



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 26 August 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 28 August 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	13,154	26,309
Estimated Excess Reserves	15,559	29,322
Required Reserves	41,614	41,614

Known Projected Transactions

	Week ending 28 th Aug 2015	Week ending 04 th Sep 2015	Week ending 11 th Sep 2015	August 2015	Sept 2015
Maturity of normal TBs/TNs/PNs	10,547	16,073	4,248	35,737	32,399
Maturity of OMO	21,775	251	-	-	-

Commentary:

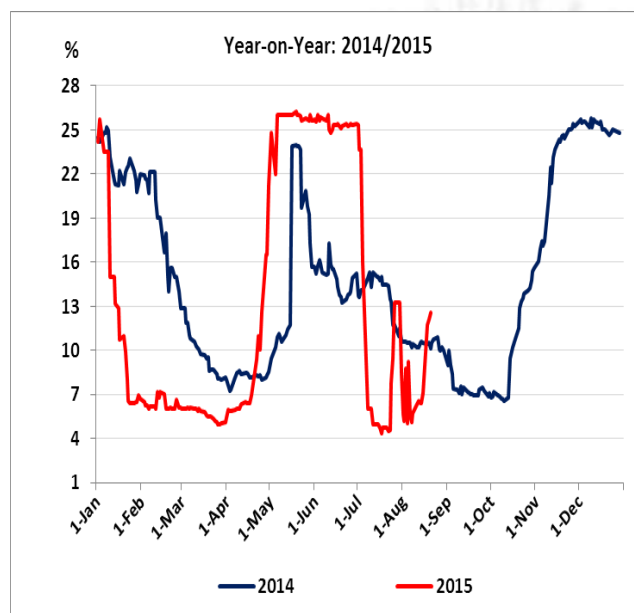
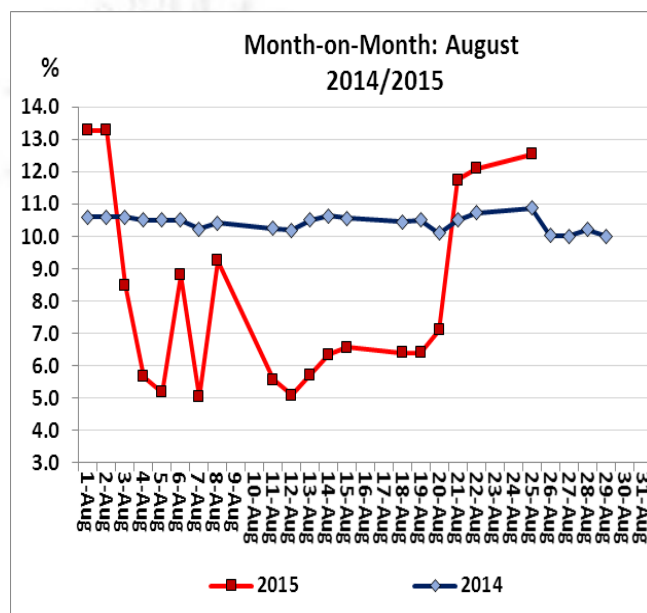
- Excess reserves are estimated to close at K15.56 billion today from K8.34 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	9,330	12.54
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	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market declined to K9.33 billion yesterday from K10.42 billion recorded during the preceding day.
- The (overnight) interbank market rate increased to 12.54 percent from 12.10 percent observed on 24th August 2015.
- No access on the Lombard Facility was recorded yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

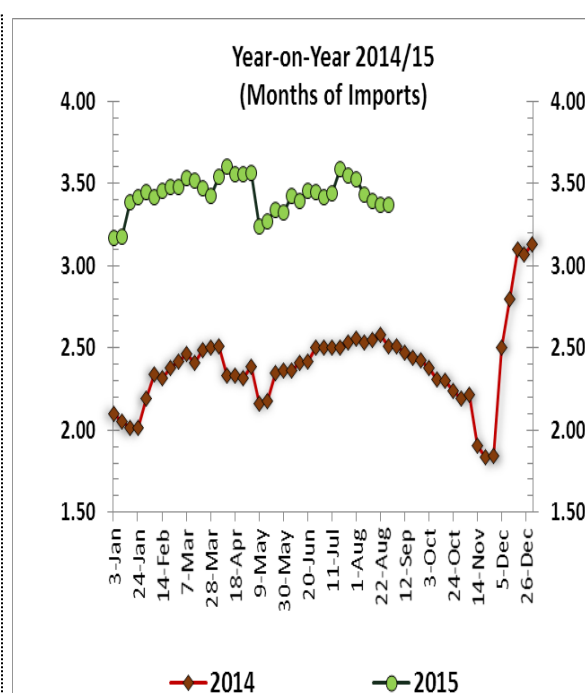
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
14 th August 2015	708.87	3.39
21 st August 2015	704.16	3.37
25 th August 2015	704.23	3.37

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

Commentary:

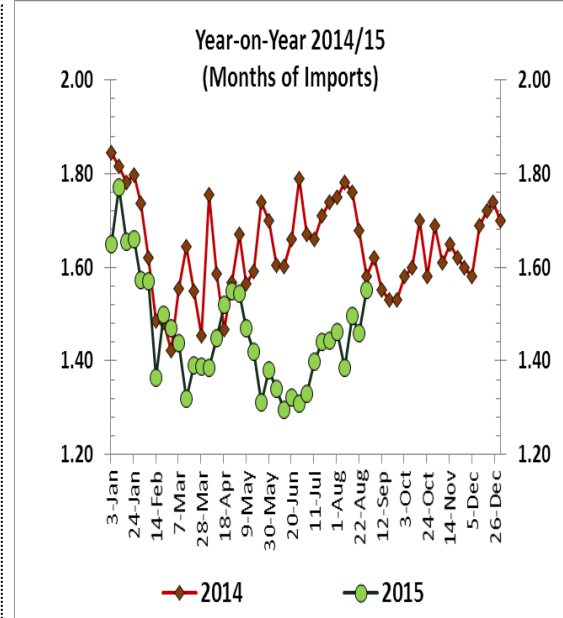
- Gross official reserves dropped during the week ending 21st August 2015 compared to the preceding week on account of sales to the market in support of importation of strategic commodities. As at 25th August 2015, the gross official reserves marginally increased to US\$704.23 million (3.37 months of 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)
14 th August 2015	4.50	308.14	312.64	1.50
21 st August 2015	6.11	298.96	305.07	1.46
25 th August 2015	9.18	315.22	324.40	1.55
* 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		
14 th August 2015	44.49	48.48		
21 st August 2015	28.31	32.88		
On 25 th August 2015	7.79	8.33		
Commentary:				
• During the week ending 21 st August 2015, ADB's purchased US\$28.31 million from the market against sales of US\$32.88 million. On 25 th August 2015, ADBs purchased US\$7.79 million and sold US\$8.33 million.				

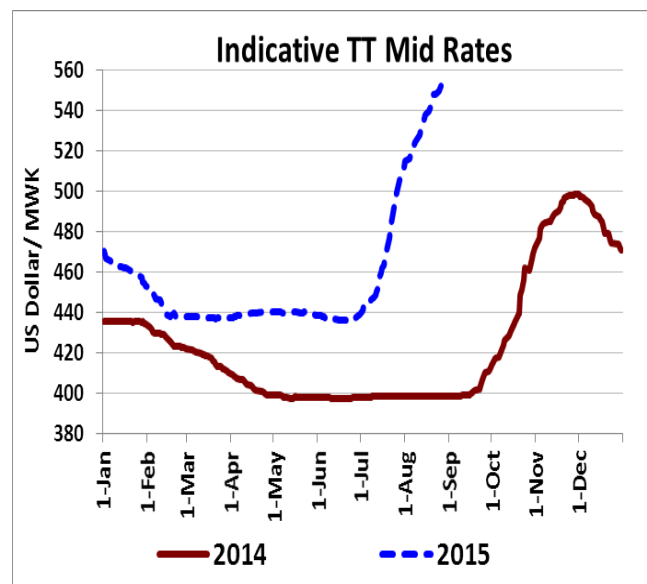
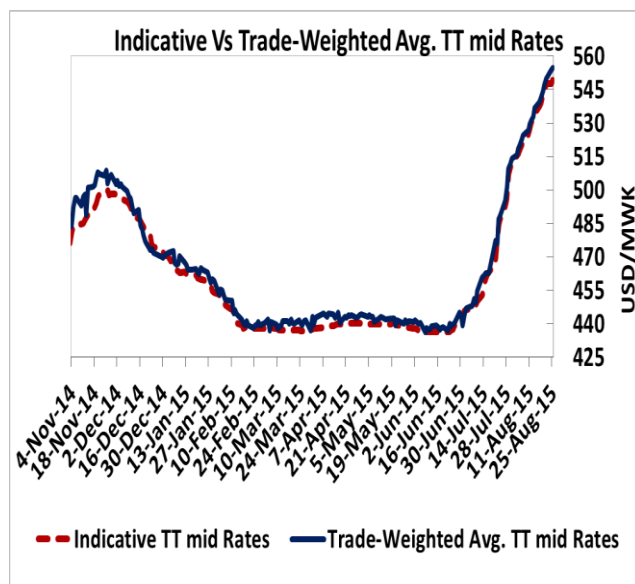


iii. Exchange Rate Developments

	18 Aug 2015	19 Aug 2015	20 Aug 2015	21 Aug 2015	24 Aug 2015	25 Aug 2015	Today Indicative
MWK/USD	541.66779	544.43611	547.26172	549.9364	553.71879	554.77982	552.0399
MWK/GBP	844.34429	849.39137	860.39617	861.3086	863.08135	863.07354	865.9850
MWK/EUR	598.84671	600.27216	608.69246	619.0463	631.39932	637.87098	635.7844
MWK/ZAR	43.11648	43.38958	44.12100	43.8988	42.70747	42.66891	41.8367

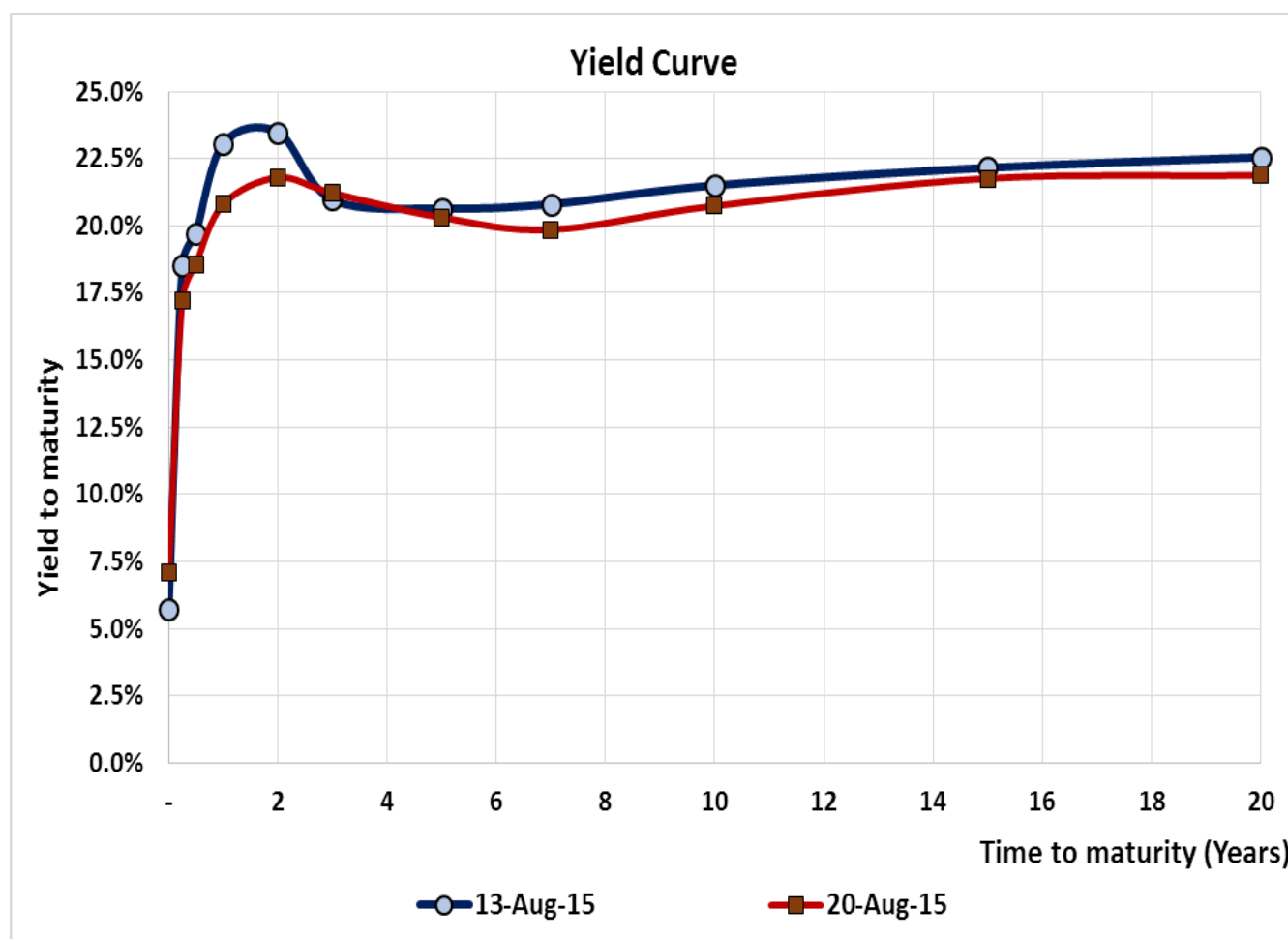
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

Commentary: On Tuesday, 25th August 2015, the Kwacha depreciated against the USD, and the EUR and appreciated against the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K552.0399 against the USD today.



D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
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%
30 th July 2015	9.49%	23.75%	25.32%	24.23%	23.28%	21.93%	24.73%	21.65%	24.65%	25.72%	26.23%
06 th August 2015	9.53%	20.22%	22.00%	23.02%	23.62%	21.80%	24.12%	22.41%	24.55%	25.17%	25.65%
13 th August 2015	5.72%	18.55%	19.73%	23.07%	23.49%	20.97%	20.64%	20.81%	21.51%	22.16%	22.55%
20 th August 2015	7.10%	17.21%	18.57%	20.81%	21.80%	21.22%	20.31%	19.85%	20.74%	21.76%	21.87%
20 Aug-13 Aug 2015 Change in Yield (Bp)	138	(134)	(115)	(226)	(169)	25	(33)	(95)	(77)	(40)	(68)



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