



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 01 July 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 03 July 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	525	4,601
Estimated Excess Reserves	4,845	5,723
Required Reserves	75,486	75,486

Known Projected Transactions

	Week ending 03 rd July 2015	Week ending 10 th July 2015	Week ending 17 th July 2015	June 2015	July 2015
Maturity of normal TBs/TNs/PNs	12,605	20,849	4,853	24,942	66,283
Maturity of OMO	-	-	-	-	-

Commentary:

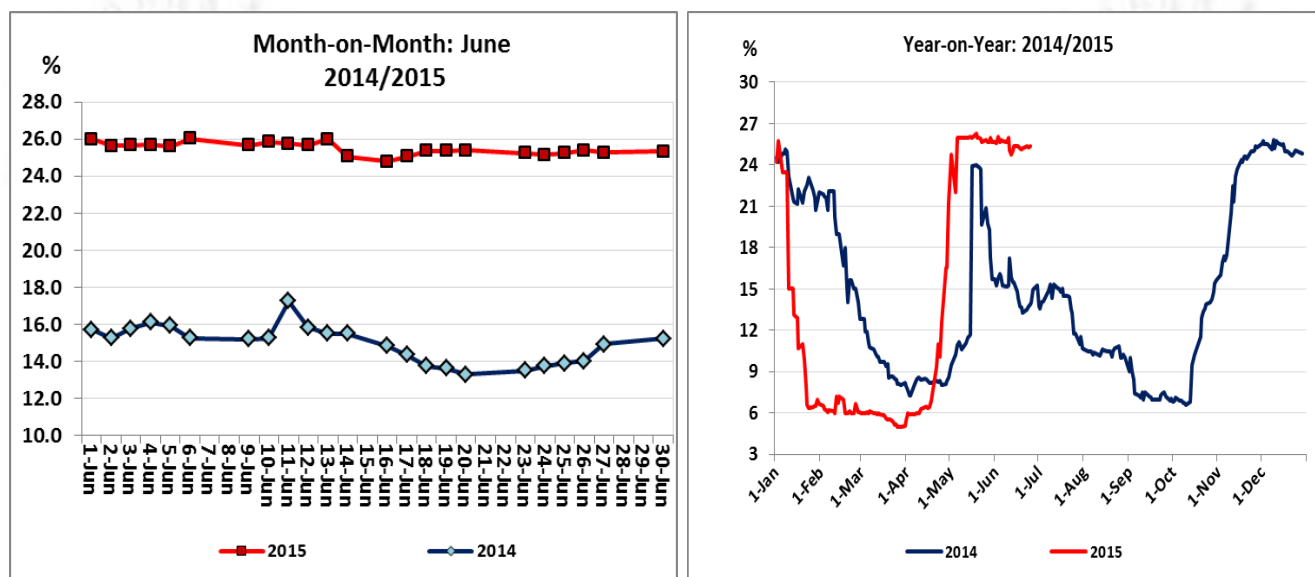
- Excess reserves are estimated to close at K4.85 billion today from K4.32 billion recorded yesterday, 30th June 2015. Excess reserves are estimated to close the week at K5.72 billion.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,200	25.34
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	5,890	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market went down yesterday, 30th June 2015, to K2.20 billion from K4.40 billion recorded on Monday, 29th June 2015.
- The overnight interbank market rate (IBR) increased by 8 basis points and closed at 25.34 percent.
- MK5.89 billion was accessed on the Lombard Facility yesterday, 30th June 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

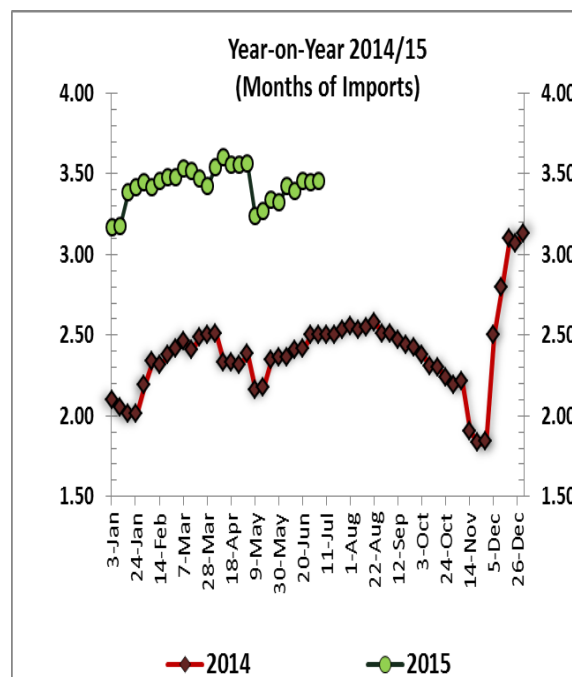
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
19 th June 2015	721.80	3.45
26 th June 2015	720.89	3.45
29 th June 2015	721.80	3.45

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

Commentary:

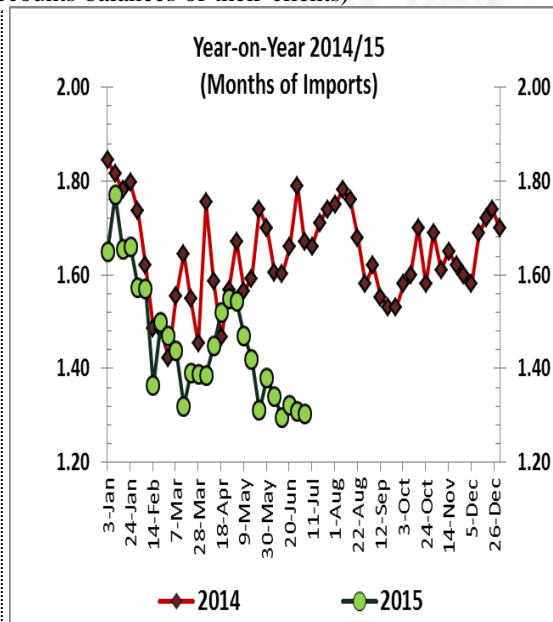
- Gross official reserves went down slightly and amounted to US\$720.89 million (3.45 months of imports) on 26th June 2015 from US\$721.80 million (3.45 months of imports) recorded on 19th June 2015. As at 29th June 2015, gross official reserves increased to US\$721.80 (3.45 months of imports).



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)
19 th June 2015	-11.40	287.80	276.40	1.32
26 th June 2015	-2.15	275.87	273.73	1.31
29 th June 2015	-0.07	272.56	272.50	1.30
* 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	
19 th June 2015	49.11		54.18	
26 th June 2015	52.80		45.63	
On 30 th June 2015	10.29		18.03	
Commentary:				
<ul style="list-style-type: none">ADB's purchased US\$52.80 million from the market against sales of US\$45.63 million during the week ending 26th June 2015. Yesterday, 30th June 2015, ADB's purchased US\$10.29 million and sold US\$18.03 million.				

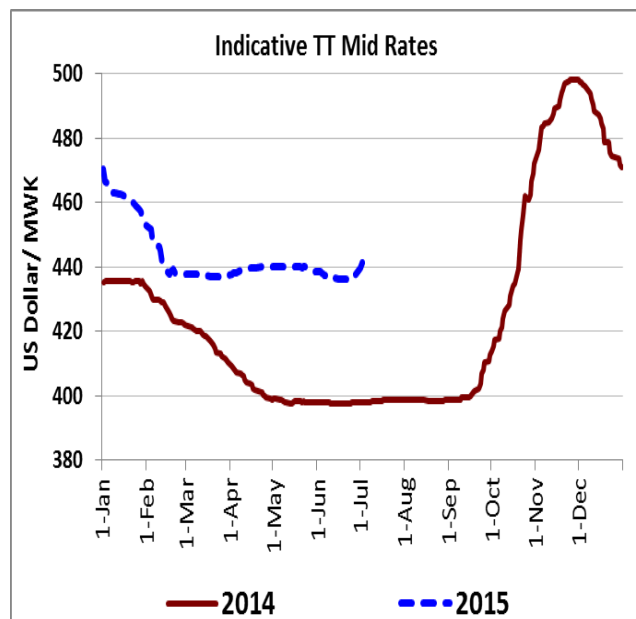
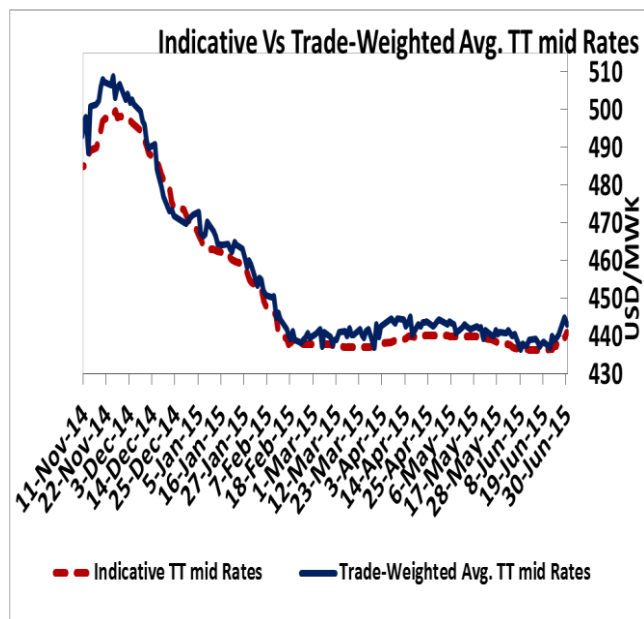


iii. Exchange Rate Developments

	23 June 2015	24 June 2015	25 June 2015	26 June 2015	29 June 2015	30 June 2015	Today Indicative
MWK/USD	439.9774	439.0877	439.5908	440.2830	444.8822	443.1603	443.3253
MWK/GBP	696.9400	690.2373	686.0870	694.3893	690.3904	700.4182	696.5527
MWK/EUR	491.0334	486.9060	490.6530	491.5664	489.2593	493.9709	494.1747
MWK/ZAR	36.4705	36.8873	36.7165	36.5167	36.7118	37.2888	36.4313

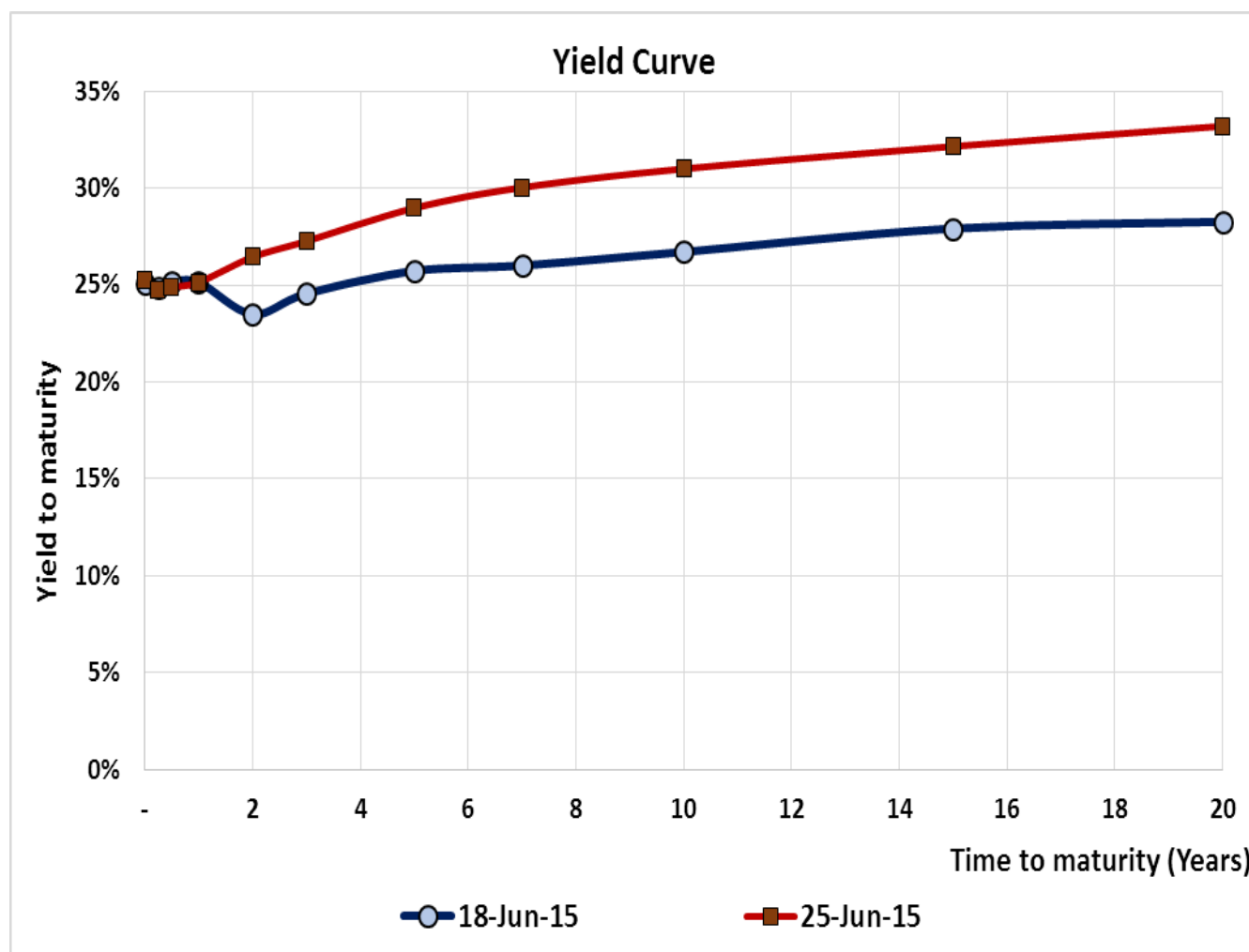
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

Commentary: Yesterday, 30th June 2015, the Kwacha appreciated against the USD and depreciated against the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK443.3253 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
11 th June 2015	24.76%	25.34%	25.37%	25.40%	23.73%	24.16%	24.62%	24.48%	25.98%	27.21%	28.00%
18 th June 2015	25.06%	24.89%	25.13%	25.14%	23.49%	24.55%	25.72%	26.00%	26.71%	27.91%	28.26%
25 th June 2015	25.23%	24.77%	24.91%	25.14%	26.44%	27.26%	28.97%	30.02%	30.99%	32.15%	33.19%
18 - 25 June 2015 Change in Yield (Bp)	17	-12	-22	-	295	271	325	402	428	424	493



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