



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 18 March 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 th March 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-11	4,232
Estimated Excess Reserves	11,540	28,519
Required Reserves	72,030	72,030

Known Projected Transactions

	Week ending 20 th Mar 2015	Week ending 27 th Mar 2015	Week ending 03 rd Apr 2015	March 2015	April 2015
Maturity of normal TBs/TNs/PNs	15,953	17,017	6,352	45,958	39,610
Maturity of OMO	-	-	-	-	-

Commentary:

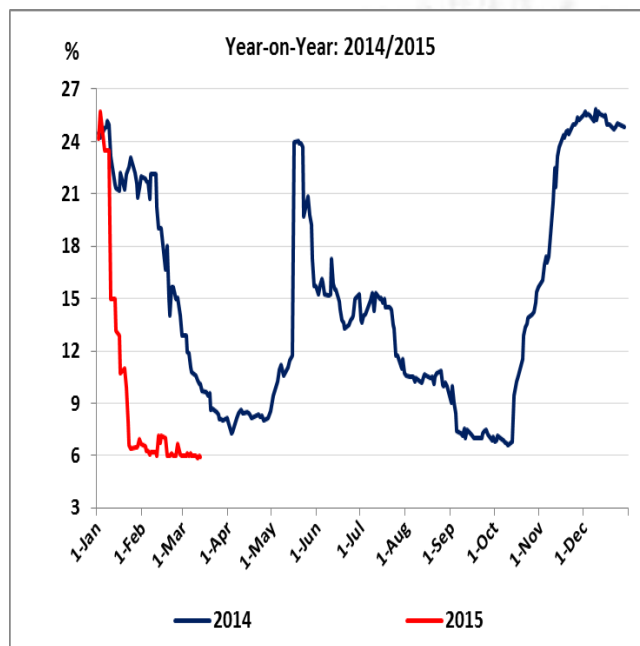
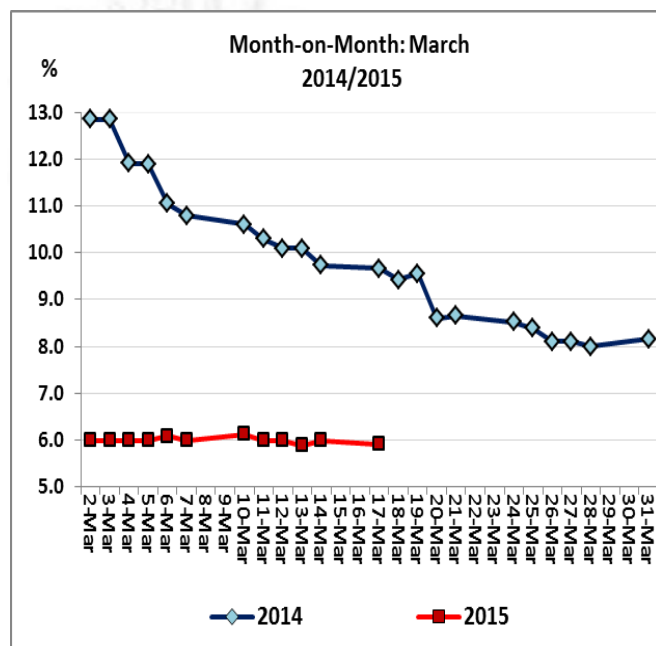
- Excess reserves are estimated to close at K11.54 billion today from K11.55 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,450	5.91
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	500	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K6.45 billion yesterday from K4.35 billion recorded on Monday, 16th March 2015.
- The overnight interbank market rate (IBR) went down to 5.91 percent from 6.00 percent recorded on Monday, 16th March 2015.
- K500 million was accessed on the Lombard Facility yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

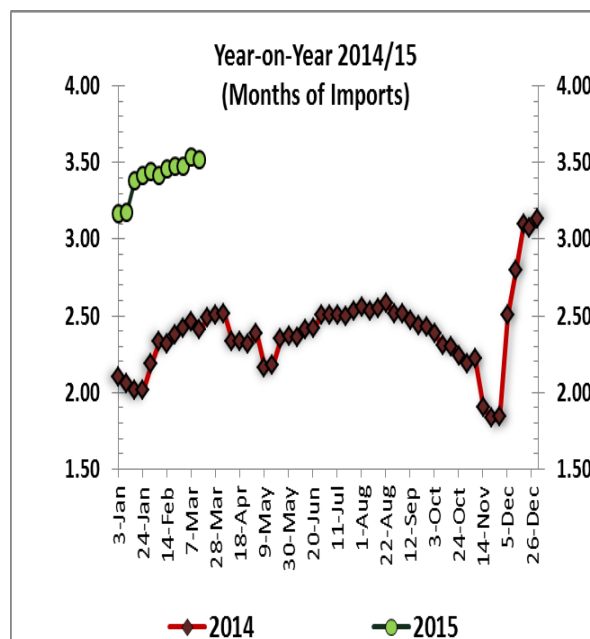
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
06 th March 2015	675.00	3.53
13 th March 2015	671.52	3.52
16 th March 2015	670.03	3.51

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

Commentary:

- Gross Official Reserves went down marginally during the week ending 13th March 2015 compared to the preceding week. The gross official reserves stood at US\$670.03 million (3.51 months of imports) as at Monday, 16th 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)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
06 th March 2015	-11.81	286.39	274.58	1.44
13 th March 2015	-19.81	272.75	252.93	1.32
16 th March 2015	-18.48	274.79	256.31	1.34

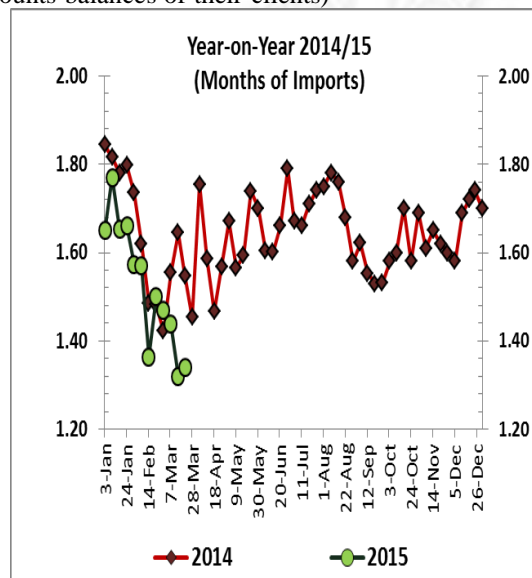
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
06 th March 2015	33.10	35.52
13 th March 2015	22.01	30.77
On 17 th March 2015	6.11	5.63

Commentary:

- ADB's sold US\$30.77 million to the market and monetary authorities against purchases of US\$22.01 million during the week ending 13th March 2015. Yesterday, ADB's bought US\$6.11 million and sold US\$5.63 million.

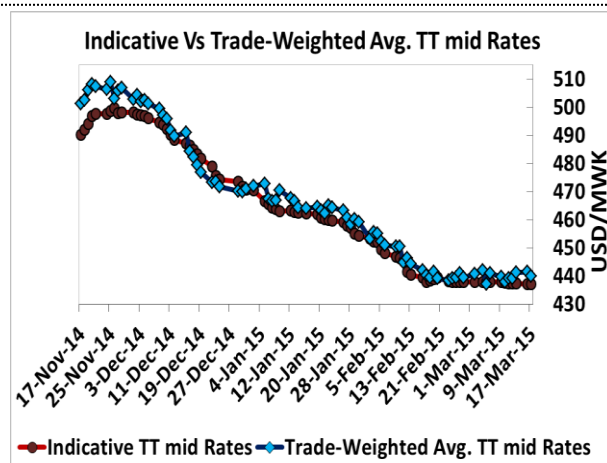
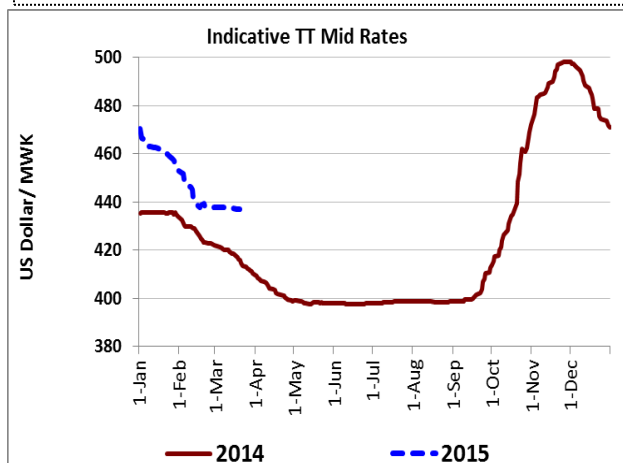


iii. Exchange Rate Developments

	10 Mar 2015	11 Mar 2015	12 Mar 2015	13 Mar 2015	16 Mar 2015	17 Mar 2015	Today Indicative
USD/MWK	437.7308	439.0716	439.1575	441.1693	441.3760	439.9954	437.0824
GBP/MWK	656.2626	656.8513	657.2237	653.0821	652.1045	656.7252	644.6528
EUR/MWK	482.4783	472.8977	464.3461	467.4577	463.9936	461.6572	463.1762
ZAR/MWK	36.7632	36.3557	35.8766	35.8993	35.3043	36.0294	35.3787

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 and the EUR and depreciated against the GBP and the ZAR yesterday. Indicatively, the Malawi Kwacha is expected to trade at around MK437.0824 against the USD today.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
10 th March 2015	6.13%	-	-	-	26.99%	26.88%	26.98%
17 th March 2015	5.91%	-	-	-	26.52%	-	-
Change in yield (bp)	-22	-	-	-	-47	-	-

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.