



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 25 September 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 25 September 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-2,449	14,090
Estimated Excess Reserves	6,591	6,591
Required Reserves	44,883	44,883

#### Known Projected Transactions

	Week ending 25 <sup>th</sup> Sep 2015	Week ending 02 <sup>nd</sup> Oct 2015	Week ending 09 <sup>th</sup> Oct 2015	Sept 2015	Oct 2015
Maturity of normal TBs/TNs/PNs	8,408	22,943	9,444	32,399	47,929
Maturity of OMO	1,509	1,237	-	38,269	1,237

#### Commentary:

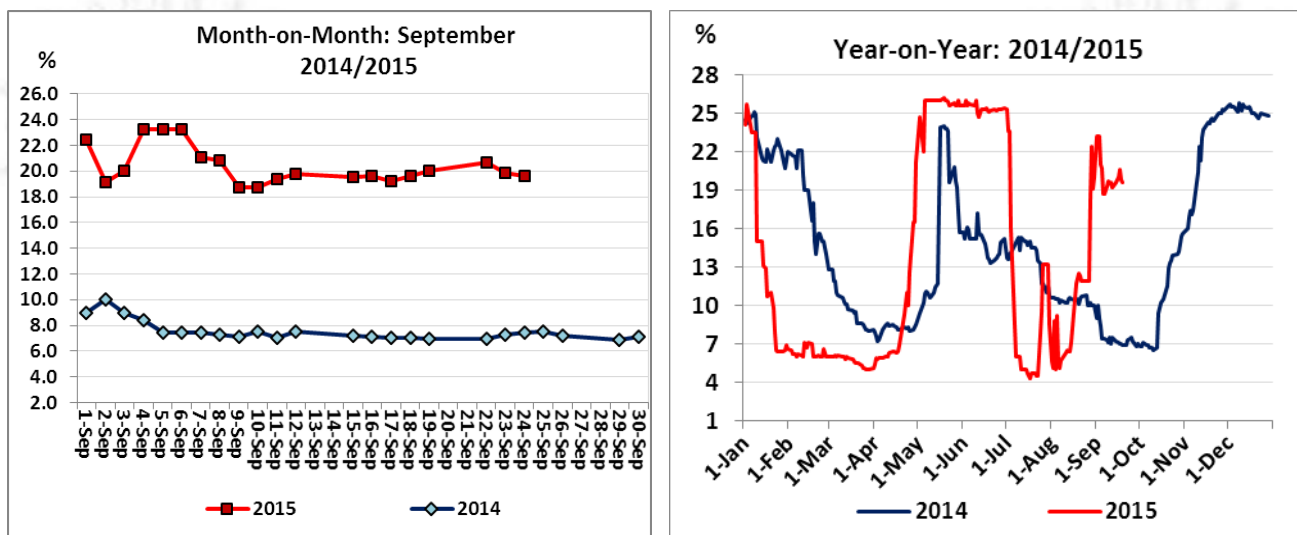
- Excess reserves are estimated to close at K6.59 billion today from K9.04 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,240	19.60
04 days	600	19.00
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
07 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>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market increased yesterday and stood at K6.24 billion from K5.25 billion recorded on Wednesday, 23<sup>rd</sup> September 2015.
- The (overnight) interbank market rate (IBR) closed at 19.60 percent, down from 19.86 percent observed on 23<sup>rd</sup> September 2015.
- No access on the Lombard Facility was recorded yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

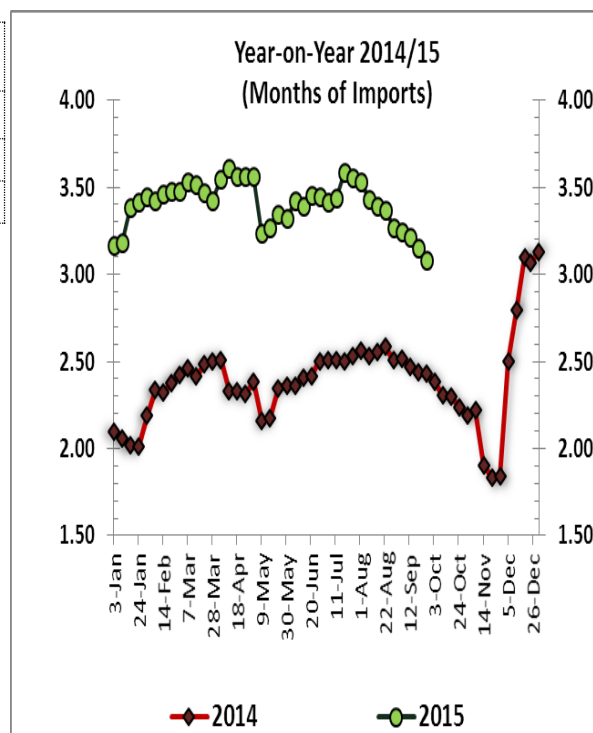
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
11 <sup>th</sup> September 2015	671.17	3.21
18 <sup>th</sup> September 2015	658.30	3.15
23 <sup>rd</sup> September 2015	643.68	3.08

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

### Commentary:

- Gross official reserves dropped during the week ending 18<sup>th</sup> September 2015 compared to the preceding weeks this month as monetary authorities continue the sale of foreign exchange to the market in support of importation of strategic commodities. As at 23<sup>rd</sup> September 2015, gross official reserves stood at US\$643.68 million (3.08 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)
11 <sup>th</sup> September 2015	6.09	305.68	311.77	1.49
18 <sup>th</sup> September 2015	3.94	335.93	339.87	1.63
23 <sup>rd</sup> September 2015	9.79	325.20	334.99	1.60

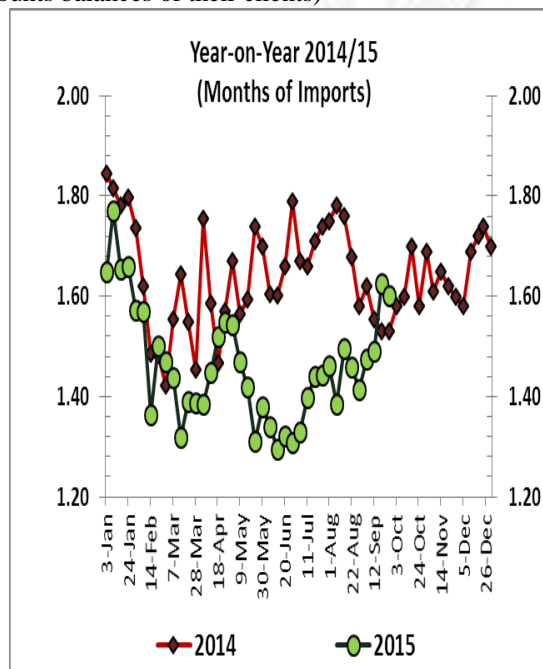
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
11 <sup>th</sup> September 2015	30.48	40.05
18 <sup>th</sup> September 2015	33.26	37.19
On 24 <sup>th</sup> September 2015	12.08	12.25

### Commentary:

- During the week ending 18<sup>th</sup> September 2015, ADBs purchased US\$33.26 million from the market and sold US\$37.19 million. On 24<sup>th</sup> September 2015, ADBs purchased US\$12.08 million and sold US\$12.25 million.

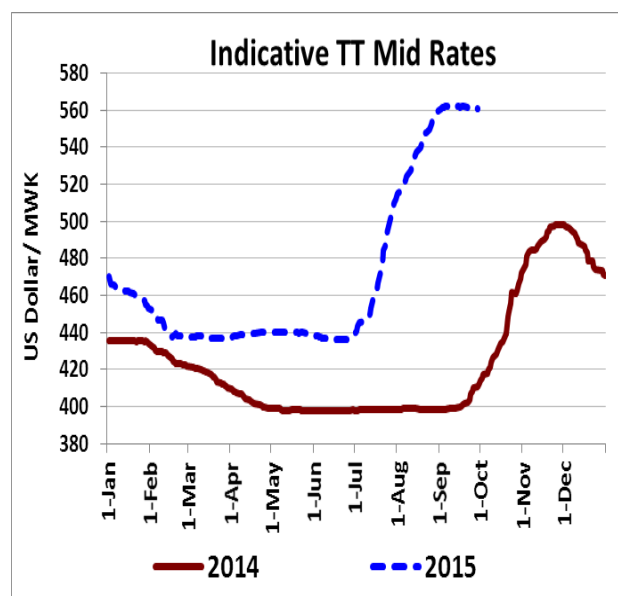
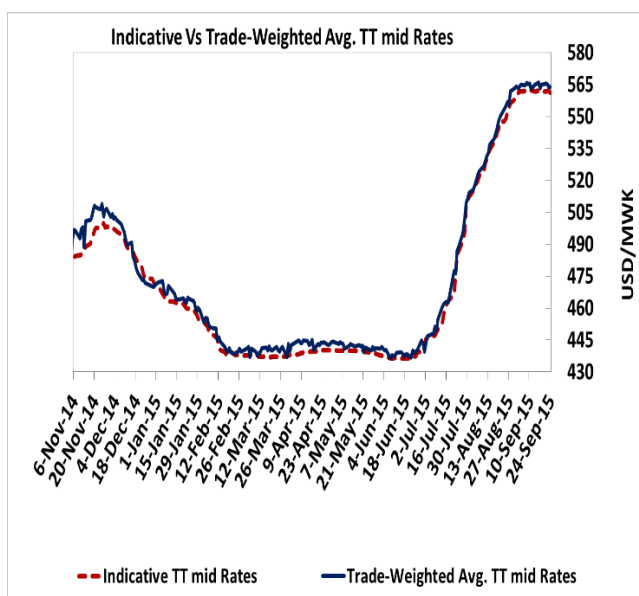


## iii. Exchange Rate Developments

	17 Sept 2015	18 Sept 2015	21 Sept 2015	22 Sept 2015	23 Sept 2015	24 Sept 2015	Today Indicative
MWK/USD	563.2658	564.9815	565.3611	565.1924	563.9228	563.9111	560.7928
MWK/GBP	874.7615	880.6527	877.6731	879.2408	866.4406	866.5599	854.7604
MWK/EUR	637.0000	646.9342	640.5676	630.6417	628.4459	631.2846	629.7703
MWK/ZAR	42.5017	42.1910	42.6420	42.3569	41.2246	41.3585	40.5080

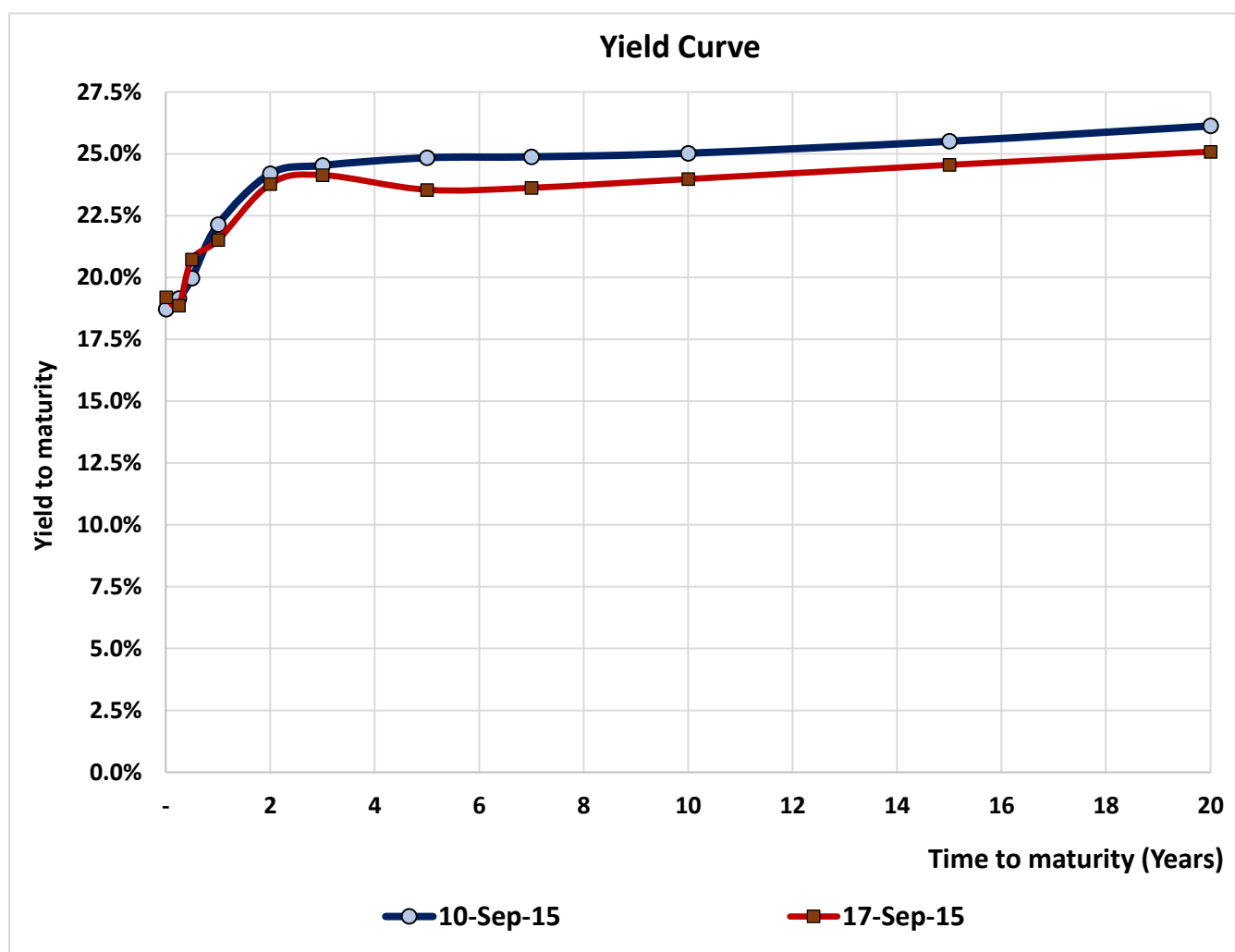
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

**Commentary:** The Kwacha appreciated against the USD yesterday and depreciated against the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K560.7928 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
06 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> August 2015	7.10%	17.21%	18.57%	20.81%	21.80%	21.22%	20.31%	19.85%	20.74%	21.76%	21.87%
27 <sup>th</sup> August 2015	11.98%	17.66%	19.25%	20.76%	22.75%	24.26%	21.85%	22.01%	22.92%	23.97%	24.62%
03 <sup>rd</sup> September 2015	20.00%	19.20%	20.18%	21.48%	23.11%	24.46%	23.32%	23.46%	24.10%	24.70%	25.24%
10 <sup>th</sup> September 2015	18.72%	19.15%	19.98%	22.14%	24.20%	24.54%	24.84%	24.88%	25.03%	25.51%	26.13%
17 <sup>th</sup> September 2015	19.20%	18.86%	20.72%	21.52%	23.78%	24.14%	23.54%	23.62%	23.98%	24.55%	25.08%
17 Sep-10 Sept 2015 Change in Yield (Bp)	48	-29	75	-63	-42	-40	-130	-126	-105	-96	-105



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