



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 20 May 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 22nd May 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-622	4,290
Estimated Excess Reserves	2,058	5,634
Required Reserves	73,966	73,966

Known Projected Transactions

	Week ending 22 nd May 2015	Week ending 29 th May 2015	Week ending 5 th June 2015	May 2015	June 2015
Maturity of normal TBs/TNs/PNs	6,096	1,195	2,995	23,016	24,942
Maturity of OMO	-	-	-	-	-

Commentary:

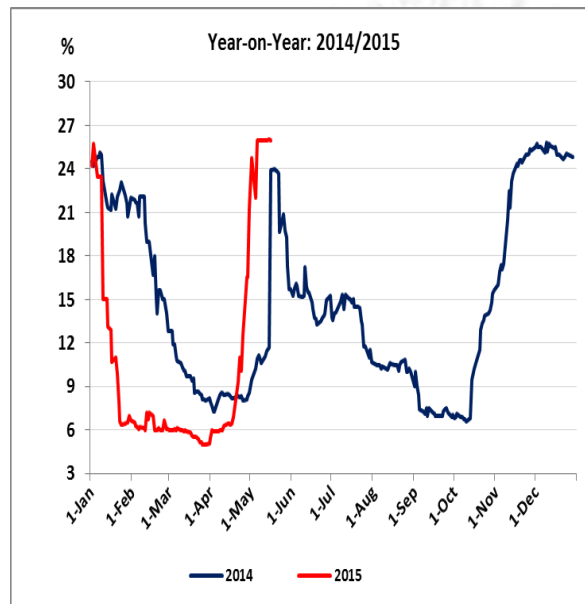
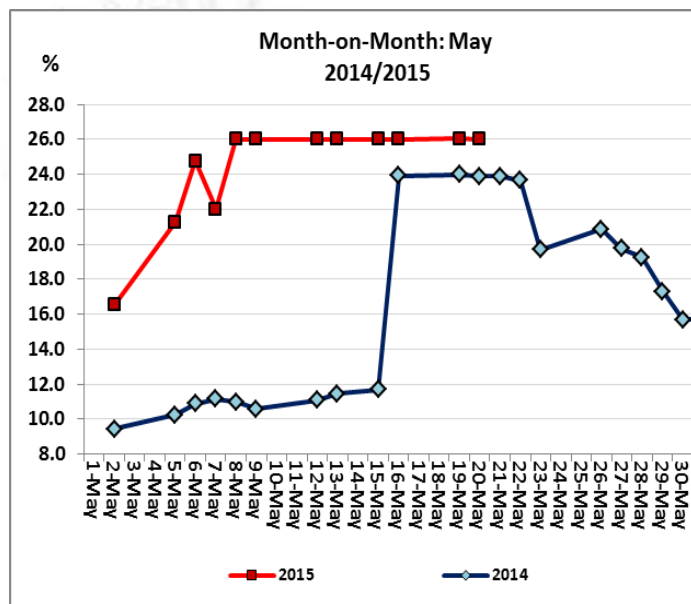
- Excess reserves are estimated to close at K2.06 billion today from K2.68 billion recorded yesterday, 19th May 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	3,050	26.00
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	18,250	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market went down to K3.05 billion yesterday from K3.63 billion recorded on Monday, 18th May 2015.
- The overnight interbank market rate (IBR) dropped by 4 basis points and closed at 26.00 percent.
- A total of MK18.25 billion was accessed on the Lombard Facility yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

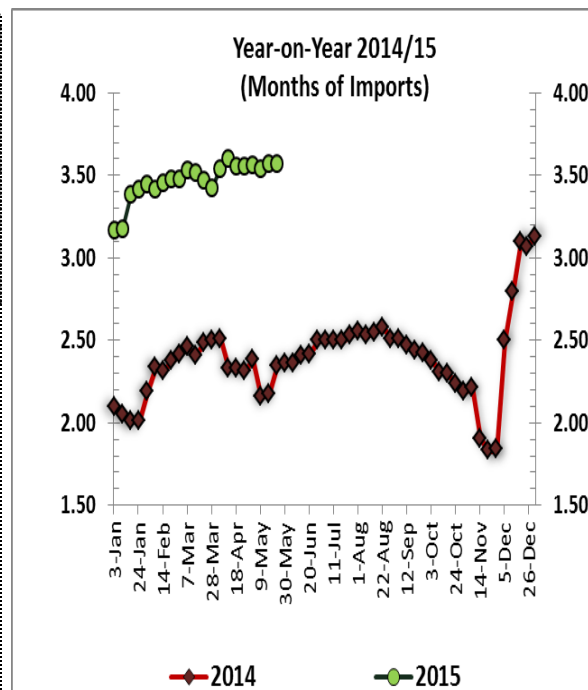
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
8 th May 2015	676.40	3.54
15 th May 2015	683.14	3.58
18 th May 2015	682.69	3.57

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

Commentary:

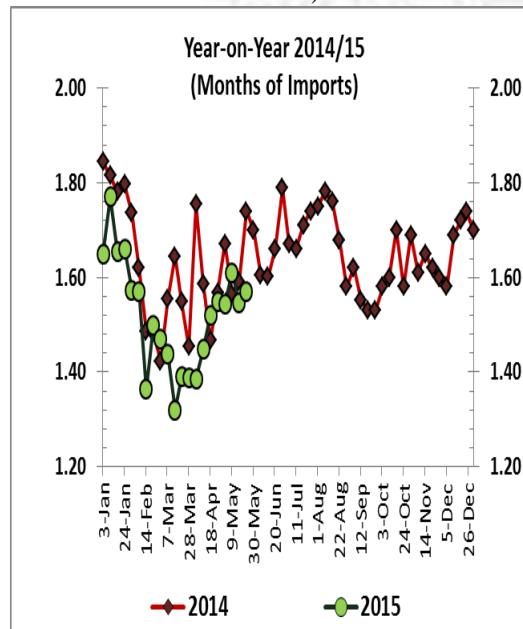
- Gross Official Reserves increased during the week ending 15th May 2015 compared to the previous week. The gross official reserves stood at US\$683.14 million (3.58 months of import) as at 15th May 2015. As at 18th May 2015, gross official reserves recorded a marginal decrease and stood at US\$682.69 million (3.57 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)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
8 th May 2015	-8.43	316.26	307.83	1.61
15 th May 2015	-10.64	305.99	295.35	1.55
18 th May 2015	-5.99	306.45	300.46	1.57
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADB's Purchases		ADB's Sales	
8 th May 2015	38.19		41.13	
15 th May 2015	43.06		44.25	
On 19 th May 2015	11.47		12.76	
Commentary:				
• ADBs purchased US\$43.06 million from the market against sales of US\$44.25 million during the week ending 15 th May 2015. Yesterday, 19 th May 2015, ADBs purchased US\$11.47 million and sold US\$12.76 million.				

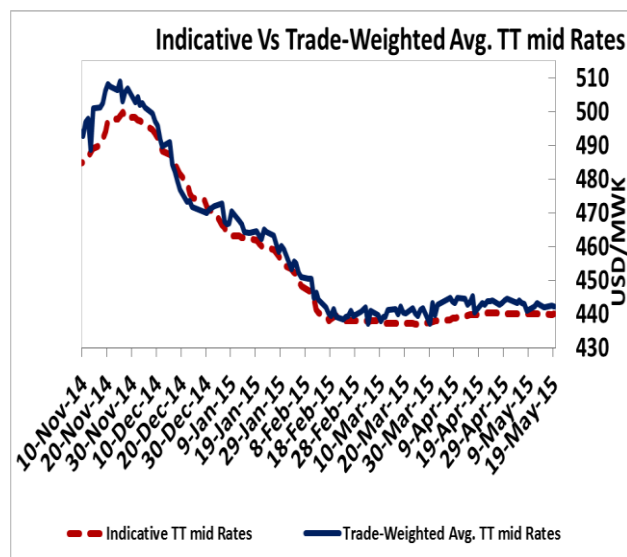
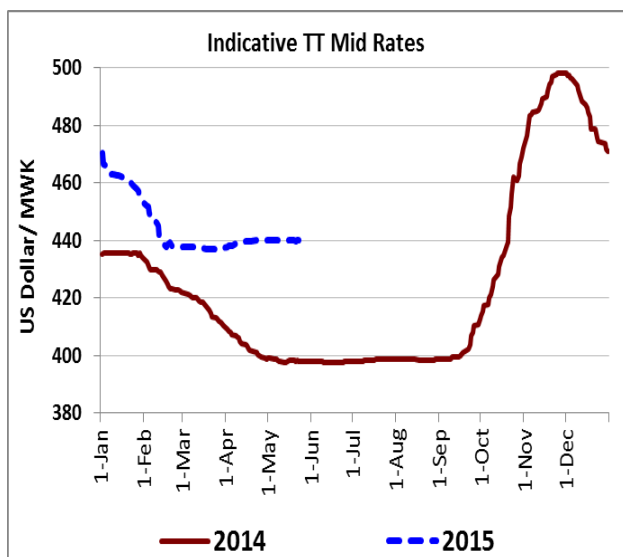


iii. Exchange Rate Developments

	11 May 2015	12 May 2015	13 May 2015	15 May 2015	18 May 2015	19 May 2015	Today Indicative
MWK/USD	442.3221	443.1047	442.6374	441.9461	442.5592	442.1882	440.1006
MWK/GBP	684.9114	676.8191	687.5407	685.0140	686.8110	690.7805	682.7436
MWK/EUR	487.2672	481.8698	498.2460	497.3093	507.8544	498.0614	490.7233
MWK/ZAR	36.6738	36.8909	36.1081	37.8421	37.2348	38.2321	36.9580

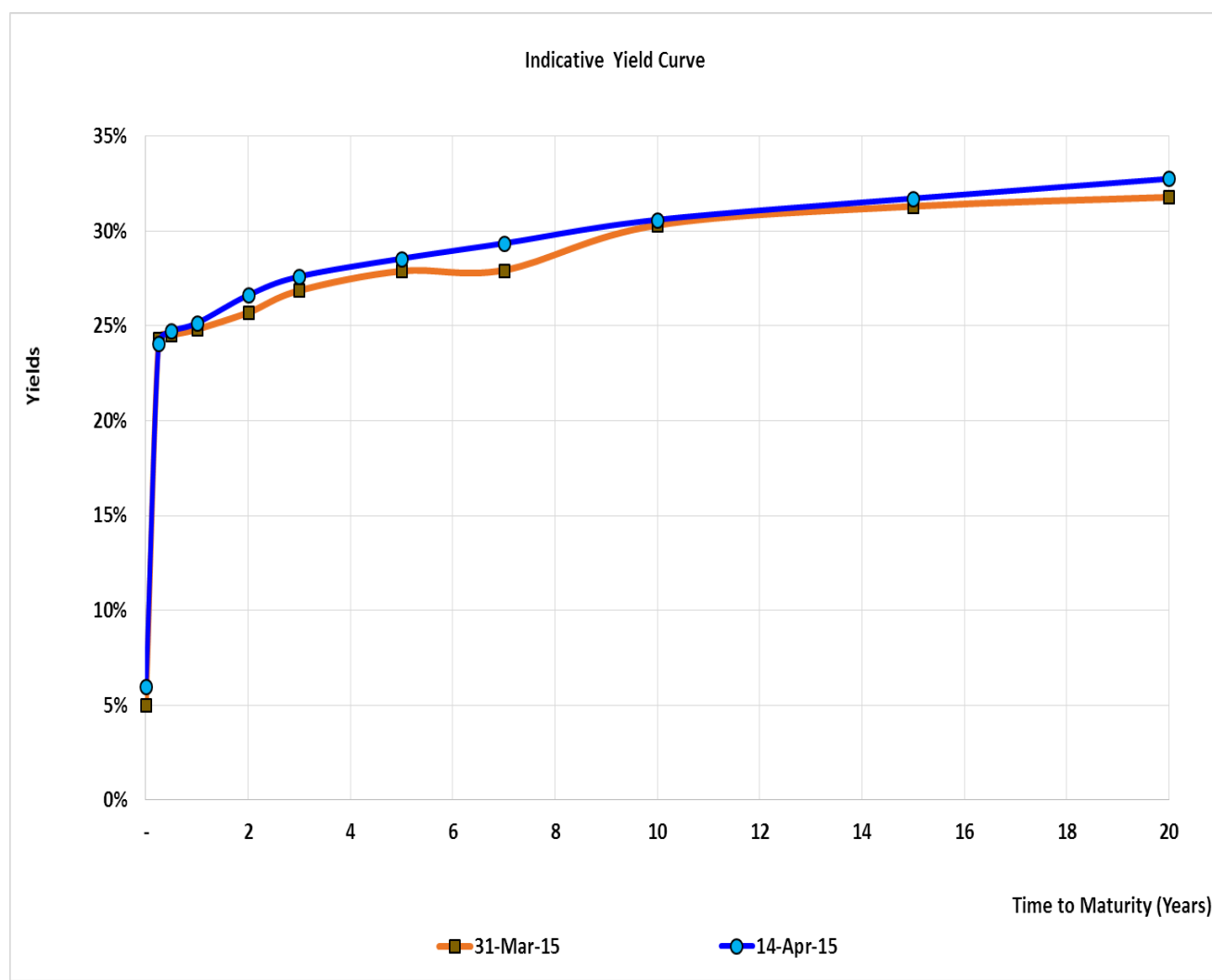
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

Commentary: The Kwacha appreciated against the USD and the EUR and depreciated against the GBP and the ZAR yesterday, 19th May 2015. Indicatively, the Malawi Kwacha is expected to trade around MK440.1006 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%	-	-	-	-	-	-	-
28th April 2015	10.08%	24.13%	24.29%	25.33%	-	-	-	-	-	-	-
05th May 2015	24.77%	23.43%	24.37%	25.27%	-	-	-	-	-	-	-
12th May 2015	26.00%	24.44%	24.80%	25.07%	-	-	-	-	-	-	-
19th May 2015	26.00%	25.11%	25.49%	25.50%	-	-	-	-	-	-	-
12 May – 19 May 2015 Change in yield (bp)	0	67	69	43	-	-	-	-	-	-	-



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