



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 29 December 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 01 January 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	-912	-5,660
Estimated Excess Reserves	5,493	745
Required Reserves	49,762	49,762

Known Projected Transactions

	Week ending 01 st Jan 2016	Week ending 08 th Jan 2016	Week ending 15 th Jan 2016	Dec 2015	Jan 2016
Maturity of normal TBs/TNs/PNs	10,142	1,933	4,466	37,482	34,016
Maturity of OMO	5,056	3,542	5,646	38,897	22,256

Commentary:

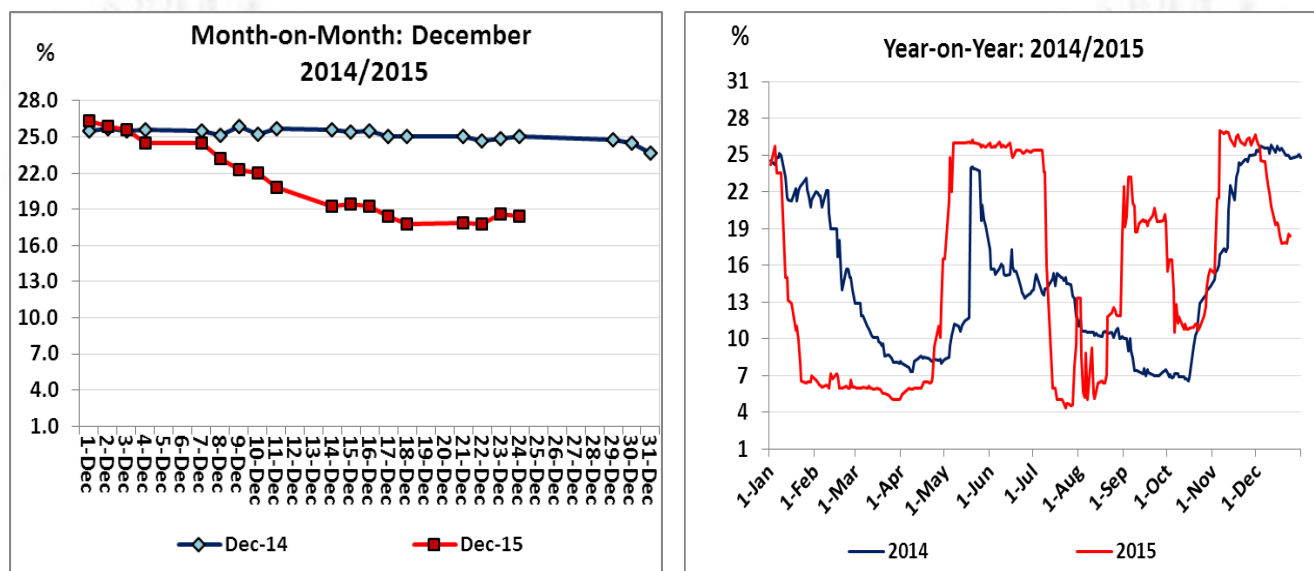
- Excess reserves are estimated to close at K5.49 billion today from K6.40 billion recorded on Thursday, 24th December 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,910	18.40
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
30 days	4,940	27.00
60 days	4,490	27.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	6,000	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market declined to K8.91 billion last Thursday from K10.11 billion that was recorded on Wednesday, 23rd December 2015.
- The overnight interbank market rate (IBR) closed last week at 18.40 percent from 18.56 percent observed on 23rd December 2015.
- A total of K9.43 billion was withdrawn from the banking system on 24th December 2015 through repos.
- K6.00 billion was accessed on the Lombard Facility on Thursday, 24th December 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

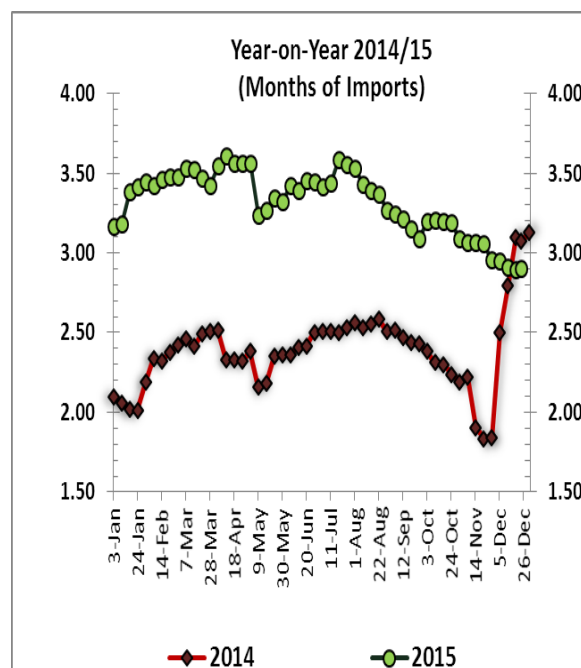
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
04 th December 2015	615.70	2.95
11 th December 2015	608.16	2.91
18 th December 2015	605.67	2.90
22 nd December 2015	607.47	2.91

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

Commentary:

- Gross official reserves declined to US\$605.67 million (2.90 months of imports) during the week ending 18th December 2015 compared to US\$608.16 million (2.91 months of imports) that was recorded at the end of the previous week. As at 22nd December 2015, the gross official reserves slightly improved to US\$607.47 million (2.91 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 th December 2015	4.11	321.92	326.03	1.56
18 th December 2015	6.06	324.29	330.35	1.58
22 nd December 2015	4.34	337.65	341.99	1.64

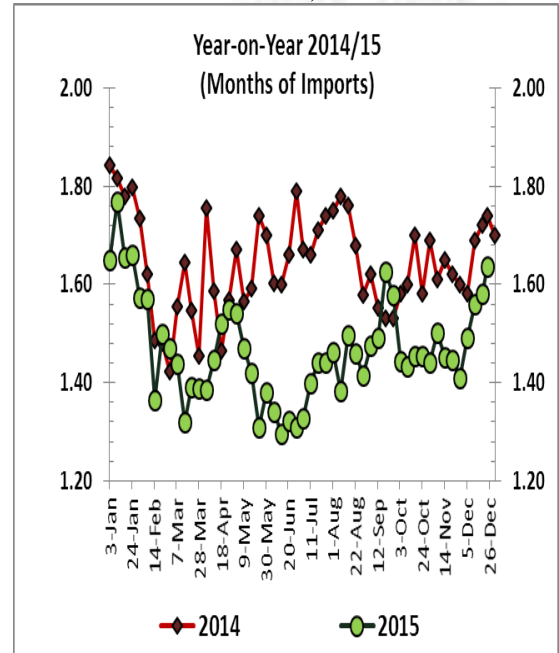
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 th December 2015	35.17	41.70
25 th December 2015	21.87	27.01
On 24 th December 2015	3.85	4.56

Commentary:

- During the week ending 25th December 2015, ADBs purchased a total of US\$21.87 million from the market and sold US\$27.01 million. On 24th December 2015 alone, ADBs purchased US\$3.85 million from the market and sold US\$4.56 million.

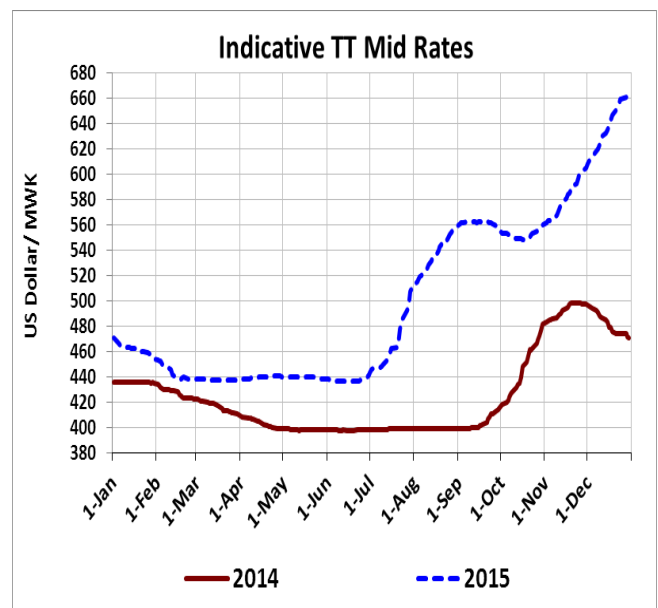
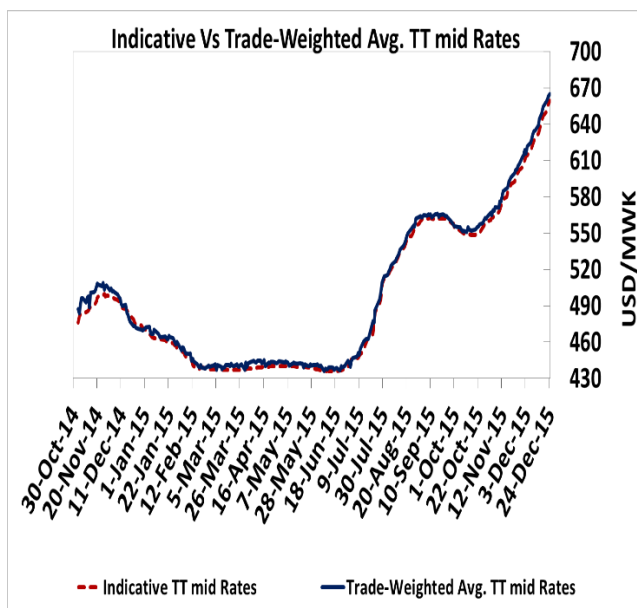


iii. Exchange Rate Developments

	17 Dec 2015	18 Dec 2015	21 Dec 2015	22 Dec 2015	23 Dec 2015	24 Dec 2015	Today Indicative
MWK/USD	649.3307	654.1464	658.7545	660.1641	663.3177	664.6533	660.6675
MWK/GBP	970.9903	975.1689	980.8540	982.9704	978.2260	989.2042	983.0732
MWK/EUR	704.5260	708.7085	714.4529	718.4863	725.1337	728.3072	724.6201
MWK/ZAR	43.2103	43.7824	43.6098	43.7467	43.6589	43.9372	43.1527

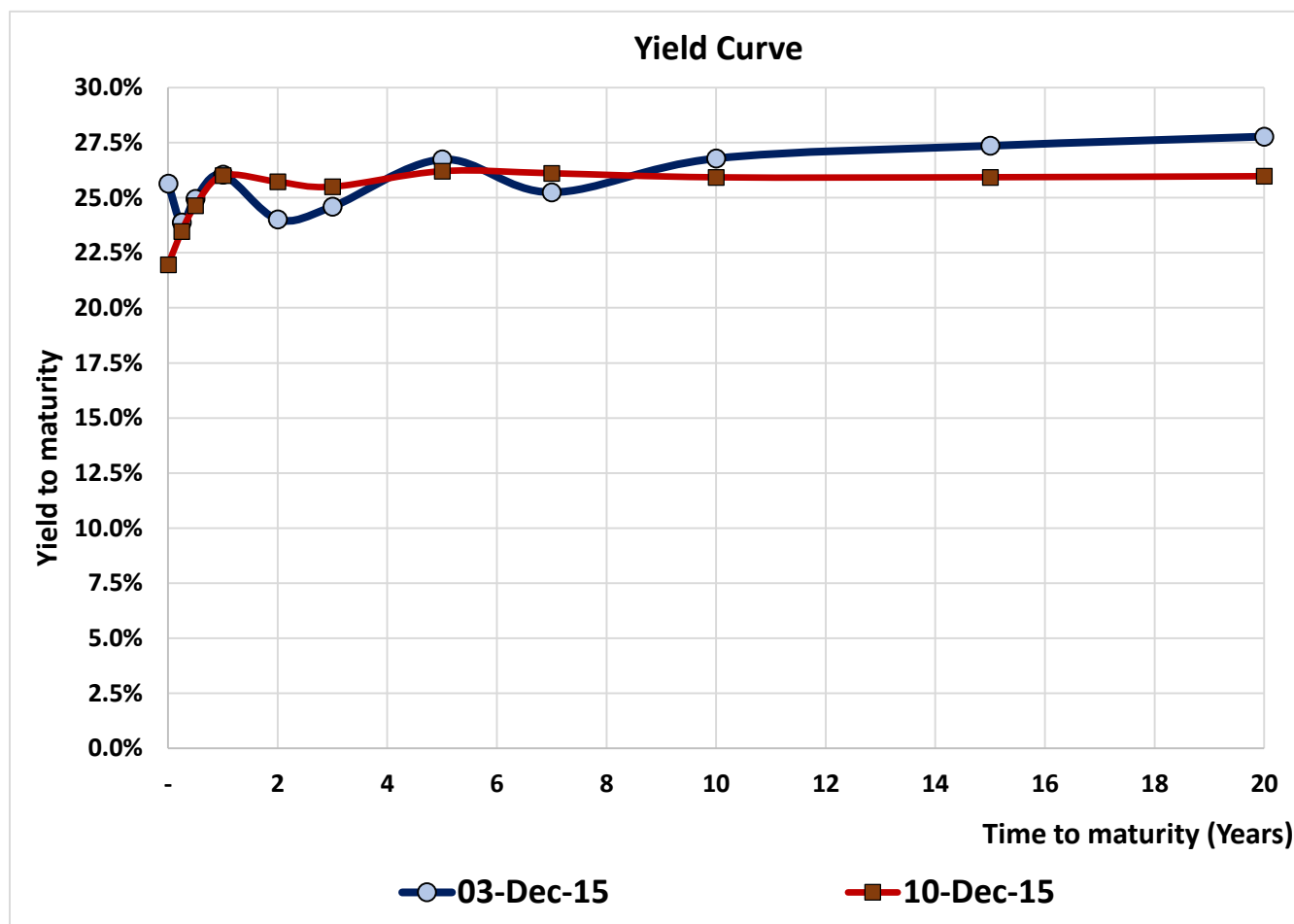
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: On Thursday, 24th December 2015, the Kwacha depreciated against the USD, the EUR, the GBP, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K660.6675 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
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%
29 th October 2015	15.20%	21.38%	22.38%	23.67%	24.85%	24.86%	25.57%	24.73%	24.21%	23.97%	23.78%
05 th November 2015	21.51%	19.95%	22.07%	23.41%	24.13%	23.94%	23.93%	24.22%	24.56%	24.72%	25.08%
12 th November 2015	26.83%	21.17%	22.64%	24.10%	24.98%	25.10%	25.45%	25.72%	25.87%	26.13%	26.31%
19 th November 2015	26.42%	24.85%	25.72%	25.80%	25.82%	25.17%	27.74%	25.39%	27.74%	28.52%	29.01%
26 th November 2015	26.44%	25.67%	25.80%	26.84%	25.22%	25.65%	27.97%	25.53%	27.73%	28.34%	28.77%
03 rd December 2015	25.64%	23.87%	24.95%	26.04%	24.02%	24.60%	26.74%	25.25%	26.79%	27.36%	27.78%
10 th December 2015	21.96%	23.47%	24.63%	26.00%	25.72%	25.50%	26.20%	26.11%	25.93%	25.93%	25.98%
10 Dec - 03 Dec 2015 Change in Yield (Bp)	-368	-40	-32	-04	170	90	-54	86	-86	-143	-180



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