



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 10 April 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 10 th April 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	1,260	2,709
Estimated Excess Reserves	3,802	3,802
Required Reserves	72,891	72,891

Known Projected Transactions

	Week ending 10 th Apr 2015	Week ending 17 th Apr 2015	Week ending 24 th Apr 2015	April 2015	May 2015
Maturity of normal TBs/TNs/PNs	11,476	9,527	10,715	45,201	23,016
Maturity of OMO	-	-	-	-	-

Commentary:

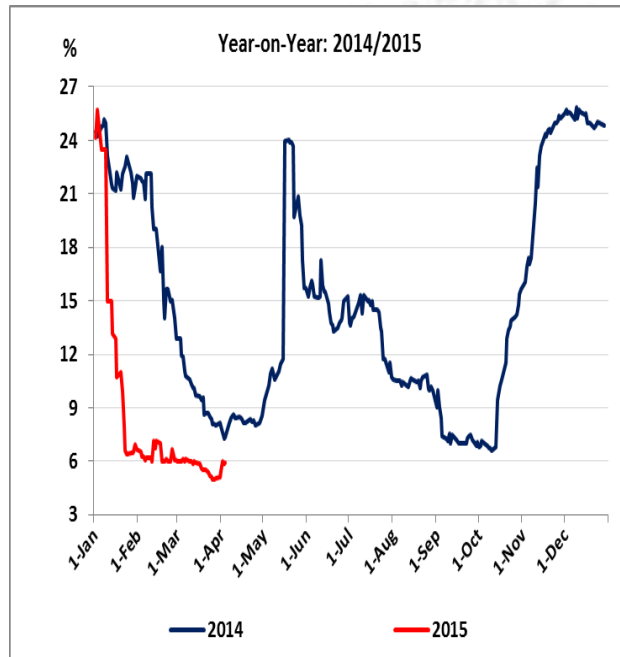
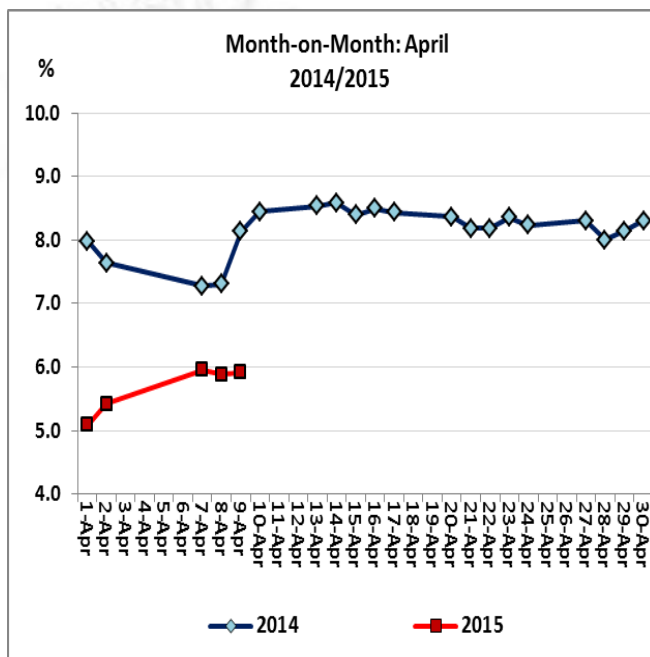
- Excess reserves are estimated to close at K3.80 billion today from K2.54 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,720	5.91
07 days	300	14.00
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	1,500	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K3.02 billion yesterday from K2.85 billion recorded on Wednesday, 8th April 2015.
- The overnight interbank market rate (IBR) went up by 3 basis points and closed at 5.91 percent yesterday.
- K1.50 billion was accessed on the Lombard Facility yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

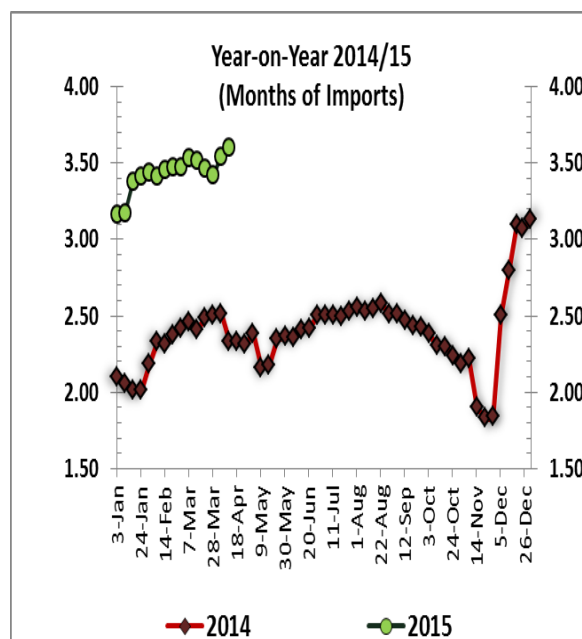
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
27 th March 2015	653.84	3.42
03 rd April 2015	676.84	3.54
08 th April 2015	689.56	3.61

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

Commentary:

- Gross Official Reserves went up during the week ending 03rd April 2015 compared to the previous week. The gross official reserves stood at US\$689.56 million (3.61 months of imports) as at 08th April 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)
27 th March 2015	-14.19	279.37	265.18	1.39
02 nd April 2015	-18.23	282.82	264.59	1.39
8 th April 2015	-14.01	294.24	280.23	1.47

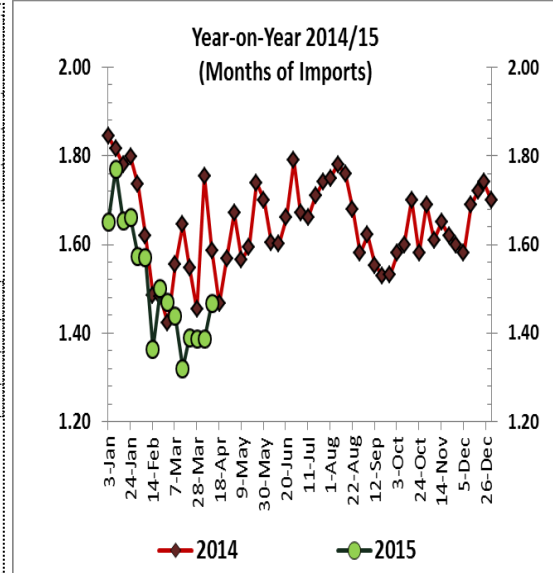
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
27 th March 2015	33.84	39.81
03 rd April 2015	27.31	33.74
On 09 th April 2015	4.63	8.21

Commentary:

- ADB's bought US\$27.31 million from the market against sales of US\$33.74 million during the week ending 03rd April 2015. Yesterday, ADB's bought US\$4.63 million and sold US\$8.21 million.

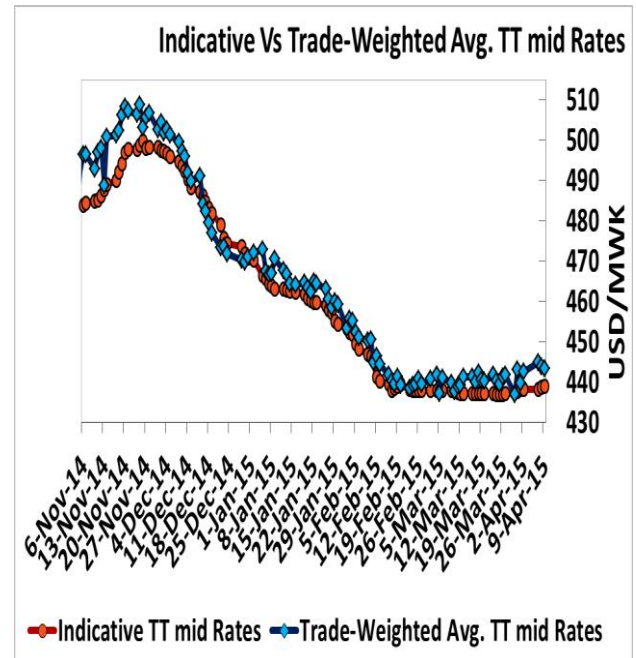
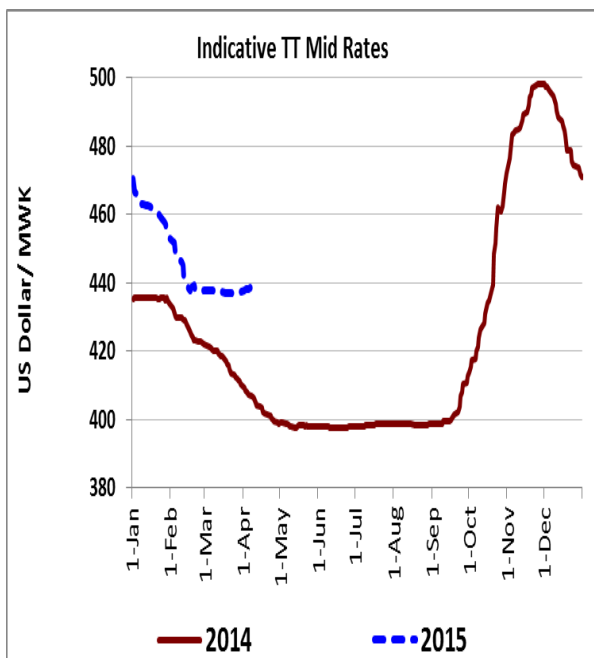


iii. Exchange Rate Developments

	31 Mar 2015	01 Apr 2015	02 Apr 2015	07 Apr 2015	08 Apr 2015	09 Apr 2015	Today Indicative
USD/MWK	443.1244	439.6895	442.6248	444.7607	443.8578	443.3106	439.0649
GBP/MWK	641.6823	652.3997	646.0589	660.0393	650.0058	653.4949	645.9962
EUR/MWK	470.1917	470.5315	469.7046	480.2303	476.3616	472.1229	467.9993
ZAR/MWK	36.6378	37.1463	37.4499	36.6427	37.9079	37.9404	36.7689

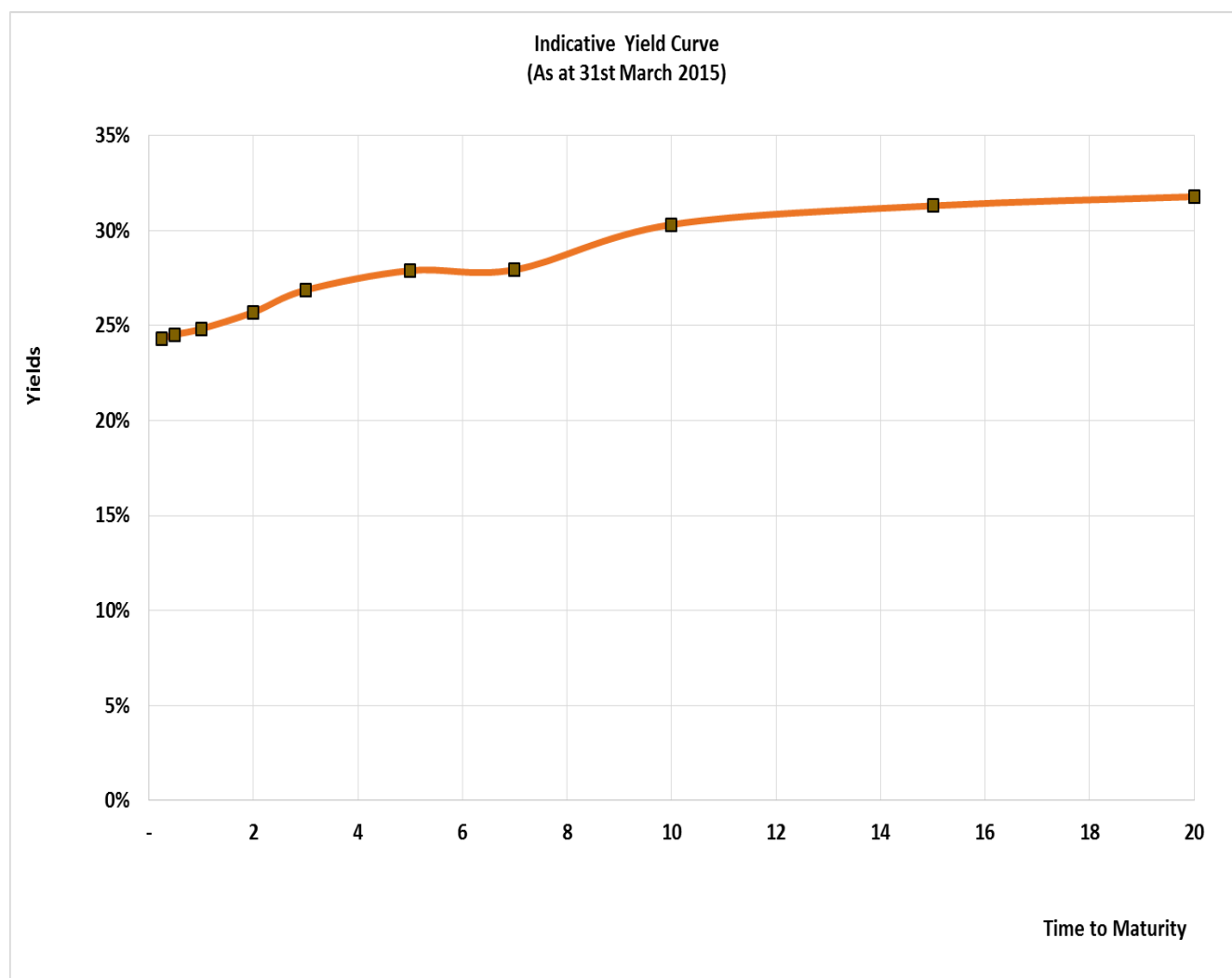
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

Commentary: The Kwacha appreciated against the USD and the EUR yesterday. The local currency depreciated against the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK439.0649 against the USD today.



B. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

	Overnight	91 days	182 days	364 days	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
31st March 2015	5.03%	24.30%	24.52%	24.82%	25.70%	26.86%	27.89%	27.93%	30.31%	31.30%	31.78%
07th April 2015	5.96%	24.22%	24.85%	25.15%	-	-	-	-	-	-	-
Change in yield (bp)	93	-08	33	33	-	-	-	-	-	-	-



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