



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 13 January 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 15 January 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	-3,195	-3,371
Estimated Excess Reserves	12,185	12,959
Required Reserves	50,719	50,719

Known Projected Transactions

	Week ending 15 th Jan 2016	Week ending 22 nd Jan 2016	Week ending 29 th Jan 2016	Jan 2016	Feb 2016
Maturity of normal TBs/TNs/PNs	4,466	12,690	4,785	34,016	27,695
Maturity of OMO	5,646	9,347	7,258	25,792	20,056

Commentary:

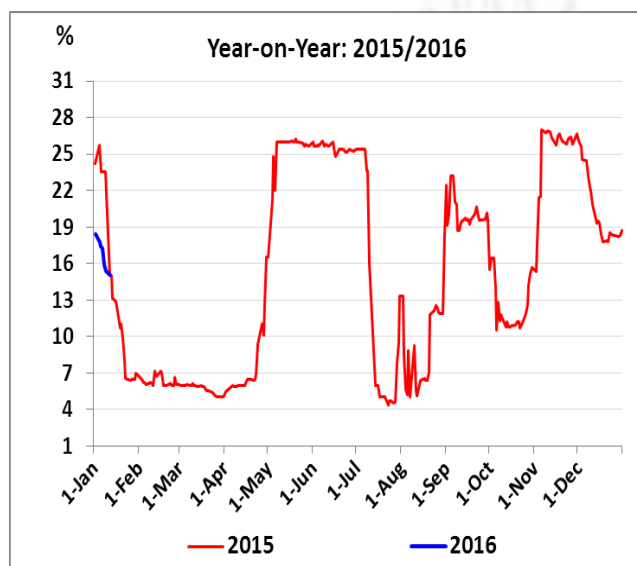
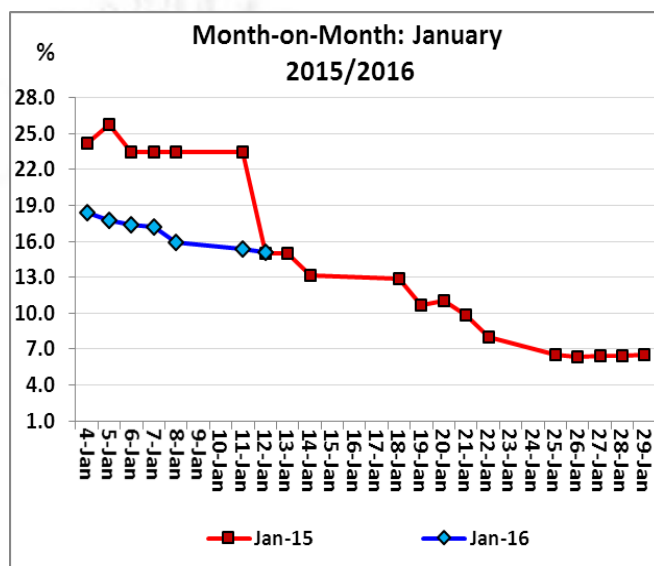
- Excess reserves are estimated to close at K12.19 billion today from K15.38 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	5,630	15.07
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased yesterday to K5.63 billion from K2.85 billion that was recorded on Monday, 11th January 2016.
- The overnight interbank market rate (IBR) decreased to 15.07 percent from 15.37 percent observed on 11th January 2016.
- No access on the Lombard Facility was recorded on 12th January 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

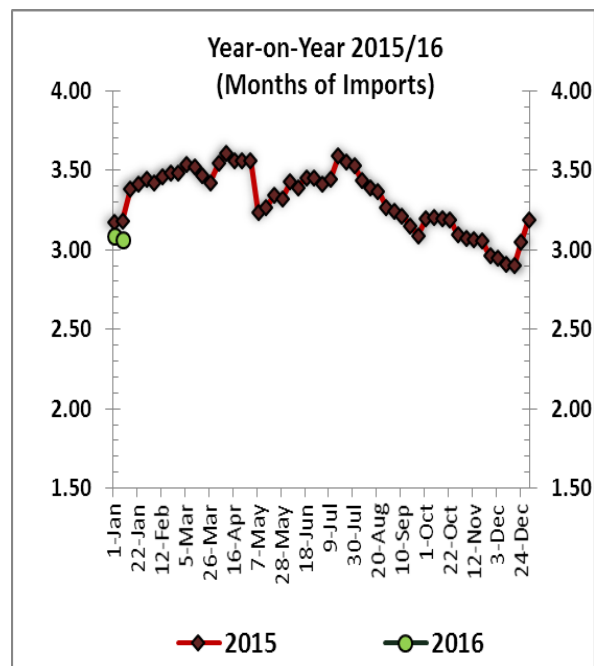
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
24 th December 2015	637.38	3.05
31 st December 2015	666.07	3.19
08 th January 2016	645.24	3.09
11 th January 2016	640.17	3.06

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

Commentary:

- Gross official reserves declined during the week ending 08th January 2016 compared to the preceding week. The gross official reserves stood at US\$640.17 million (3.06 months of imports) as at 11th January 2016.



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)
31 st December 2015	4.12	330.30	334.42	1.60
08 th January 2016	3.35	323.04	326.38	1.56
11 th January 2016	3.76	327.92	331.68	1.59

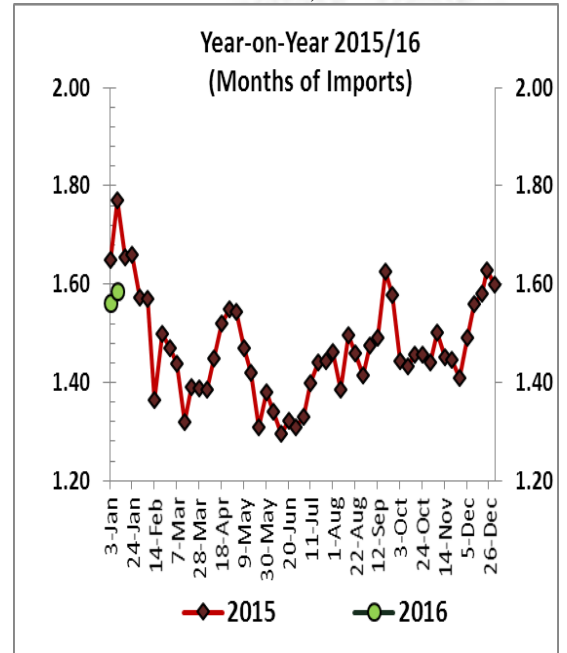
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
01 st January 2016	11.25	15.68
08 th January 2016	42.69	43.47
On 12 th January 2016	18.82	20.39

Commentary:

- During the week ending 08th January 2016, ADBs purchased a total of US\$42.69 million from the market and sold US\$43.47 million. On 12th January 2016, ADBs purchased US\$18.82 million from the market and monetary authorities and sold US\$20.39 million.

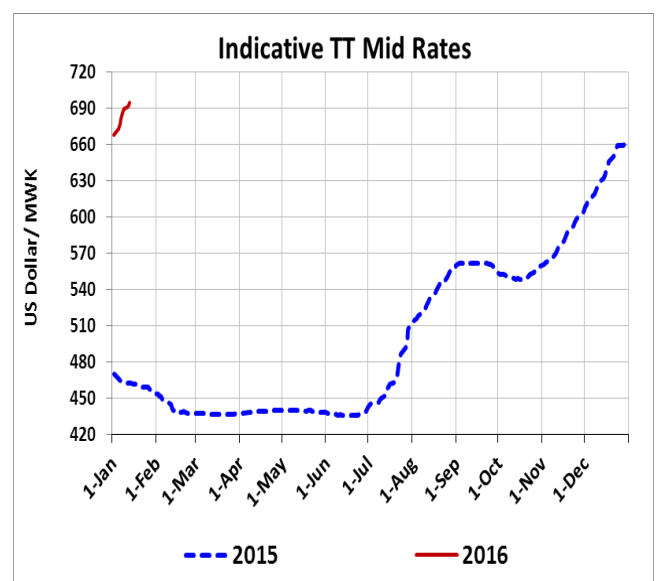
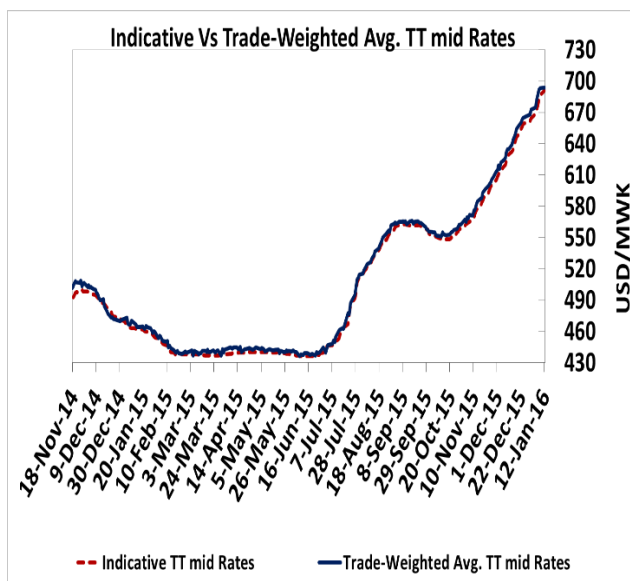


iii. Exchange Rate Developments

	05 Jan 2016	06 Jan 2016	07 Jan 2016	08 Jan 2016	11 Jan 2016	12 Jan 2016	Today Indicative
MWK/USD	682.8117	687.6007	691.5182	693.2796	693.4911	693.7660	694.7502
MWK/GBP	998.8461	1,000.2492	1,009.1963	1,008.8373	1,008.4818	1,019.1936	1004.8867
MWK/EUR	723.4213	733.2314	740.6657	748.1808	760.4179	756.2226	752.7618
MWK/ZAR	43.7207	43.8751	43.5733	43.8413	42.1132	41.7592	42.2847

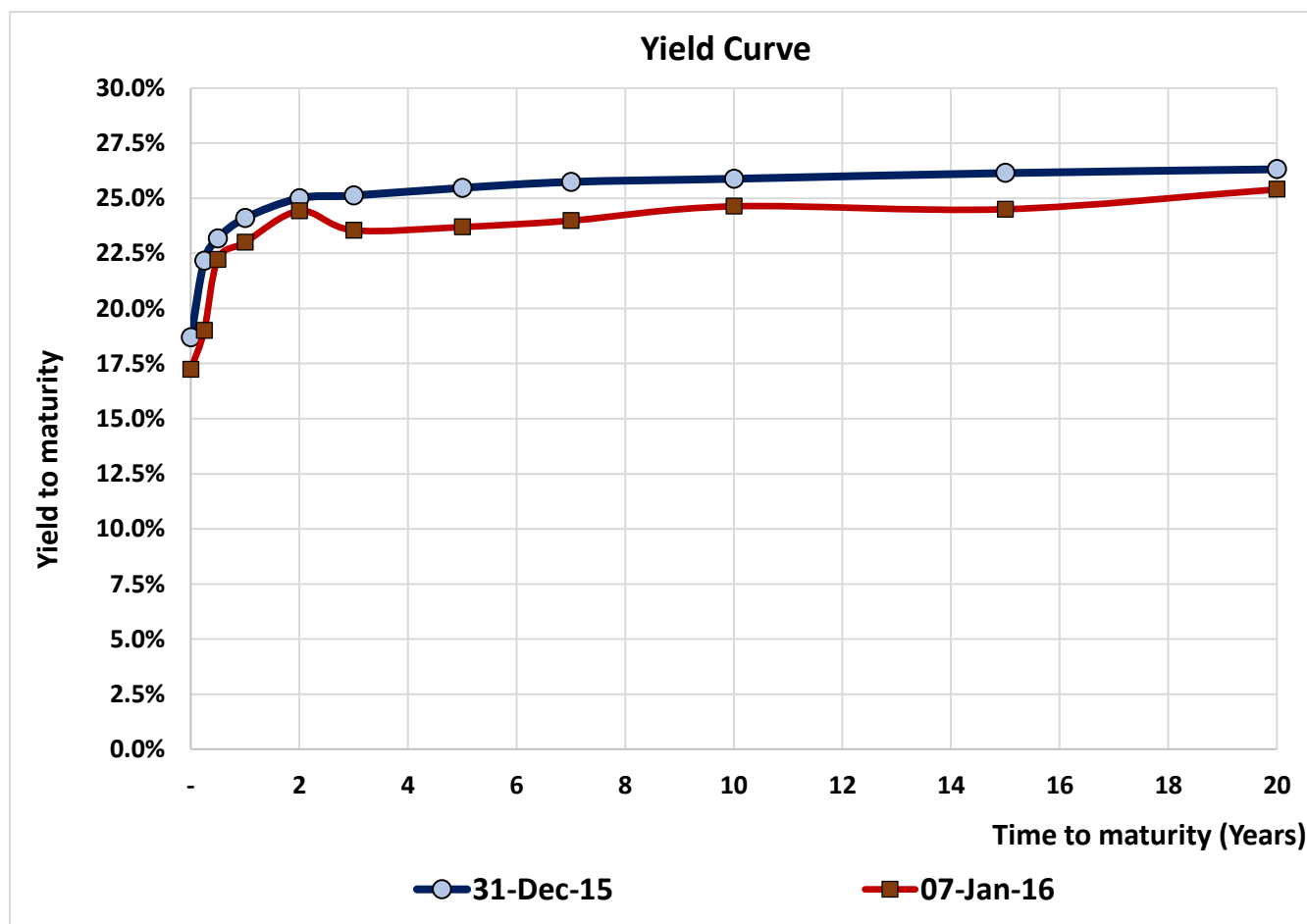
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: On Monday, 11th January 2016, the Kwacha depreciated against the USD, and the EUR and appreciated against the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K691.3679 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
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%
17 th December 2015	18.42%	24.50%	26.65%	26.24%	26.12%	25.87%	26.42%	26.63%	26.61%	26.62%	26.44%
24 th December 2015	18.40%	27.00%	26.00%	25.23%	25.53%	24.98%	26.23%	26.50%	26.29%	26.42%	26.49%
31 st December 2015	18.69%	22.17%	23.18%	24.10%	25.00%	25.13%	25.47%	25.74%	25.89%	26.15%	26.32%
07 th January 2016	17.24%	19.00%	22.22%	23.00%	24.42%	23.55%	23.70%	23.99%	24.64%	24.51%	25.41%
07 Jan 2016 – 31 Dec 2015 Change in Yield (Bp)	-145	-317	-96	-110	-57	-158	-177	-176	-125	-164	-91



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