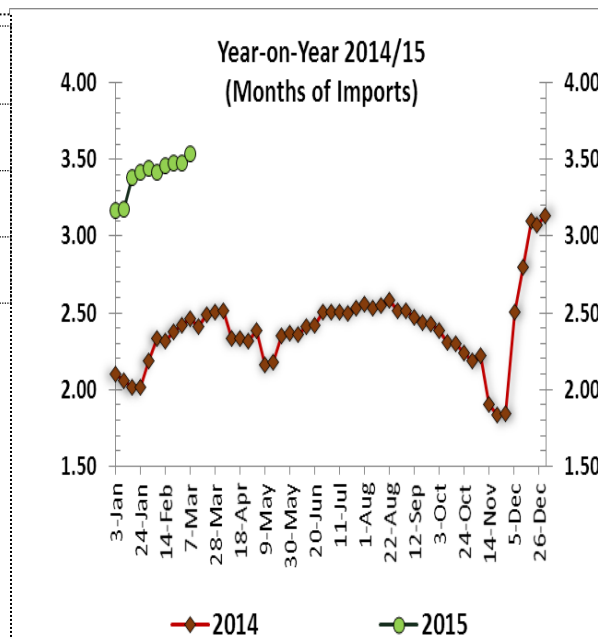
(Foreign reserves under the direct control of the Central Bank)

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
06 th March 2015	675.00	3.53

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

Commentary:

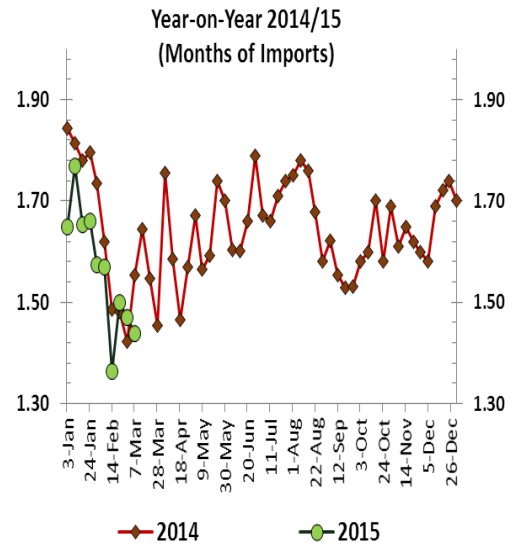
- Gross Official Reserves increased during the week ending 06th March 2015 compared to the preceding week. The gross official reserves stood at US\$675.00 million (3.53 months of imports) as of Friday, 06th March 2015.



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
06 th 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 th February 2015	53.86		51.01	
06 th March 2015	33.10		35.52	
On 06 th March 2015	8.17		9.09	
Commentary:				
<ul style="list-style-type: none">ADBs sold US\$33.10 million to the market and monetary authorities against purchases of US\$35.52 million during the week ending 06th March 2015. On 06th March, 2015, ADBs bought US\$8.17 million and sold US\$9.09 million.				

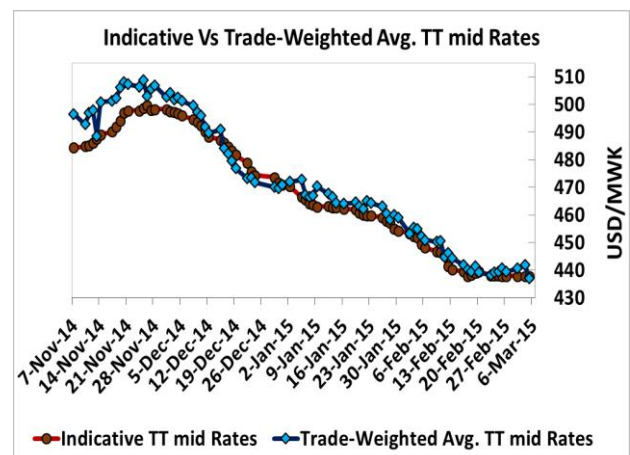
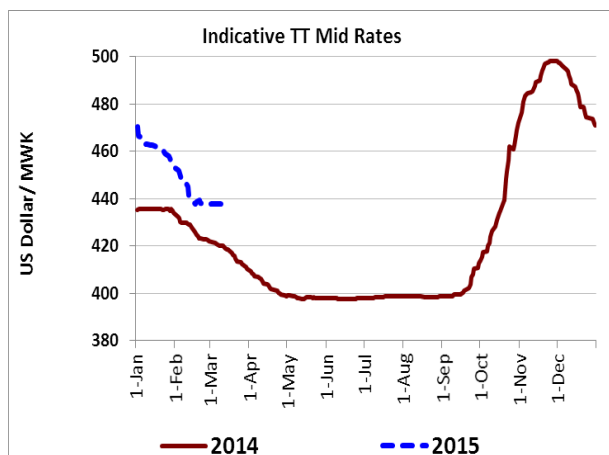


iii. Exchange Rate Developments

	26 Feb 2015	27 Feb 2015	02 Mar 2015	04 Mar 2015	05 Mar 2015	06 Mar 2015	Today Indicative
USD/MWK	440.8157	439.4153	440.6404	441.8582	437.1154	441.0272	437.8829
GBP/MWK	679.8187	679.4602	667.2161	678.4084	668.4730	680.5668	658.6197
EUR/MWK	501.5305	490.0537	493.5499	494.0549	487.3757	482.0510	474.3148
ZAR/MWK	38.8575	38.3090	38.2482	37.5216	37.8326	37.6183	36.3720

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 EUR, and the ZAR and depreciated against the USD, and the GBP last Friday. 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.