



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 21 January 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 22 <sup>nd</sup> January 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	7,835	39,664
Estimated Excess Reserves	18,364	44,421
Required Reserves	51,333	51,333

#### Known Projected Transactions

	Week ending 22 <sup>nd</sup> Jan 2016	Week ending 29 <sup>th</sup> Jan 2016	Week ending 05 <sup>th</sup> Feb 2016	Jan 2016	Feb 2016
Maturity of normal TBs/TNs/PNs	12,690	4,785	3,804	34,016	27,695
Maturity of OMO	29,542	5,713	1,992	47,566	20,083

#### Commentary:

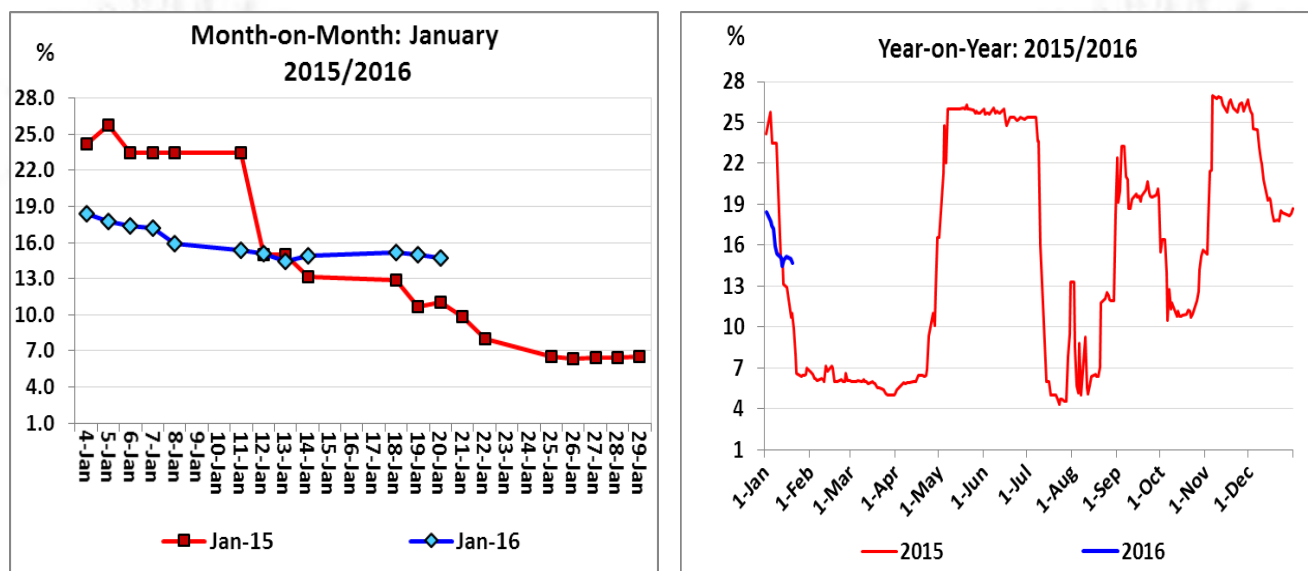
- Excess reserves are estimated to close at K18.36 billion today from K10.53 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,530	14.71
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(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	-	-
<b>(c) Access on the Lombard Facility</b>	700	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the overnight interbank market increased yesterday to K7.53 billion from K6.23 billion recorded on Tuesday, 19<sup>th</sup> January 2016.
- The overnight interbank market rate (IBR) decreased to 14.71 percent from 14.98 percent observed on 19<sup>th</sup> January 2016.
- A total of K700 million was accessed on the Lombard Facility on 20<sup>th</sup> January 2016.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

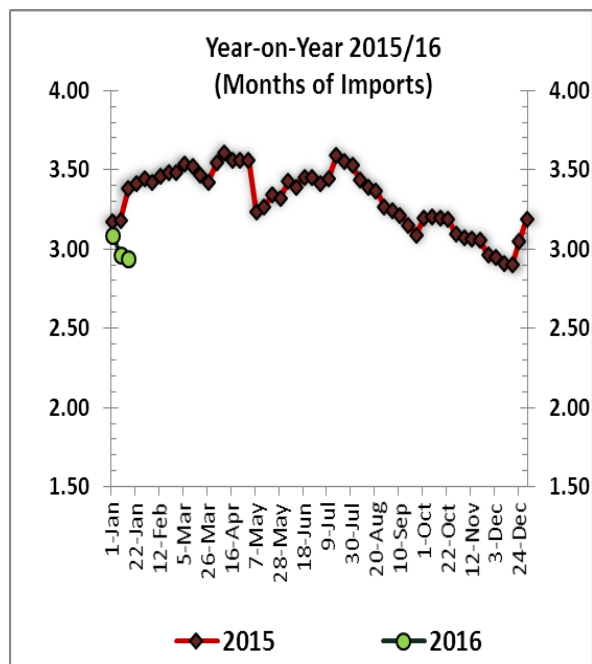
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
31 <sup>st</sup> December 2015	666.07	3.19
08 <sup>th</sup> January 2016	645.24	3.09
15 <sup>th</sup> January 2016	618.53	2.96
20 <sup>th</sup> January 2016	614.97	2.94

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

### Commentary:

- Gross official reserves declined during the week ending 15<sup>th</sup> January 2016 compared to the preceding week mainly on account of sales to the market. The gross official reserves further declined to US\$614.97 million (2.94 months of imports) as at 20<sup>th</sup> 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)
08 <sup>th</sup> January 2016	3.35	323.04	326.38	1.56
14 <sup>th</sup> January 2016	1.78	322.68	324.46	1.55
19 <sup>th</sup> January 2016	2.23	327.76	330.00	1.58

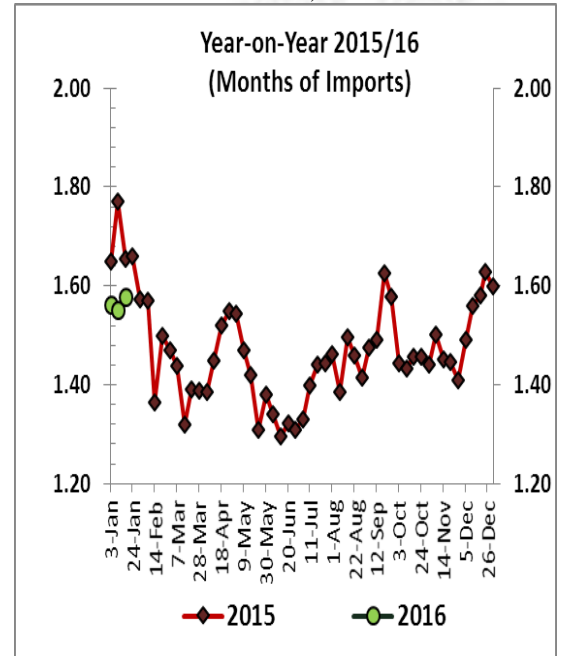
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
08 <sup>th</sup> January 2016	42.69	43.47
14 <sup>th</sup> January 2016	32.07	33.80
On 20 <sup>th</sup> January 2016	5.98	6.05

#### Commentary:

- During the week ending 15<sup>th</sup> January 2016, ADBs purchased a total of US\$32.07 million from the market and sold US\$33.80 million. On 20<sup>th</sup> January 2016, ADBs purchased US\$5.98 million from the market and sold US\$6.05 million.

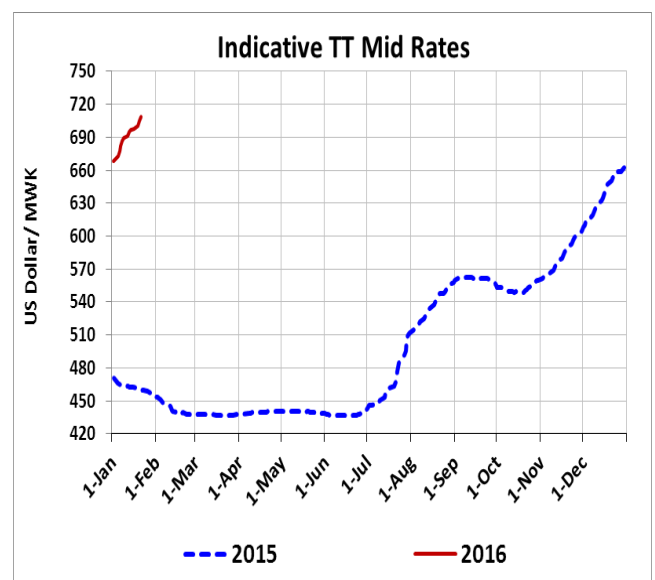
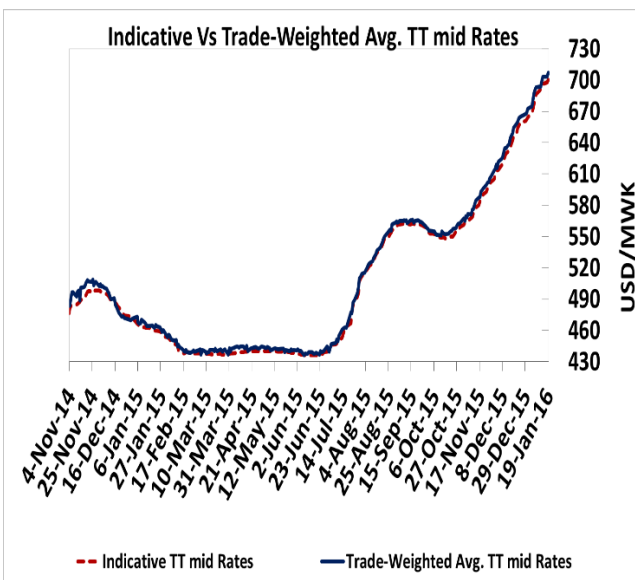


## iii. Exchange Rate Developments

	12 Jan 2016	13 Jan 2016	14 Jan 2016	18 Jan 2016	19 Jan 2016	20 Jan 2016	Today Indicative
MWK/USD	693.7660	697.8908	703.1249	703.2752	706.8649	714.7828	708.9237
MWK/GBP	1,019.1936	1,008.8927	1,014.5540	1,003.8208	1,002.7982	993.1369	1,006.1045
MWK/EUR	756.2226	761.3751	761.6761	764.0616	766.5964	776.6255	772.0179
MWK/ZAR	41.7592	42.7043	42.4571	42.2671	42.6771	42.5672	42.2943

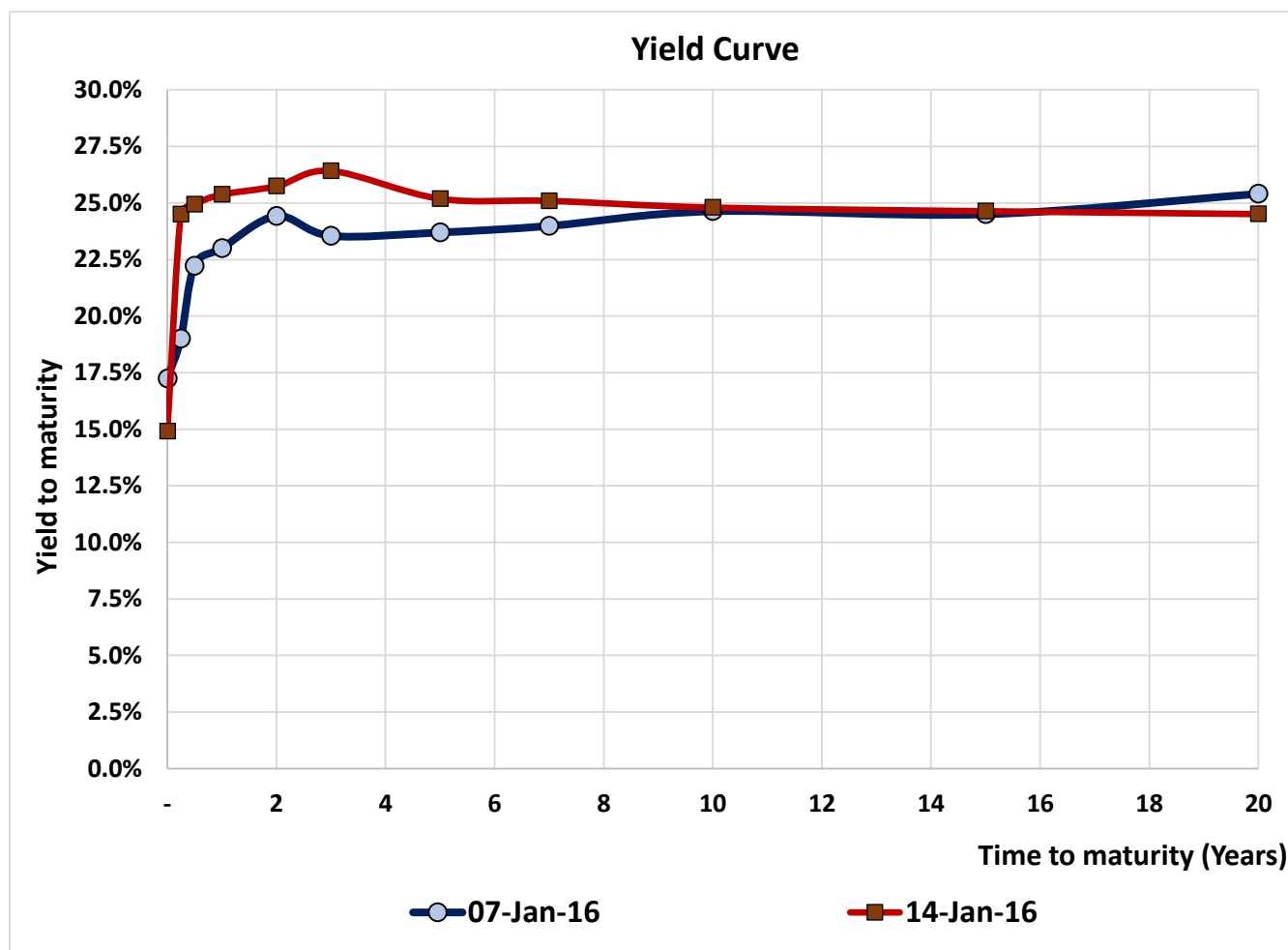
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

**Commentary:** On Wednesday, 20<sup>th</sup> 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 K708.9237 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
12 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>rd</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>st</sup> 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 <sup>th</sup> January 2016	17.24%	19.00%	22.22%	23.00%	24.42%	23.55%	23.70%	23.99%	24.64%	24.51%	25.41%
14 <sup>th</sup> January 2016	14.91%	24.50%	24.95%	25.38%	25.74%	26.42%	25.19%	25.10%	24.80%	24.64%	24.51%
14 – 07 Jan 2016 Change in Yield (Bp)	-233	550	273	238	132	287	149	111	16	13	-90



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