



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 29 July 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 31 July 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-946	7,151
Estimated Excess Reserves	6,882	14,019
Required Reserves	81,090	81,090

Known Projected Transactions

	Week ending 31 th July 2015	Week ending 7 th August 2015	Week ending 14 th August 2015	July 2015	August 2015
Maturity of normal TBs/TNs/PNs	14,353	8,438	7,427	66,283	35,737
Maturity of OMO	-	-	-	-	-

Commentary:

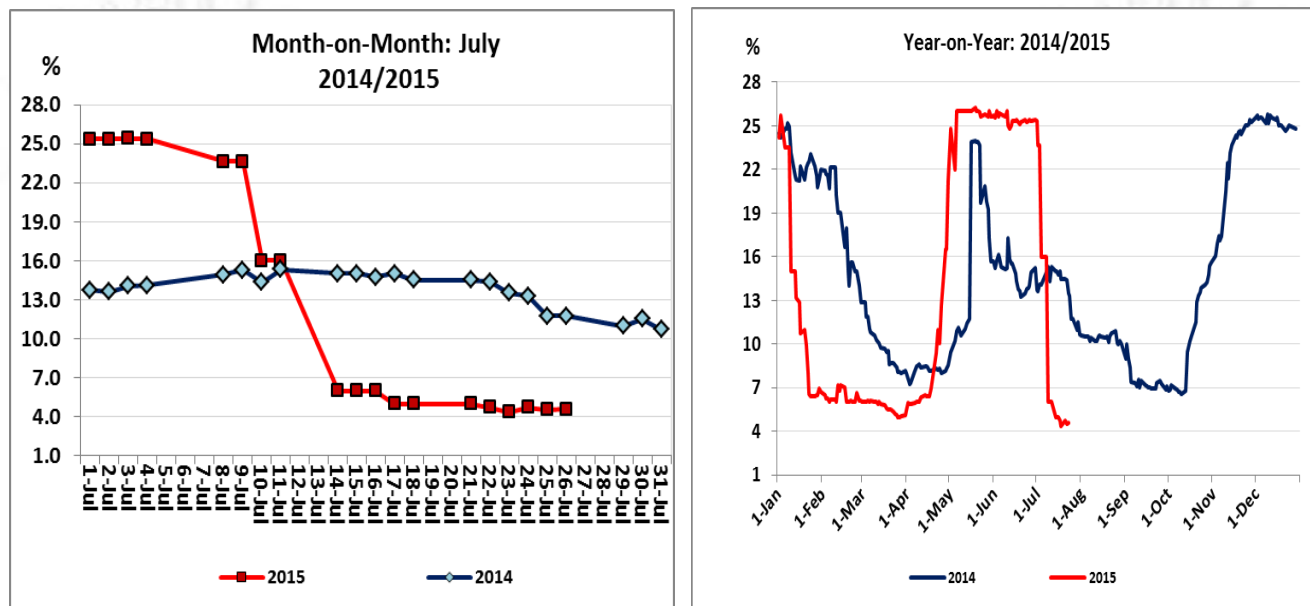
- Excess reserves are estimated to close at K6.88 billion today from K7.63 billion recorded yesterday, 28th July 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,550	4.58
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	1,000	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K7.55 billion yesterday from K6.70 billion recorded on Monday, 27th July 2015.
- The (overnight) interbank rate increased by 4 basis points and closed at 4.58 percent.
- MK1.00 billion was accessed on the Lombard Facility yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

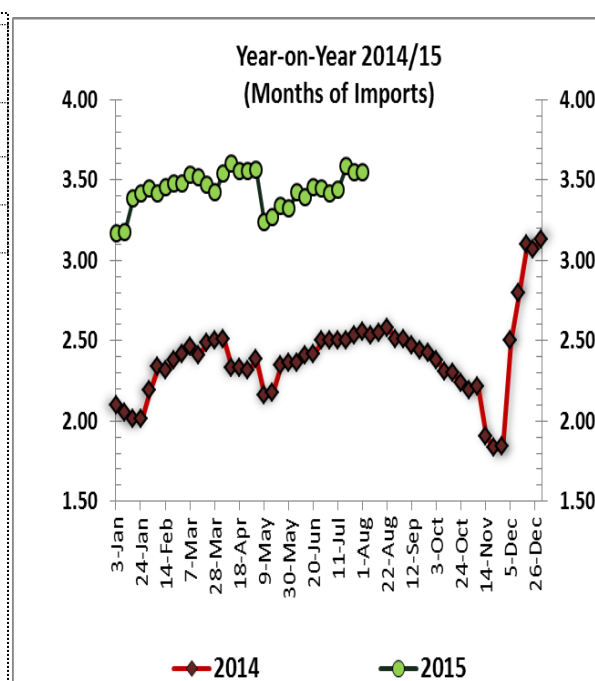
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
17 th July 2015	749.69	3.59
24 th July 2015	742.53	3.55
27 th July 2015	742.39	3.55

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

Commentary:

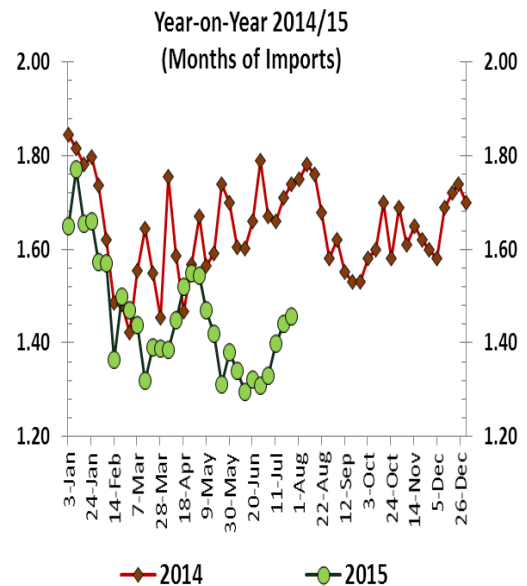
- Gross official reserves dropped during the week ending 24th July 2015 to US\$742.53 (3.55 months of imports) from US\$749.69 (3.59 months of imports) recorded by the end of the preceding week. As at 27th July 2015, gross official reserves went down slightly and amounted to US\$742.39 (3.55 months of 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)
10 th July 2015	7.21	285.19	292.40	1.40
17 th July 2015	7.96	293.00	300.96	1.44
21 st July 2015	5.91	298.33	304.24	1.46
* 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	
17 th July 2015	40.94		40.48	
24 th July 2015	42.87		44.51	
On 28 th July 2015	10.65		9.50	
Commentary:				
<ul style="list-style-type: none">ADB's purchased US\$42.87 million from the market and sold US\$44.51 million during the week ending 24th July 2015. Yesterday, 28th July 2015, ADB's purchased US\$10.65 million and sold US\$9.50 million.				

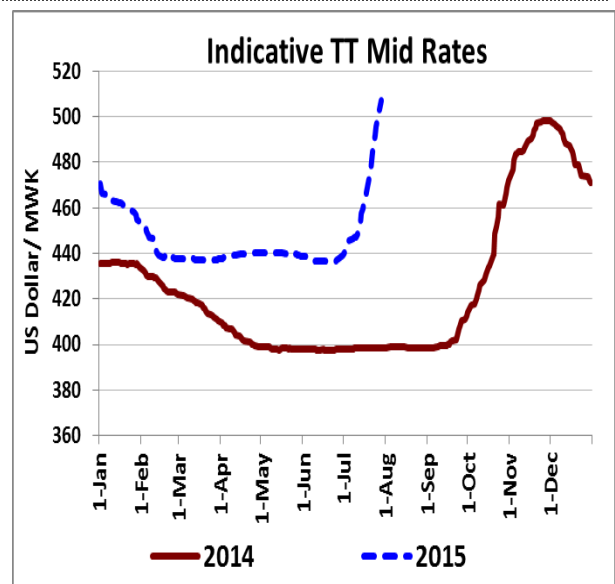
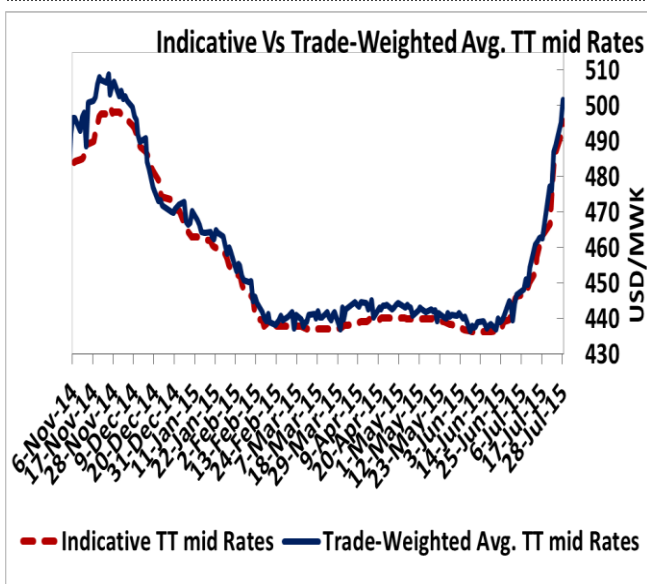


iii. Exchange Rate Developments

	21 July 2015	22 July 2015	23 July 2015	24 July 2015	27 July 2015	28 July 2015	Today Indicative
MWK/USD	477.3060	476.3173	486.9165	488.7397	495.2791	501.5126	507.1569
MWK/GBP	746.8336	762.8337	763.6129	763.4721	774.2252	786.2646	791.8241
MWK/EUR	511.1395	528.8467	534.3160	543.1117	542.7319	559.8014	560.9155
MWK/ZAR	39.4213	39.6365	39.9435	39.9511	39.8467	41.0604	40.3527

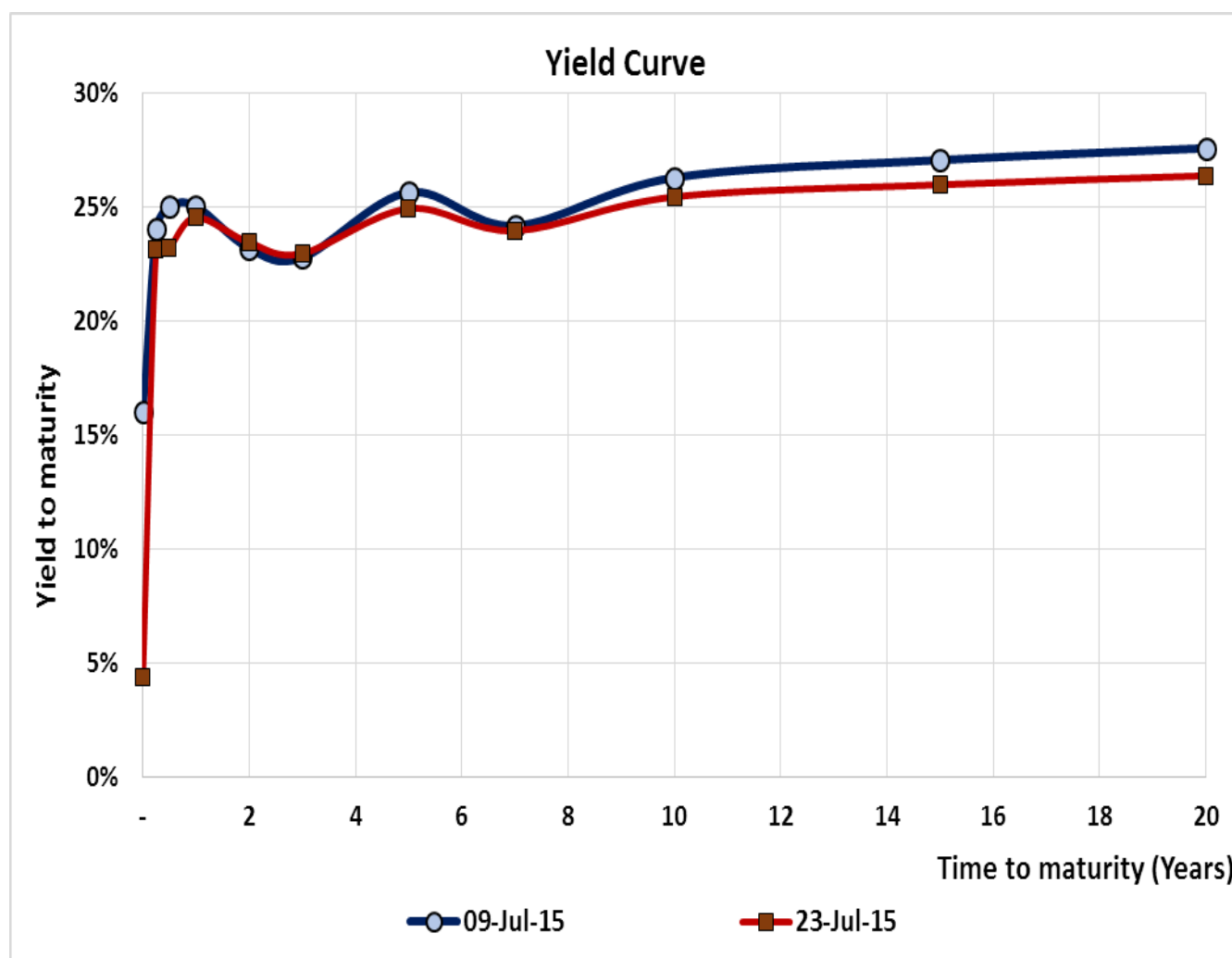
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

Commentary: On Tuesday, 28th July 2015, the Kwacha depreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK507.1569 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%
02 nd July 2015	25.35%	25.37%	25.01%	25.02%	24.22%	24.04%	26.50%	25.59%	27.08%	27.82%	28.52%
09 th July 2015	16.00%	24.00%	25.01%	25.02%	23.17%	22.76%	25.62%	24.16%	26.27%	27.04%	27.56%
23 rd July 2015	4.36%	23.10%	23.21%	24.53%	23.42%	22.94%	24.91%	23.94%	25.43%	25.96%	26.35%
23 July-09 July 2015 Change in Yield (Bp)	(1,164)	(90)	(180)	(49)	26	18	(71)	(22)	(84)	(108)	(121)



DISCLAIMER: This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.