



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 29 April 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 1 st May 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-5,086	-3,582
Estimated Excess Reserves	-11,129	-17,714
Required Reserves	74,217	74,217

Known Projected Transactions

	Week ending 01 st May 2015	Week ending 8 th May 2015	Week ending 15 th May 2015	May 2015	June 2015
Maturity of normal TBs/TNs/PNs	5,980	6,690	8,667	23,016	24,942
Maturity of OMO	-	367	-	-	-

Commentary:

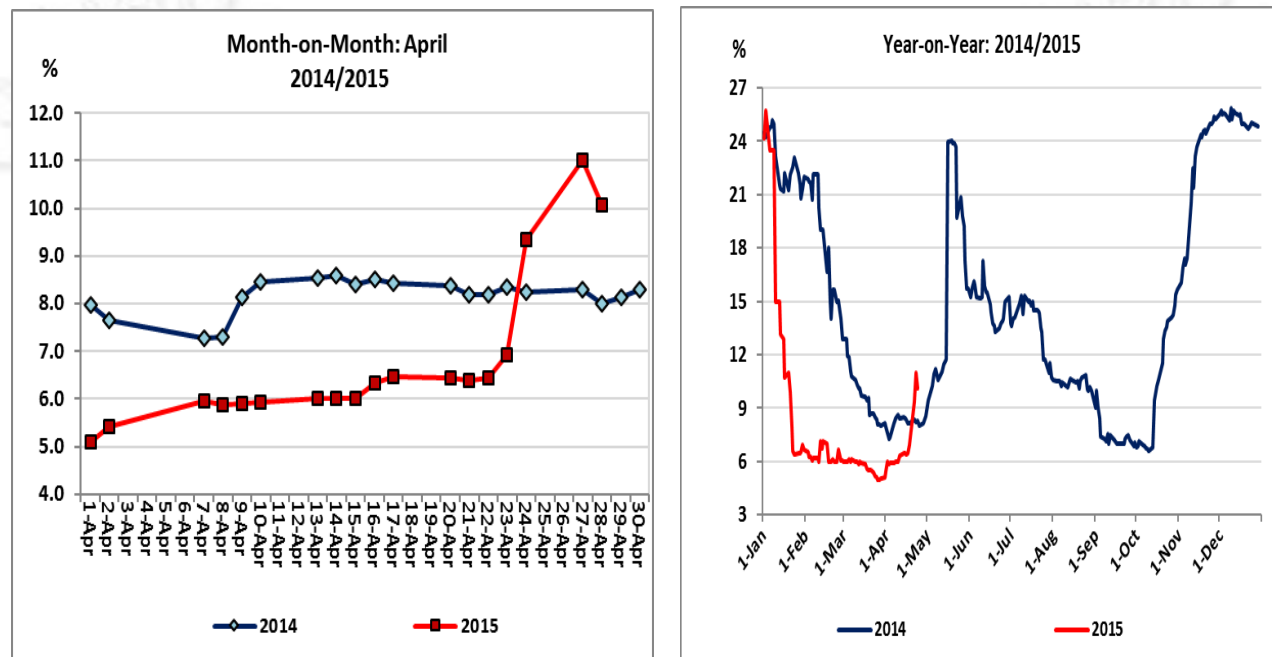
- Excess reserves are estimated to close at negative K11.13 billion today from negative K5.08 billion as of yesterday, 28th April 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,300	10.08
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	10,100	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K1.30 billion yesterday from K4.50 billion recorded yesterday, 28th April 2015.
- The overnight interbank market rate (IBR) also decreased by 2 basis points and closed at 10.08 percent yesterday.
- A total of K10.10 billion was accessed on the Lombard Facility yesterday. Out of this amount K2.40 billion was a sub-total for fresh borrowings while K4.70 billion was a sub-total for roll-overs.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

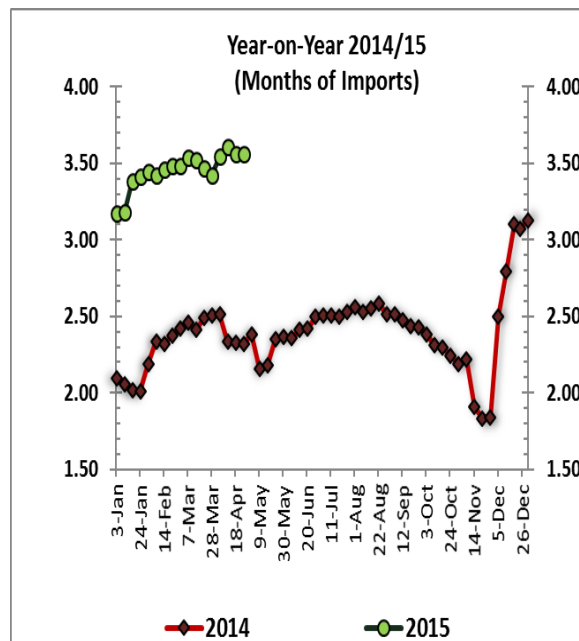
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
17 th April 2015	680.18	3.56
24 th April 2015	679.66	3.56
27 th April 2015	683.71	3.58

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

Commentary:

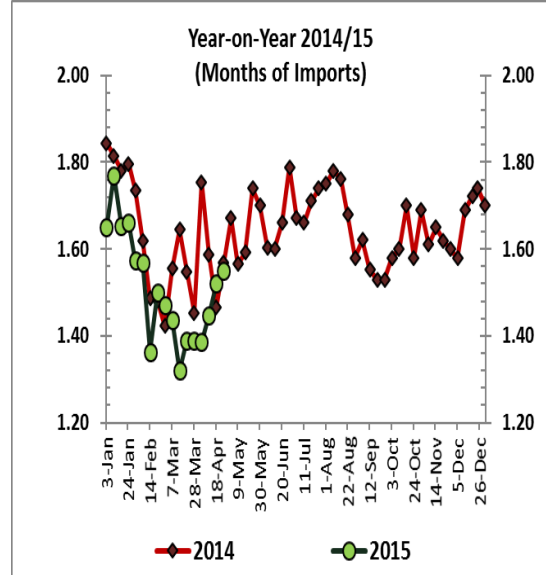
- Gross Official Reserves were almost unchanged during the week ending 24th April 2015 compared to the preceding week. The gross official reserves stood at US\$679.66 million (3.56 months of imports) as at 24th April 2015. As at 27th April 2015, gross official reserves had increased to US\$683.71 million (3.58 months of imports).



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)
17 th April 2015	-13.15	303.60	290.44	1.52
24 th April 2015	-12.36	307.78	295.42	1.55
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADBs Purchases	ADBs Sales		
24 th April 2015	33.34	36.36		
On 28 th April 2015	5.45	9.77		
Commentary:				
<ul style="list-style-type: none">ADBs bought US\$33.34 million from the market against sales of US\$36.36 million during the week ending 24th April 2015. Yesterday, 28th April 2015, ADBs bought US\$5.45 million and sold US\$9.77 million.				

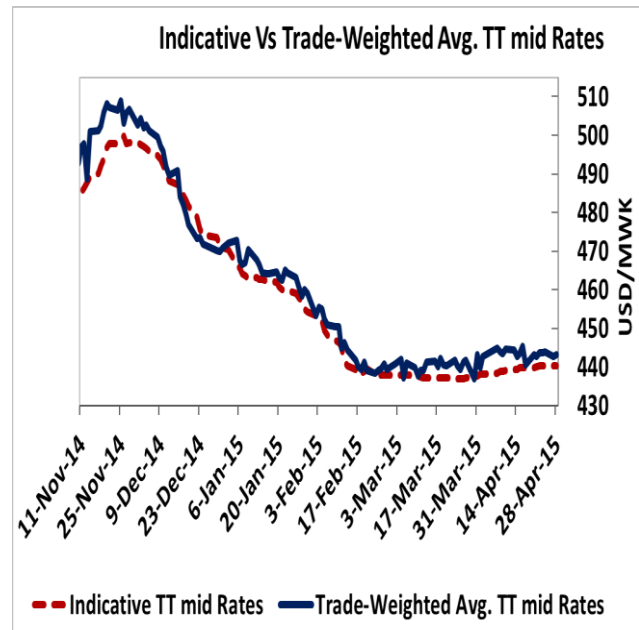
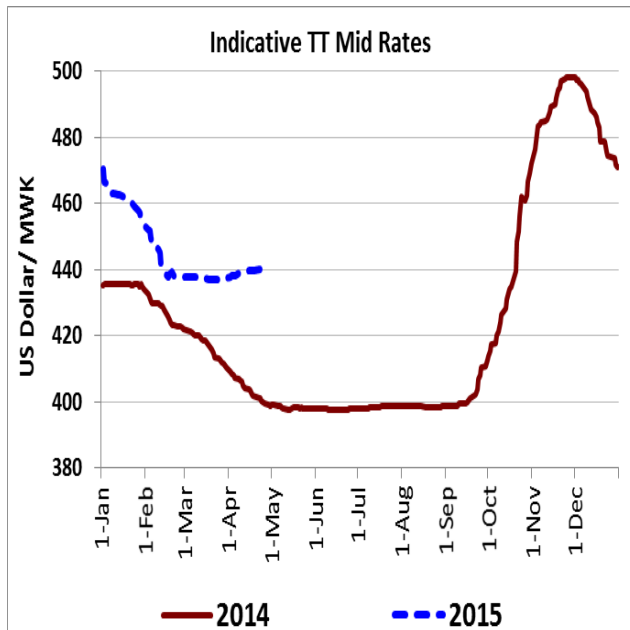


iii. Exchange Rate Developments

	21 Apr 2015	22 Apr 2015	23 Apr 2015	24 Apr 2015	27 Apr 2015	28 Apr 2015	Today Indicative
MWK/USD	442.6964	443.7599	443.6989	443.9082	442.6664	443.1250	440.2204
MWK/GBP	660.9313	666.2951	664.9354	656.4025	662.3595	671.0164	675.2541
MWK/EUR	475.3737	475.0354	477.9781	477.6238	477.3408	477.7570	483.4060
MWK/ZAR	37.6580	36.9344	37.3477	37.3104	36.2901	37.8570	37.1031

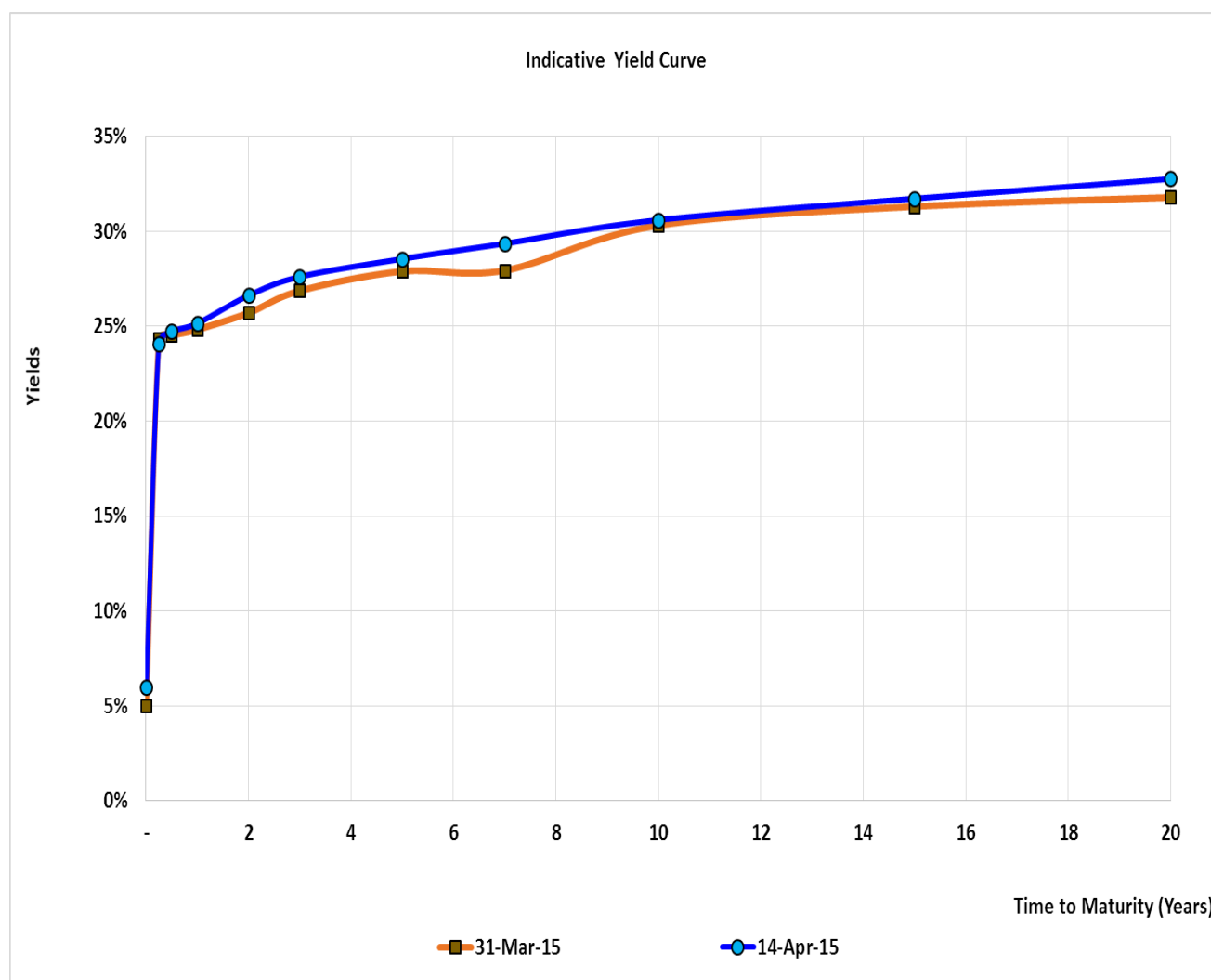
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

Commentary: The Kwacha depreciated against the USD, the GBP, the EUR and the ZAR yesterday, 28th April 2015. Indicatively, the Malawi Kwacha is expected to trade around MK440.2204 against the USD today.



D. 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%	-	-	-	-	-	-	-
14th April 2015	6.00%	24.06%	24.72%	25.15%	26.61%	27.60%	28.54%	29.35%	30.59%	31.72%	32.75%
21st April 2015	6.38%	24.18%	24.25%	25.17%	-	-	-	-	-	-	-
31 Mar - 14 Apr 2015 Change in yield (bp)	97	-24	20	33	91	74	65	142	28	42	97



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