



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 09 June 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 05 June 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-739	-956
Estimated Excess Reserves	3,604	3,584
Required Reserves	73,642	73,642

#### Known Projected Transactions

	Week ending 12 <sup>th</sup> June 2015	Week ending 19 <sup>th</sup> June 2015	Week ending 26 <sup>th</sup> June 2015	June 2015	July 2015
Maturity of normal TBs/TNs/PNs	7,052	1,556	13,389	24,942	66,283
Maturity of OMO	-	-	-	-	-

#### Commentary:

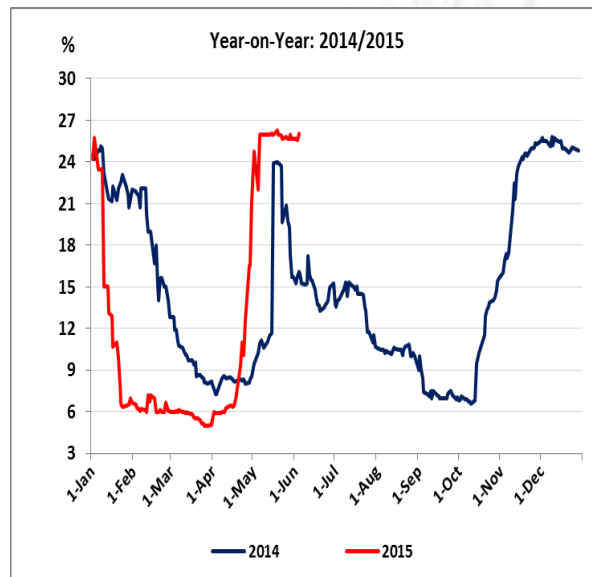
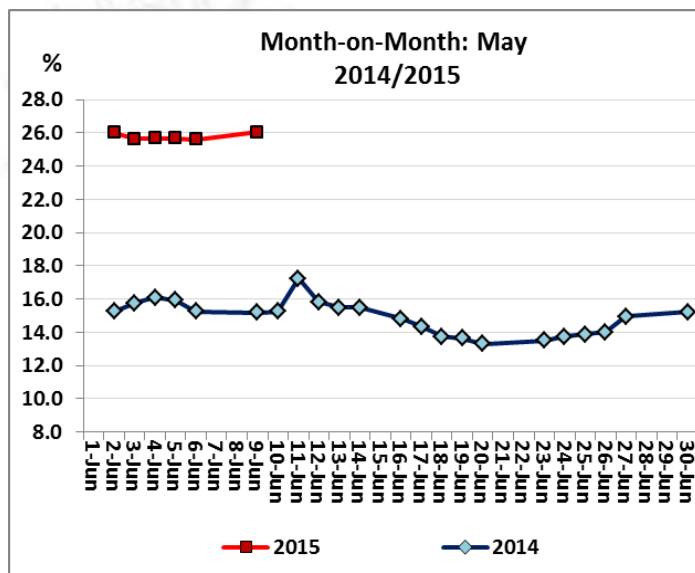
- Excess reserves are estimated to close at K3.60 billion today from K4.43 billion recorded yesterday, 8<sup>th</sup> June 2015.

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	5,650	26.04
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(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	-	-
<b>(c) Access on the Lombard Facility</b>	4,350	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased yesterday and amounted to K5.65 billion yesterday from K5.25 billion recorded on Friday, 5<sup>th</sup> June 2015.
- The overnight interbank market rate (IBR) went up to 26.04 percent from 25.60 percent recorded last Friday.
- MK4.35 billion was accessed on the Lombard Facility yesterday, 8<sup>th</sup> June 2015.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

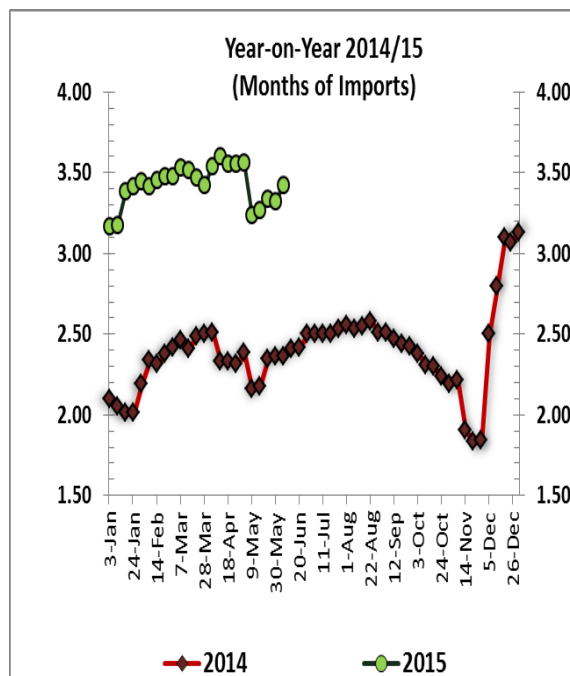
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
22 <sup>nd</sup> May 2015	698.29	3.34
29 <sup>th</sup> May 2015	693.41	3.32
5 <sup>th</sup> June 2015	716.43	3.43

\* US\$209.0 million per month is used in this calculation

### Commentary:

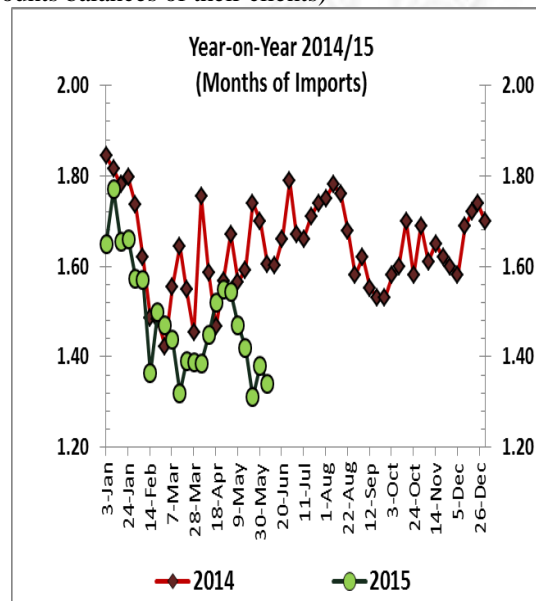
- Gross official reserves increased and stood at US\$716.43 million (3.43 months of imports) during the week ending 5<sup>th</sup> June 2015 compared to US\$693.41 million (3.32 months of imports) recorded at the end of the previous week.



## 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)
22 <sup>nd</sup> May 2015	-11.78	286.45	274.67	1.31
29 <sup>th</sup> May 2015	-1.76	290.36	288.60	1.38
On 5 <sup>th</sup> June 2015	-10.18	290.95	280.77	1.34
* US\$209.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADB's Purchases		ADB's Sales	
29 <sup>th</sup> May 2015	58.38		55.17	
5 <sup>th</sup> June 2015	67.02		78.49	
On 8 <sup>th</sup> June 2015	10.77		12.54	
<b>Commentary:</b>				
<ul style="list-style-type: none"><li>ADB's purchased US\$67.02 million from the market against sales of US\$78.49 million during the week ending 5<sup>th</sup> June 2015. Yesterday, 8<sup>th</sup> June 2015, ADB's purchased US\$10.77 million and sold US\$12.54 million.</li></ul>				

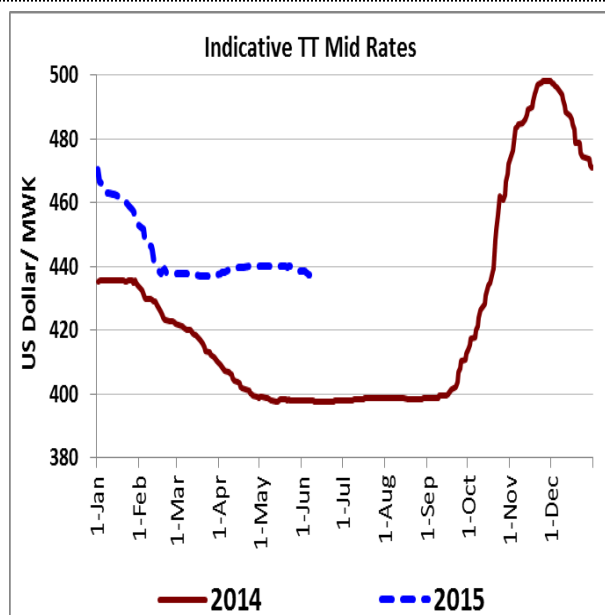
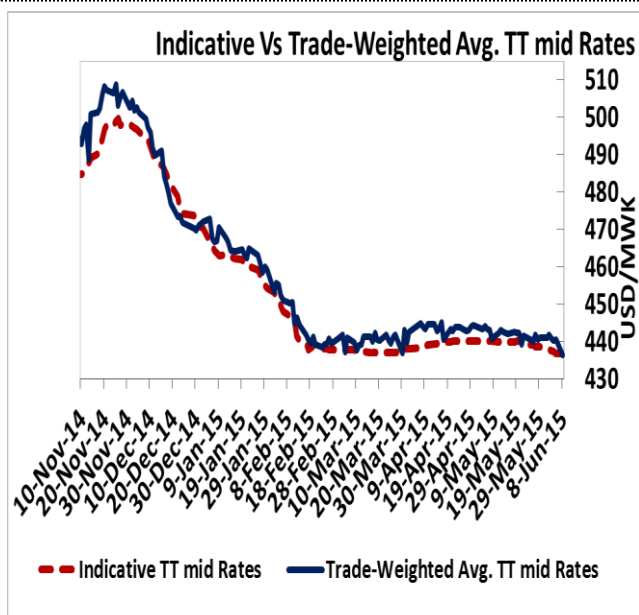


## iii. Exchange Rate Developments

	1 June 2015	2 June 2015	3 June 2015	4 June 2015	5 June 2015	8 June 2015	Today Indicative
<b>MWK/USD</b>	440.9318	441.6685	440.8379	440.1713	440.4458	436.3388	436.4274
<b>MWK/GBP</b>	671.1752	659.8690	672.7372	665.4903	671.1214	669.2030	669.8724
<b>MWK/EUR</b>	478.0877	479.8774	486.2116	496.8362	493.7037	493.2354	492.7702
<b>MWK/ZAR</b>	35.6721	36.6688	36.7097	36.2756	35.7963	35.1067	34.9833

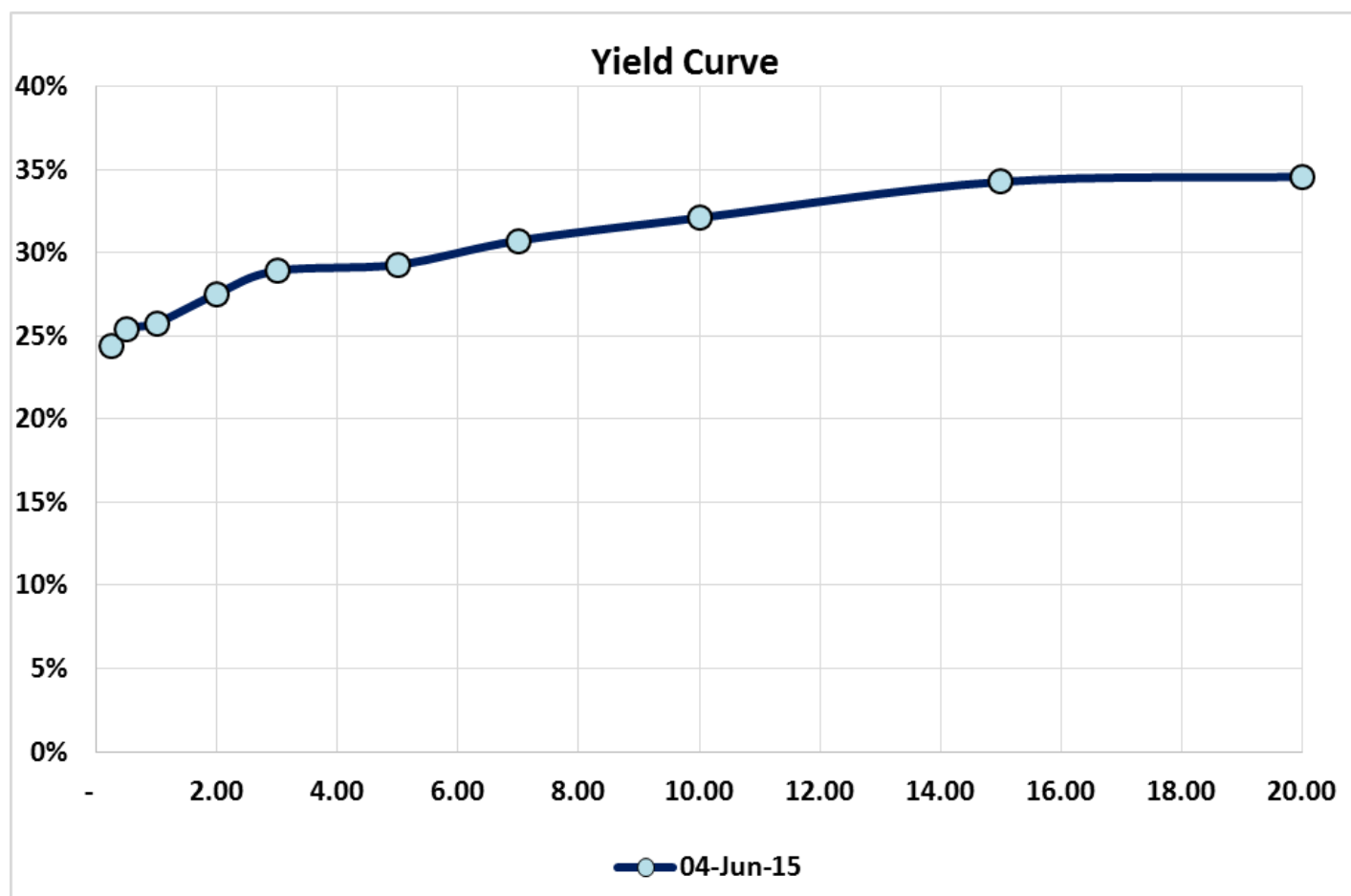
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

**Commentary:** Yesterday, 8<sup>th</sup> June 2015, the Kwacha appreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK436.4274 against the USD today, 9<sup>th</sup> June 2015.



#### 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
26 <sup>th</sup> May 2015	25.67%	25.33%	25.18%	25.41%	-	-	-	-	-	-	-
2 <sup>nd</sup> June 2015	25.64%	25.48%	25.39%	25.50%	-	-	-	-	-	-	-
26 May – 02 June 2015 Change in yield (bp)	-03	15	21	09	-	-	-	-	-	-	-



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