



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 26 October 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 30 October 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-145	2,093
Estimated Excess Reserves	8,529	9,779
Required Reserves	45,314	45,314

Known Projected Transactions

	Week ending 30 th Oct 2015	Week ending 06 th Nov 2015	Week ending 13 th Nov 2015	Oct 2015	Nov 2015
Maturity of normal TBs/TNs/PNs	3,335	6,910	1,807	48,429	11,335
Maturity of OMO	13,684	4,622	736	61,940	19,098

Commentary:

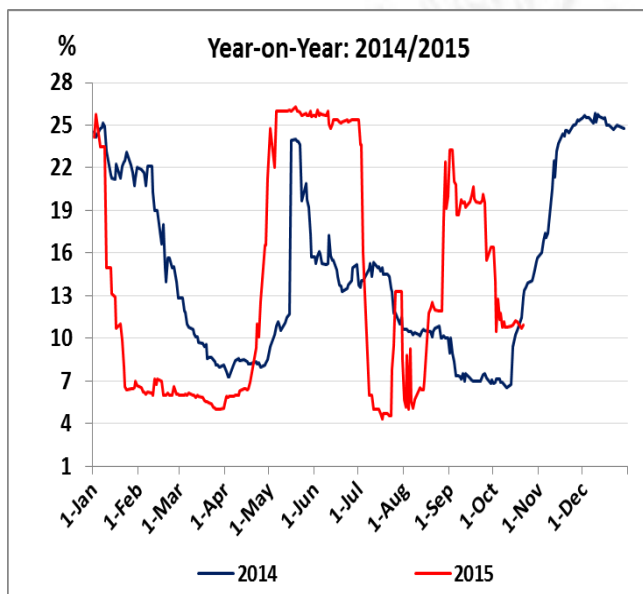
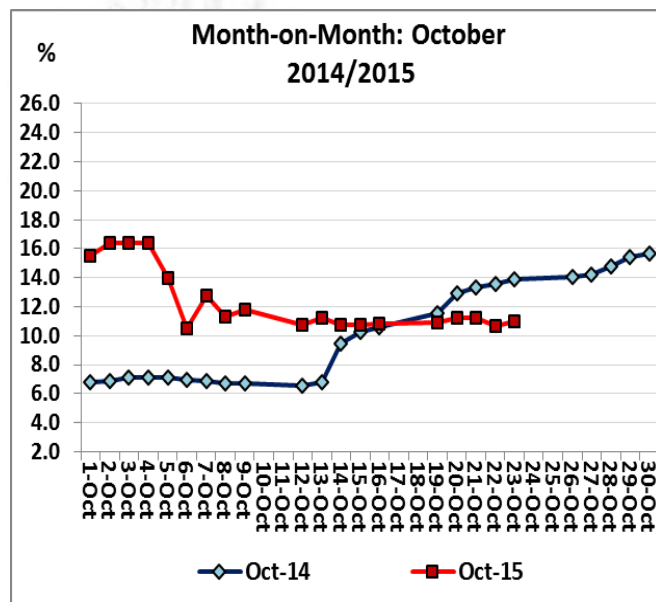
- Excess reserves are estimated to close at K8.73 billion today from K8.67 billion recorded on Friday, 23rd October 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,540	10.95
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
6 days	350	22.00
41 days	1,180	22.00
62 days	1,000	23.00
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	200	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased on Friday, 23 October 2015 to K7.54 billion from K5.05 billion recorded during the preceding day.
- The (overnight) interbank market rate (IBR) increased by 27 basis points and closed at 10.95 percent from 10.68 percent recorded on Thursday, 22nd October 2015.
- K200 million was accessed on the Lombard Facility last Friday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

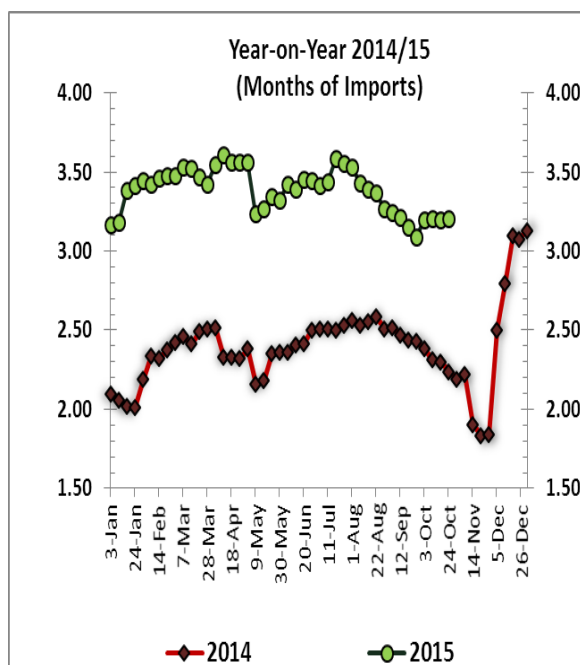
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover* (Months)
09 th October 2015	669.26	3.20
16 th October 2015	668.45	3.20
22 nd October 2015	668.60	3.20

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

Commentary:

- Gross official reserves remained at 3.20 months of imports during the week ending 16th October 2015, a level which was also recorded during the preceding week. As at 22nd October the gross official reserves remained steady at US\$668.60 million (3.20 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)
09 th October 2015	-2.61	301.97	299.36	1.43
16 th October 2015	-3.71	307.97	304.26	1.46
22 nd October 2015	0.11	303.82	303.93	1.45

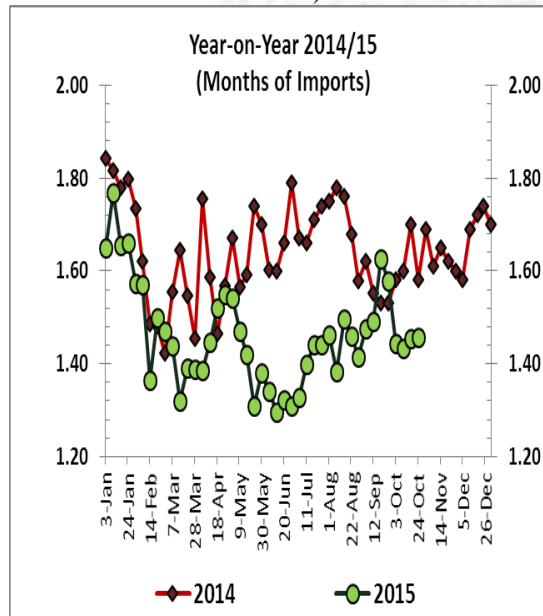
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
16 th October 2015	34.41	37.63
23 rd October 2015	24.16	24.88
On 23 rd October 2015	4.48	6.30

Commentary:

- During the week ending 23rd October 2015, ADBs purchased US\$24.16 million from the market and sold US\$24.88 million. On 23rd October 2015 alone, ADBs purchased US\$4.48 million and sold US\$6.30 million.

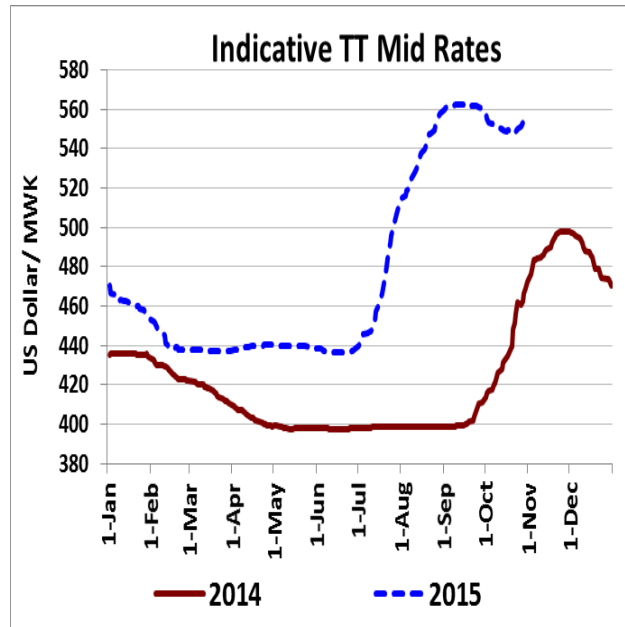
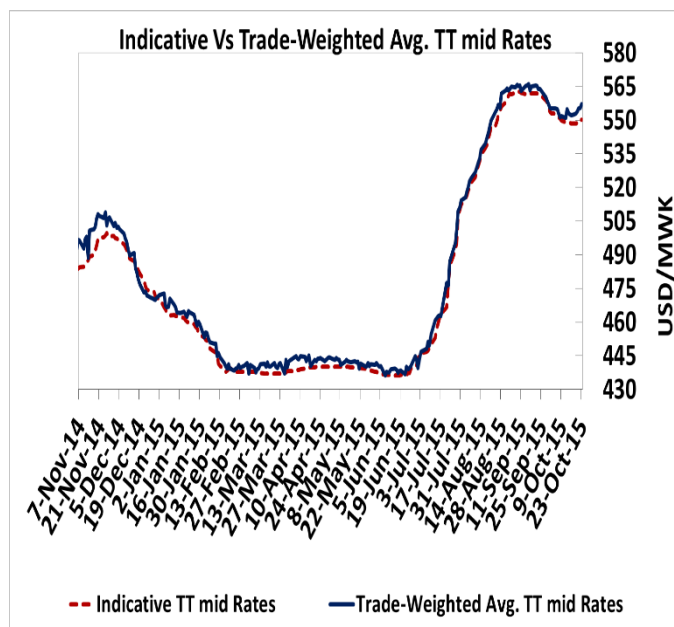


iii. Exchange Rate Developments

	16 Oct 2015	19 Oct 2015	20 Oct 2015	21 Oct 2015	22 Oct 2015	23 Oct 2015	Today Indicative
MWK/USD	552.1023	552.9165	553.7370	555.1717	555.5205	557.1106	554.8716
MWK/GBP	851.6426	853.8971	857.1300	854.6500	856.8044	857.1706	849.6194
MWK/EUR	626.5941	620.9247	626.5220	627.8321	629.2516	618.1508	610.8581
MWK/ZAR	42.0537	42.1016	42.0971	41.7131	41.0447	41.5348	40.6294

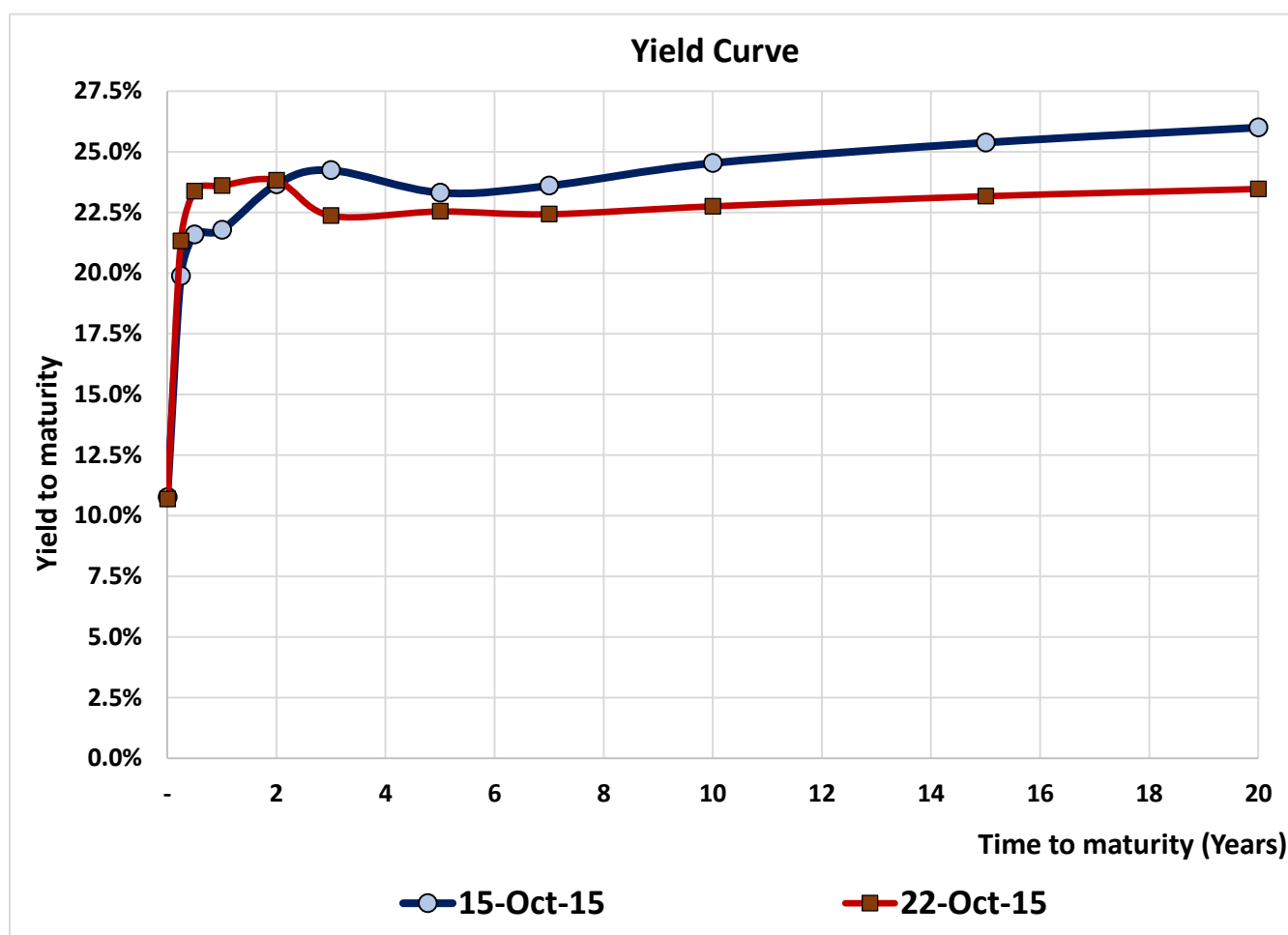
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: The Kwacha depreciated against the USD, the GBP and the ZAR last Friday and appreciated against the EUR. Indicatively, the Malawi Kwacha is expected to trade around K554.8716 against the USD today, 26 October 2015



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
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%
24 th September 2015	19.60%	19.19%	20.34%	22.98%	23.85%	24.60%	24.29%	24.53%	25.00%	25.49%	26.09%
01 st October 2015	15.50%	19.52%	21.09%	22.75%	24.16%	24.41%	25.00%	24.60%	24.38%	24.35%	24.43%
08 th October 2015	11.32%	20.21%	20.51%	22.27%	23.39%	22.61%	22.72%	22.80%	23.41%	24.66%	25.43%
15 th October 2015	10.76%	19.88%	21.59%	21.78%	23.66%	24.24%	23.31%	23.60%	24.53%	25.38%	26.00%
22 nd October 2015	10.68%	21.32%	23.38%	23.61%	23.82%	22.36%	22.54%	22.43%	22.75%	23.17%	23.47%
22 Oct-15 Oct 2015 Change in Yield (Bp)	-8	144	179	183	16	-188	-77	-117	-178	-221	-253



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