



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 07 October 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 09 October 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	55	15,300
Estimated Excess Reserves	9,022	25,009
Required Reserves	44,883	44,883

#### Known Projected Transactions

	Week ending 09 <sup>th</sup> Oct 2015	Week ending 16 <sup>th</sup> Oct 2015	Week ending 23 <sup>th</sup> Oct 2015	Oct 2015	Nov 2015
Maturity of normal TBs/TNs/PNs	9,444	1,662		47,929	11,335
Maturity of OMO	13,548	13,865	-	28,650	4,622

#### Commentary:

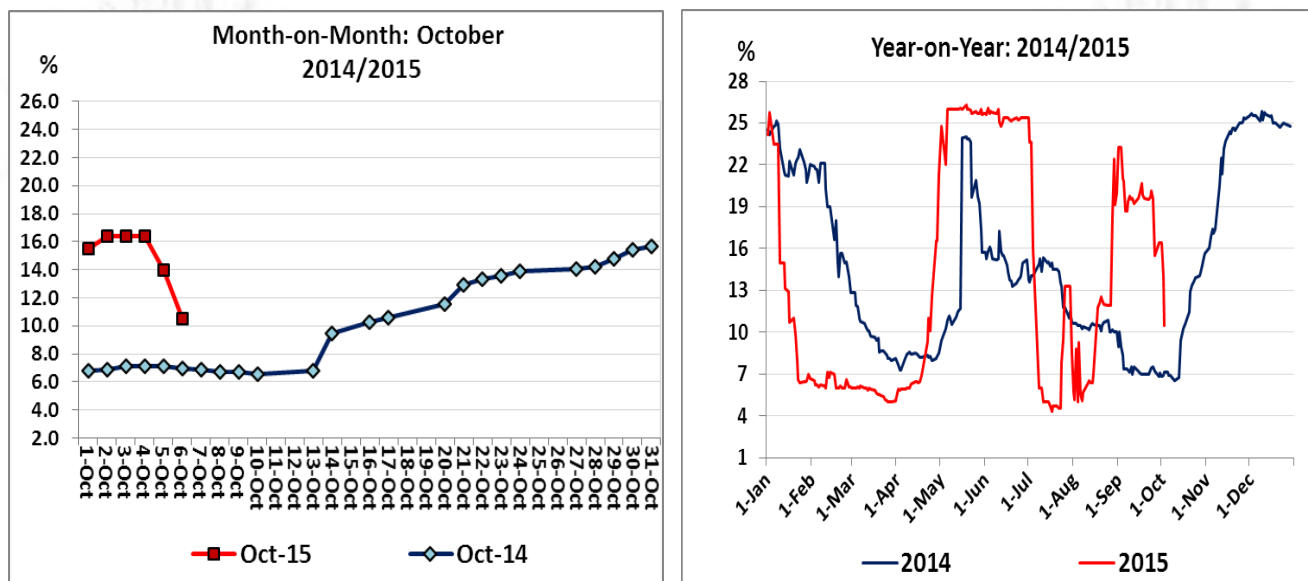
- Excess reserves are estimated to close at K9.02 billion today from K8.97 billion recorded yesterday on 06<sup>th</sup> October 2015.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,000	10.50
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
03 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 stood at K1.0 billion yesterday, up from K150 million recorded on Monday, 05<sup>th</sup> October 2015.
- The (overnight) interbank market rate (IBR) dropped to 10.50 percent from 14.00 percent observed last Monday.
- No access on the Lombard Facility was recorded on 06<sup>th</sup> October 2015.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

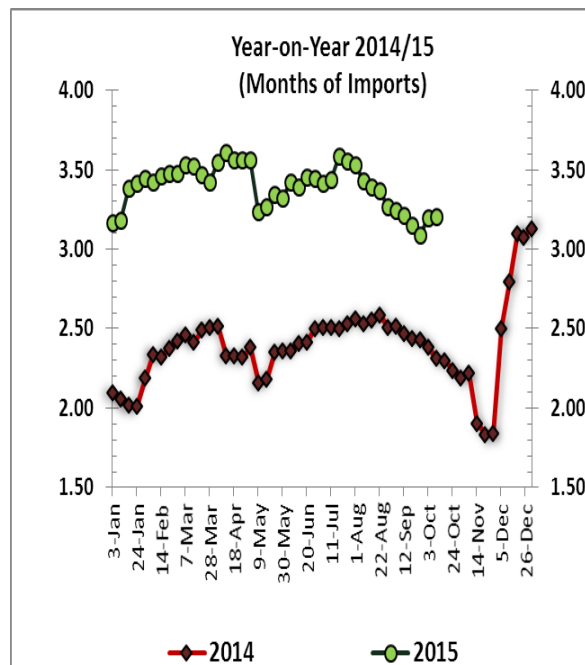
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
25 <sup>th</sup> September 2015	645.35	3.09
02 <sup>nd</sup> October 2015	668.44	3.20
06 <sup>th</sup> October 2015	670.15	3.21

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

### Commentary:

- Gross official reserves significantly increased during the week ending 02<sup>nd</sup> October 2015 compared to the preceding week due to purchases of foreign exchange from the market. As at 06<sup>th</sup> October 2015, the gross official reserves stood at US\$670.15 million (3.21 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)
25 <sup>th</sup> September 2015	7.27	322.48	329.74	1.58
02 <sup>nd</sup> October 2015	-0.76	302.33	301.56	1.44
05 <sup>th</sup> October 2015	-1.89	299.44	297.56	1.42

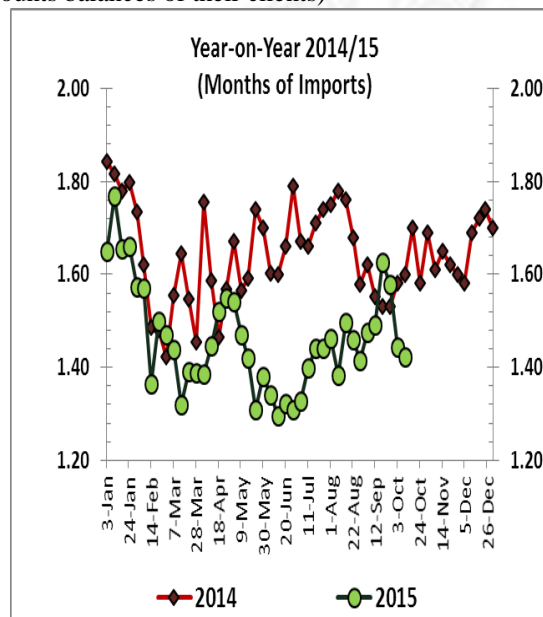
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 <sup>th</sup> September 2015	47.78	48.82
02 <sup>nd</sup> October 2015	47.35	61.15
On 06 <sup>th</sup> October 2015	7.94	6.37

### Commentary:

- During the week ending 02<sup>nd</sup> October 2015, ADBs purchased US\$47.35 million from the market and sold US\$61.15 million. On 06<sup>th</sup> October 2015, ADBs purchased US\$7.94 million and sold US\$6.37 million.

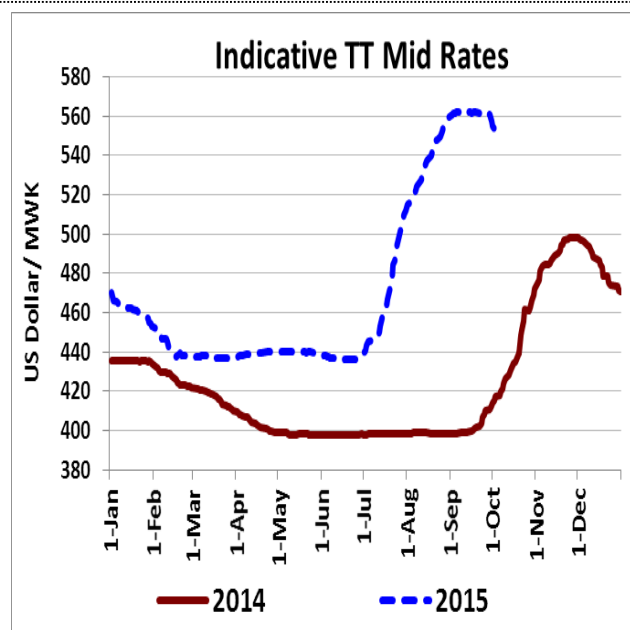
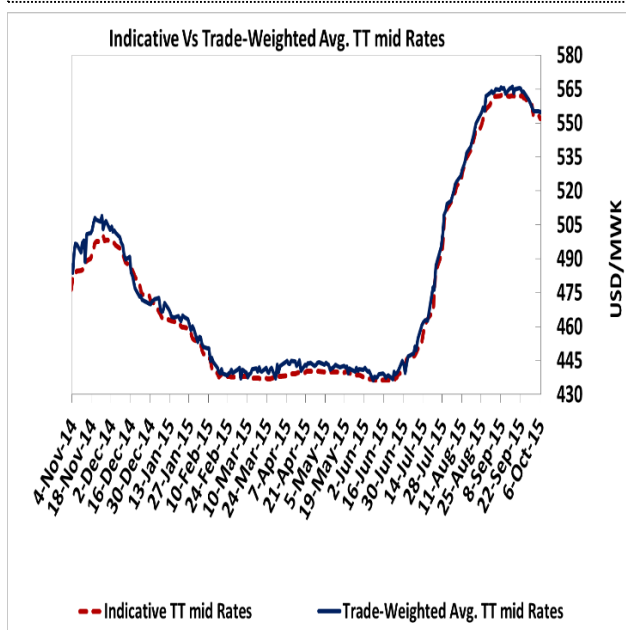


## iii. Exchange Rate Developments

	29 Sept 2015	30 Sept 2015	01 Oct 2015	02 Oct 2015	05 Oct 2015	06 Oct 2015	Today Indicative
<b>MWK/USD</b>	558.3593	557.1332	555.3466	555.2427	555.2022	554.9849	551.3184
<b>MWK/GBP</b>	847.2615	843.4021	841.6116	839.8773	841.8559	842.0287	839.4925
<b>MWK/EUR</b>	628.9778	624.6136	620.2771	620.6402	624.2983	618.7461	621.4461
<b>MWK/ZAR</b>	39.8942	40.0937	40.5860	40.1735	40.5952	40.5523	40.7798

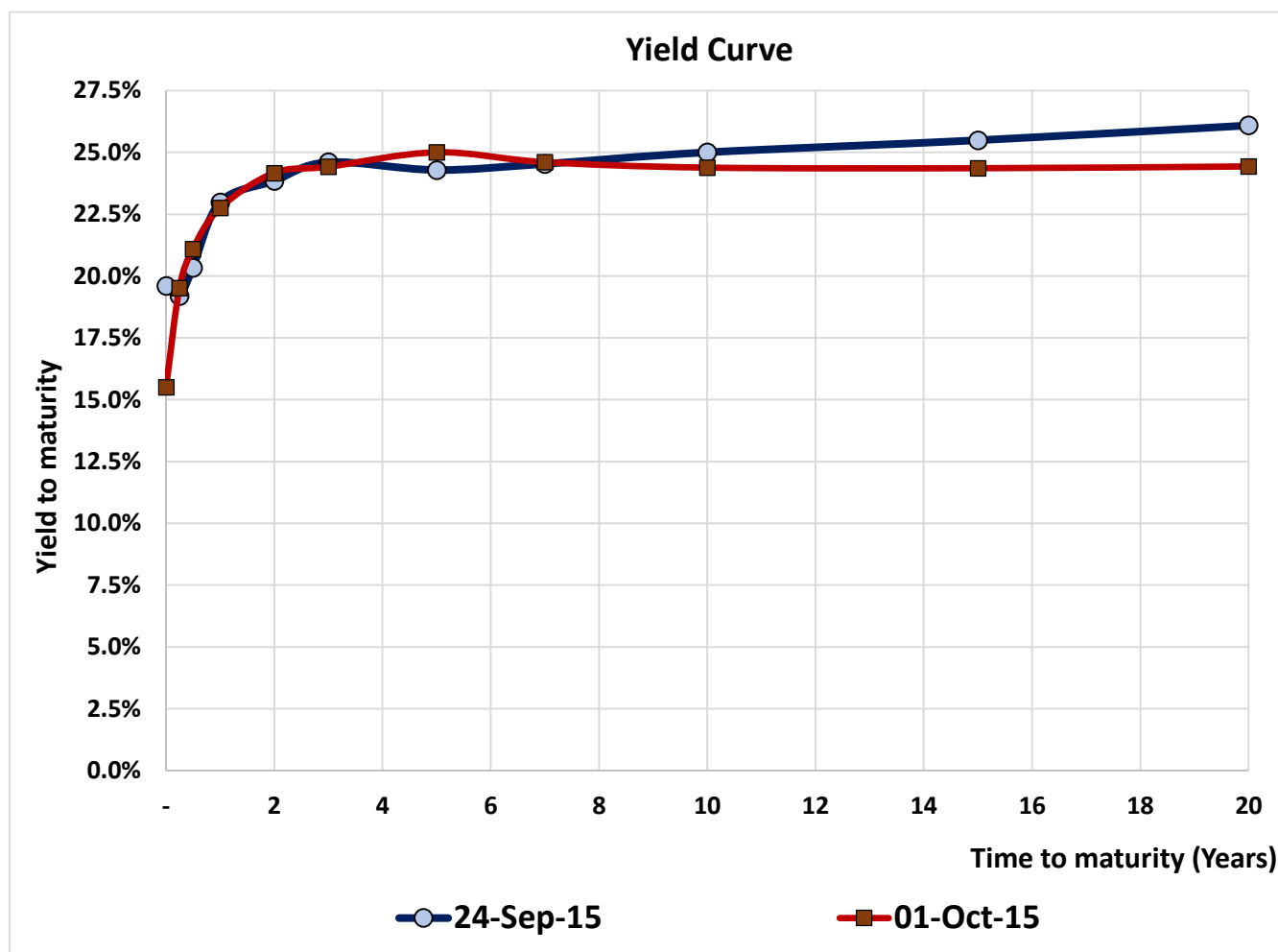
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

**Commentary:** Yesterday on 06<sup>th</sup> October 2015, the Kwacha appreciated against the USD, the EUR and the ZAR. The local unit nonetheless, depreciated against the GBP. Indicatively, the Malawi Kwacha is expected to trade around K551.3184 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%
24 <sup>th</sup> 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 <sup>st</sup> October 2015	15.50%	19.52%	21.09%	22.75%	24.16%	24.41%	25.00%	24.60%	24.38%	24.35%	24.43%
01 Oct-24 Sept 2015 Change in Yield (Bp)	-410	33	76	-23	31	-19	71	07	-62	-114	-166



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