



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 10 March 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 11 th March 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	229	3,581
Estimated Excess Reserves	9,502	10,841
Required Reserves	51,841	51,841

Known Projected Transactions

	Week ending 11 th Mar 2016	Week ending 18 th Mar 2016	Week ending 25 th Mar 2016	Mar 2016	Apr 2016
Maturity of normal TBs/TNs/PNs	19,353	6,534	7,346	60,504	44,743
Maturity of OMO	7,981	27,815	5,922	54,999	16,519

Commentary:

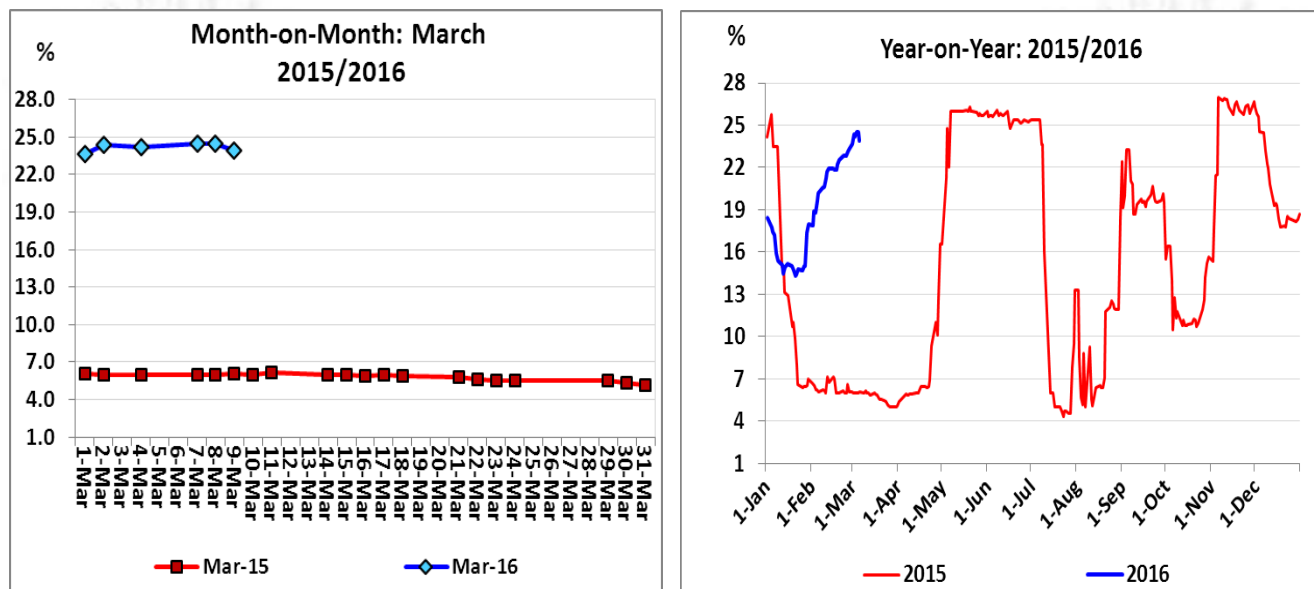
- Excess reserves are estimated to close at K9.50 billion today from K9.27 billion that was recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,050	23.92
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos	-	-
07 days	-	-
30 days	1,015	27.00
61 days	7,170	27.28
273 days	2,838	27.65
364 days	-	-
(ii) Reverse Repos	-	-
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
(c) Access on the Lombard Facility	1,050	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased to K4.05 billion yesterday from K3.62 billion recorded on Tuesday, 08th March 2016.
- The overnight interbank market rate (IBR) declined to 23.92 percent from 24.17 percent that was observed on 08th March 2016.
- K11.02 billion was withdrawn from the banking system through repos on 09th March 2016.
- A total of K1.05 billion was accessed on the Lombard Facility yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

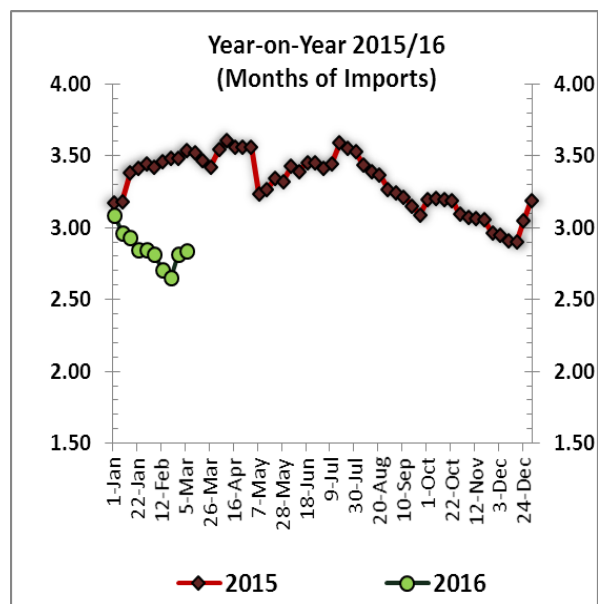
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
19 th February 2016	566.52	2.71
26 th February 2016	554.57	2.65
04 th March 2016	587.79	2.81
08 th March 2016	595.10	2.84

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

Commentary:

- Gross official reserves significantly increased during the week ending 04th March 2016 compared to the preceding week following increased purchases of foreign exchange from the market by monetary authorities. As at 08th March 2016, the gross official reserves stood at US\$595.10 million (2.84 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)
19 th February 2016	3.69	312.11	315.80	1.51
26 th February 2016	-0.69	311.08	310.39	1.49
04 th March 2016	-7.25	308.83	301.57	1.44
08 th March 2016	-0.76	305.09	304.33	1.46

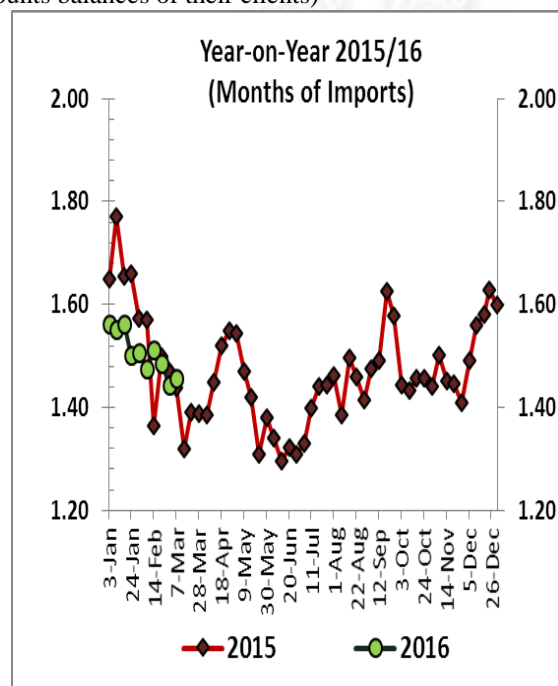
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
26 th February 2016	55.78	63.52
04 th March 2016	71.14	92.50
On 09 th March 2016	3.22	4.02

Commentary:

- The ADBs sold US\$92.50 million to the market and monetary authorities during the week ending 04th March 2016 against purchases from the market at US\$71.14 million. On 09th March 2016, ADBs purchased US\$3.22 million from the market and sold US\$4.02 million.



iii. Exchange Rate Developments

	01 Mar 2016	02 Mar 2016	04 Mar 2016	07 Mar 2016	08 Mar 2016	09 Mar 2016	Today Indicative
MWK/USD	742.4879	735.1815	729.4151	723.5438	719.8713	714.7775	711.7352
MWK/GBP	1,030.7297	1,028.8218	1,029.5639	1,025.5118	1,024.4909	1,014.3411	1,011.8739
MWK/EUR	807.6835	799.2075	797.2039	793.6238	791.2903	784.9139	782.8375
MWK/ZAR	46.1016	46.3442	45.7931	45.9873	47.0219	46.5348	46.7831

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

Commentary: On Wednesday, 09th March 2016, the Kwacha appreciated against the USD, the GBP, the EUR, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K711.7352 against the USD today.

