



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 02 October 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 02 October 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	1,292	14,628
Estimated Excess Reserves	21,530	21,530
Required Reserves	44,883	44,883

Known Projected Transactions

	Week ending 02 nd Oct 2015	Week ending 09 th Oct 2015	Week ending 16 th Oct 2015	Oct 2015	Nov 2015
Maturity of normal TBs/TNs/PNs	22,943	9,444	1,662	47,929	11,335
Maturity of OMO	1,237	7,173	-	17,245	4,622

Commentary:

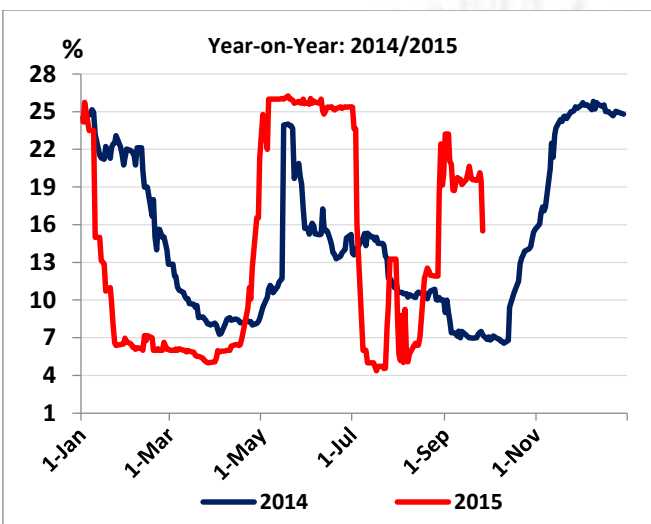
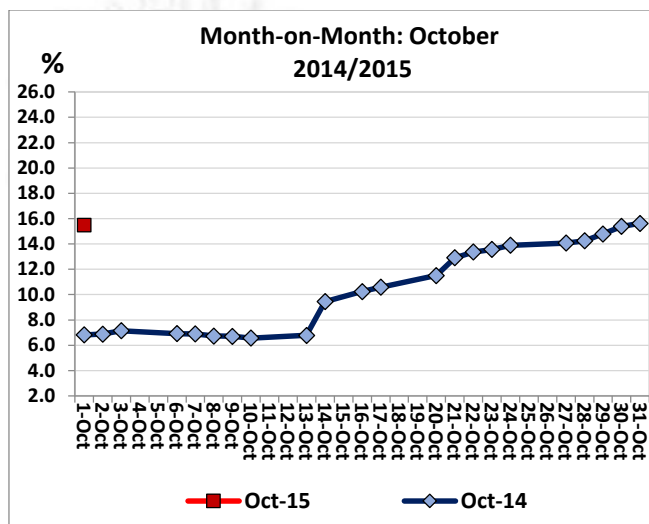
- Excess reserves are estimated to close at K21.53 billion today from K20.24 billion recorded yesterday, 01st October 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	400	15.50
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	2,050	17.59
15 days	8,756	19.76
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 went down significantly and amounted to K400 million yesterday, 01st October 2015 from K3.35 billion recorded on Wednesday, 30th September 2015.
- The (overnight) interbank market rate (IBR) dropped by 403 basis points and closed at 15.50 percent yesterday.
- No access on the Lombard Facility was recorded yesterday, 01st October 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

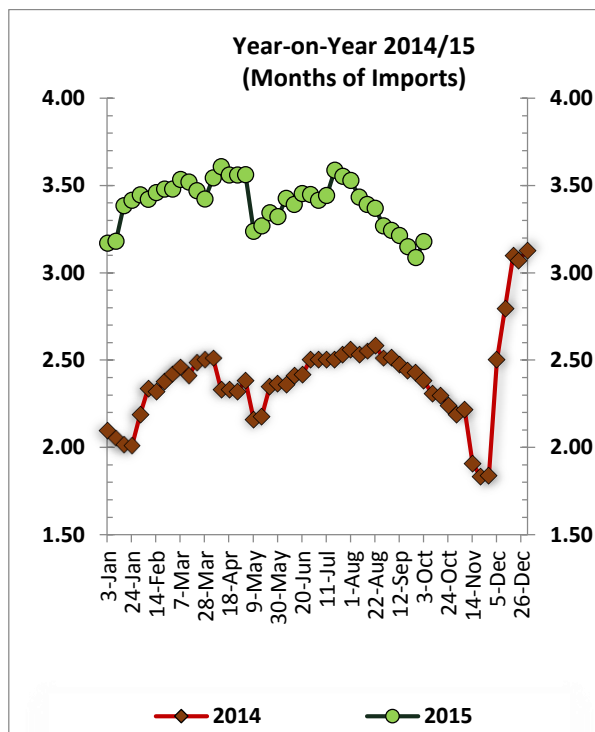
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
18 th September 2015	658.30	3.15
25 th September 2015	645.35	3.09
30 th September 2015	664.37	3.18

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

Commentary:

- Gross official reserves dropped during the week ending 25th September 2015 compared to the preceding September 2015 weeks as monetary authorities continued to sale foreign exchange to the market in support of importation of strategic commodities. However, as at 30th September 2015, gross official reserves increased and stood at US\$664.37 million (3.18 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)
18 th September 2015	3.94	335.93	339.87	1.63
25 th September 2015	7.27	322.48	329.74	1.58
30 th September 2015	0.24	315.47	315.71	1.51

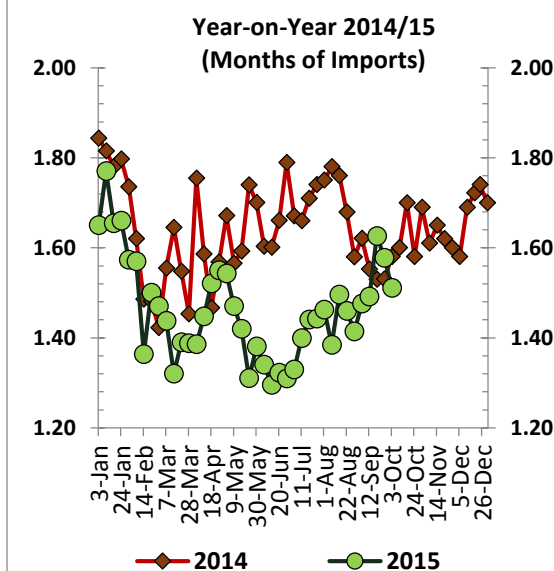
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 th September 2015	33.26	37.19
25 th September 2015	47.78	48.82
On 01 st October 2015	7.96	6.99

Commentary:

- During the week ending 25th September 2015, ADBs purchased US\$47.78 million from the market and sold US\$48.82 million. On 01st October 2015, ADBs purchased US\$7.96 million and sold US\$6.99 million.

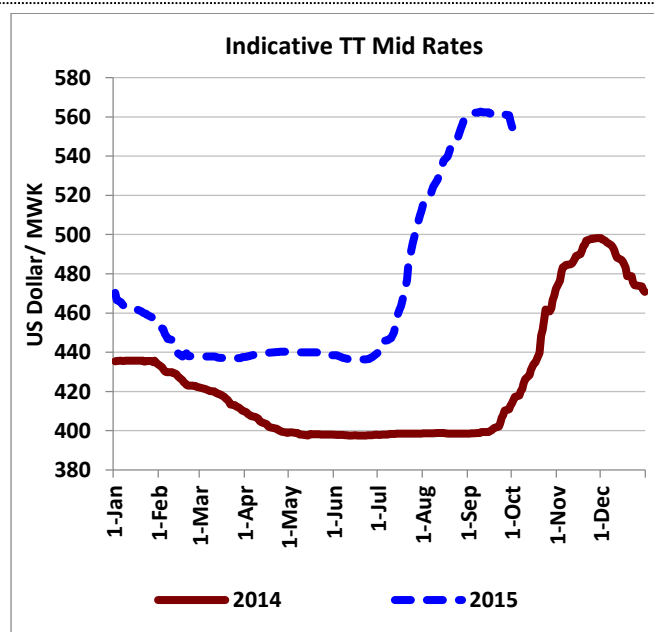
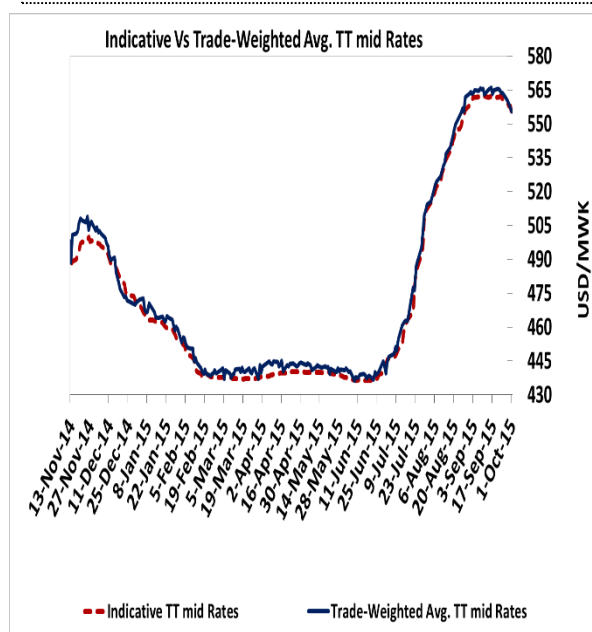


iii. Exchange Rate Developments

	24 Sept 2015	25 Sept 2015	28 Sept 2015	29 Sept 2015	30 Sept 2015	01 Oct 2015	Today Indicative
MWK/USD	563.9111	563.0140	560.0400	558.3593	557.1332	555.3466	552.8143
MWK/GBP	866.5599	856.9376	852.0819	847.2615	843.4021	841.6116	836.4633
MWK/EUR	631.2846	627.7862	627.9536	628.9778	624.6136	620.2771	618.8756
MWK/ZAR	41.3585	41.0456	40.7916	39.8942	40.0937	40.5860	39.7077

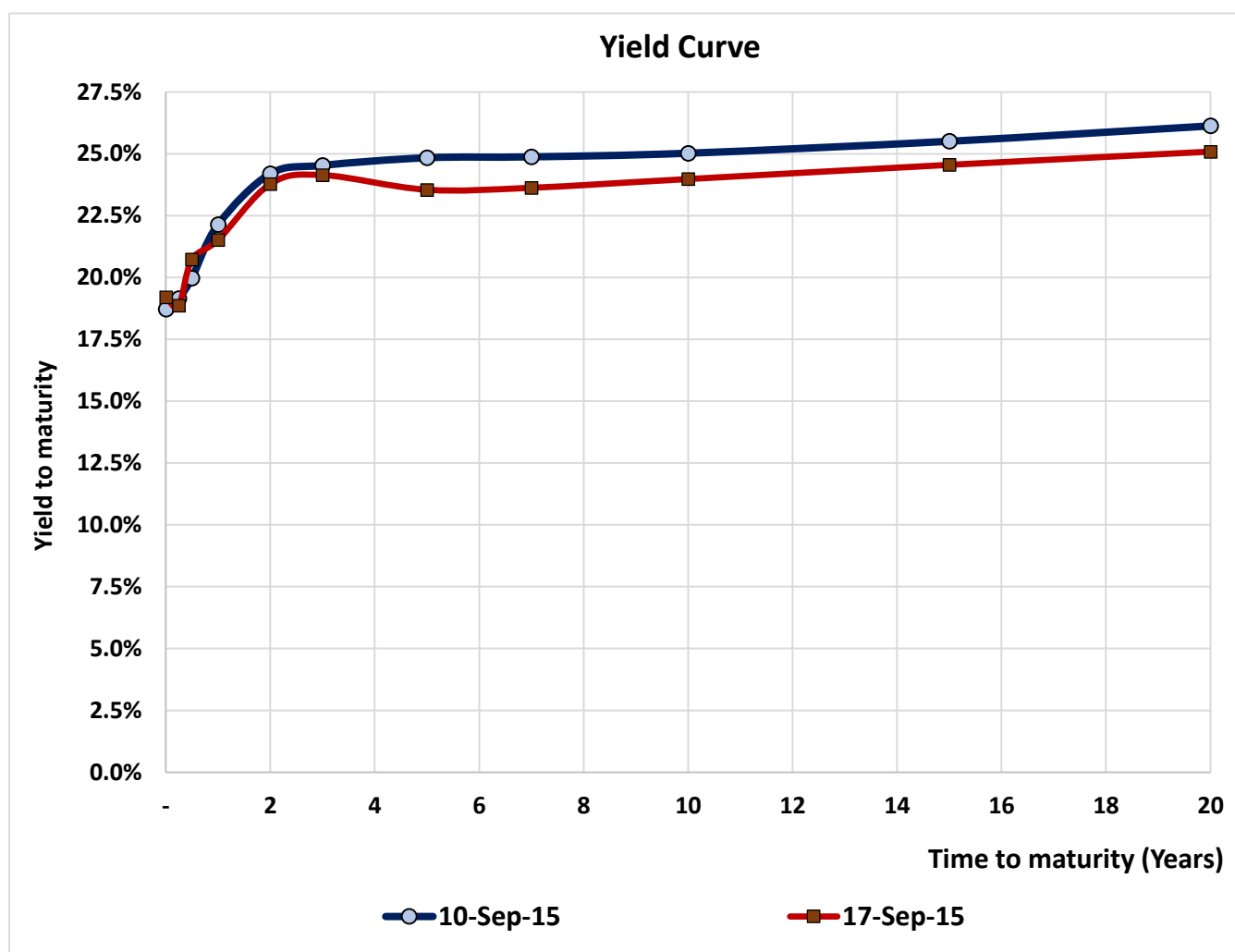
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: Yesterday, 01st October 2015, the Kwacha appreciated against the USD, the GBP, and the EUR and depreciated marginally against the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K552.8143 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 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%
27 th 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 rd 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 th 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 th 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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