



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 26 March 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 27 th March 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	1,114	5,335
Estimated Excess Reserves	39,737	37,550
Required Reserves	72,030	72,030

Known Projected Transactions

	Week ending 27 th Mar 2015	Week ending 03 rd Apr 2015	Week ending 10 th Apr 2015	March 2015	April 2015
Maturity of normal TBs/TNs/PNs	16,617	6,352	11,276	45,958	39,610
Maturity of OMO	-	-	-	-	-

Commentary:

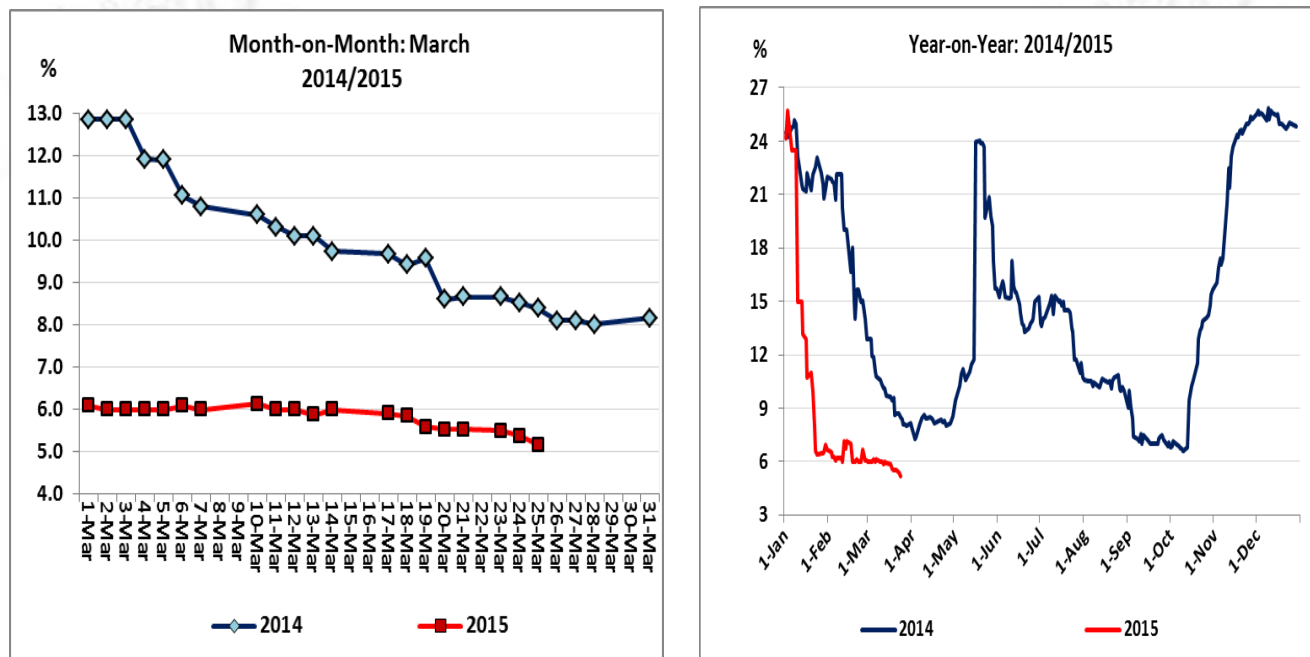
- Excess reserves are estimated to close at K39.74 billion today from K38.62 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,200	5.17
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	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped yesterday and amounted to K1.20 billion from K2.45 billion recorded on Tuesday, 24th March 2015.
- The overnight interbank market rate (IBR) went down by 20 basis points and closed at 5.17 percent yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

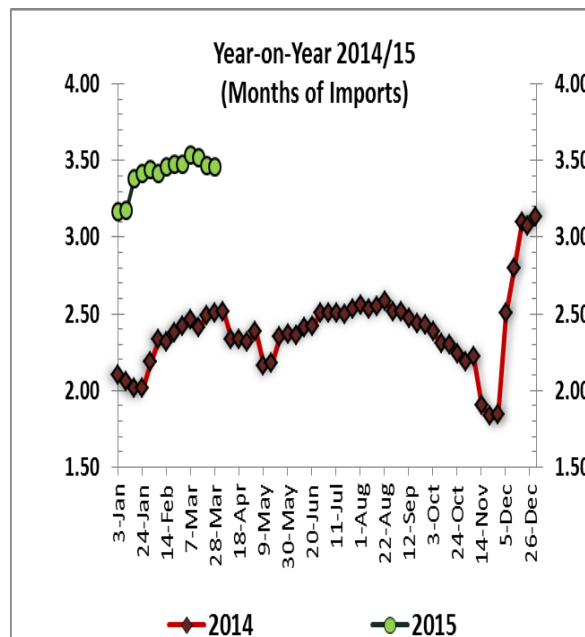
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
13 th March 2015	671.52	3.52
20 th March 2015	663.53	3.52
25 th March 2015	661.33	3.46

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

Commentary:

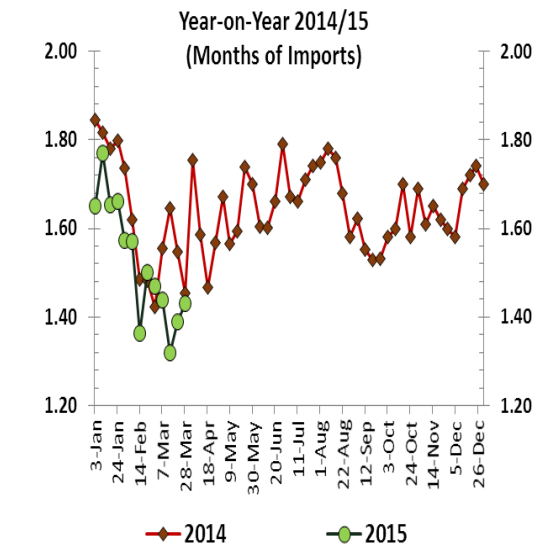
- Gross Official Reserves went down during the week ending 20th March 2015 compared to the preceding week. The gross official reserves stood at US\$661.33 million (3.46 months of imports) as at yesterday.



ii. Private Sector Foreign Exchange Reserves

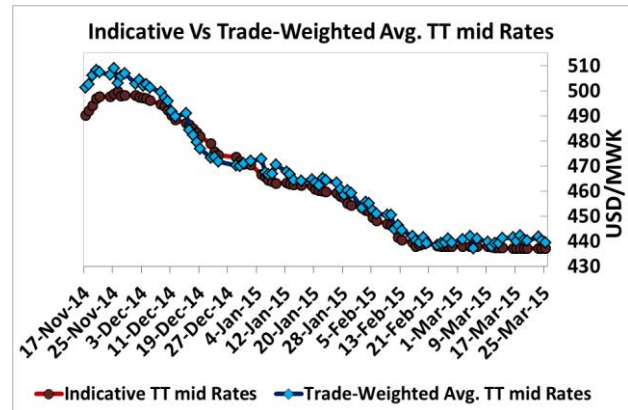
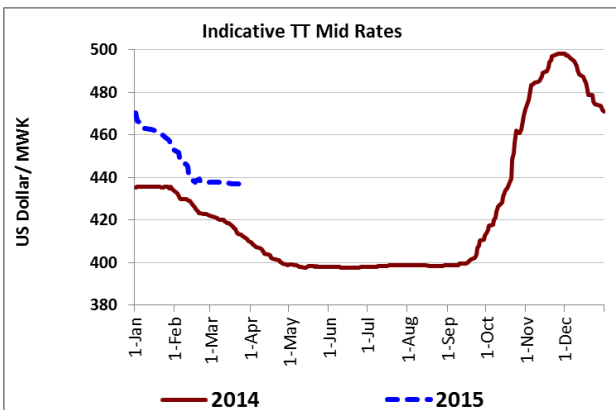
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
13 th March 2015	-19.81	272.75	252.93	1.32
20 th March 2015	-20.86	287.25	266.39	1.39
23 th March 2015	-17.06	290.37	273.31	1.49
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADBs Purchases	ADBs Sales		
13 th March 2015	22.01	30.77		
20 th March 2015	28.66	29.96		
On 25 th March 2015	3.20	5.53		
Commentary:				
<ul style="list-style-type: none">ADBs sold US\$29.96 million to the market and monetary authorities against purchases of US\$28.66 million during the week ending 20th March 2015. Yesterday, ADBs bought US\$3.20 million and sold US\$5.53 million.				



iii. Exchange Rate Developments

	18 Mar 2015	19 Mar 2015	20 Mar 2015	23 Mar 2015	24 Mar 2015	25 Mar 2015	Today Indicative
USD/MWK	442.1860	440.4254	440.2051	441.7408	440.2254	439.4253	436.9915
GBP/MWK	635.9819	654.2702	645.8222	656.4760	656.1673	656.1546	650.2434
EUR/MWK	468.6181	470.9070	469.3155	473.2778	472.7055	475.6054	479.3797
ZAR/MWK	36.1384	36.9149	36.3716	36.5161	37.6134	37.3203	36.8695
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 depreciated against the EUR and appreciated against the USD, the GBP and the ZAR yesterday. Indicatively, the Malawi Kwacha is expected to trade around MK436.9915 against the USD today.							



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
17 th March 2015	5.91%	-	-	-	26.52%	-	-
24 th March 2015	5.37%	-	-	-	25.12%	25.12%	25.01%
Change in yield (bp)	-54	-	-	-	-140	-	-

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.