





RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 15 June 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 17 th June 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-4,406	7,766
Estimated Excess Reserves before OMO	18,304	26,338
Estimated Excess Reserves after OMO	0.00	0.00
Required Reserves	48,474	48,474

Known Projected Transactions

	Week ending 17 June 2016	Week ending 24 June 2016	Week ending 01 July 2016	June 2016	July 2017
Maturity of normal TBs/TNs/PNs	10,786	2,199	12,786	59,251	54,885
Maturity of OMO	8,082	23,280	8,082	49,151	5,062

Commentary:

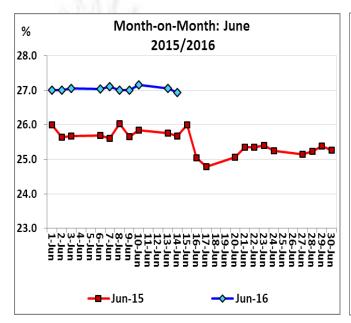
Excess reserves declined yesterday to K22.71 billion from K18.68 billion that was recorded on Monday, 13th
June 2016

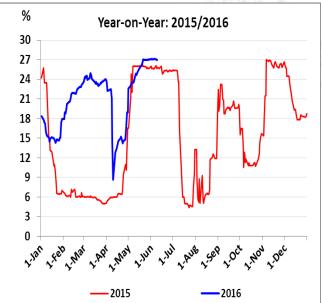
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,800	26.94
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos	-	-
07 days	500	29.00
30 days	-	-
62 days	15	29.00
273 days	-	-
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	900	29.00

ii. Weighted Average Interbank Rates





Commentary:

- Traded volume on the overnight interbank market declined to K2.80 billion on 14th June 2016 from K6.13 billion observed on Monday, 13th June 2016
- The overnight interbank market rate (IBR) declined to 26.94 percent yesterday from 27.05 percent that as recorded on Monday, 13th June 2016
- About K515 million was withdrawn from the banking system through repos yesterday
- A total of K900 million was accessed on the Lombard Facility on 14th June 2016

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

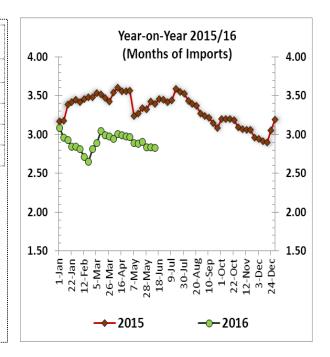
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)		
20 th May 2016	602.08	2.88		
27 th May 2016	606.79	2.90		
03 rd June 2016	593.40	2.84		
10 th June 2016	592.99	2.84		
13 th June 2016	591.86	2.83		

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

Commentary:

 Gross official reserves marginally declined during the week ending 10th June 2016 compared to the previous week. As at 13th June 2016, the gross official reserves stood at US\$591.86 million (2.83 months of imports).



ii. Private Sector Foreign Exchange Reserves

(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADBs Own Position	FCDA	Total	Import Cover * (Months)	
03 rd June 2016	0.54	308.72	309.26	1.48	
10 th June 2016	3.42	315.60	319.02	1.53	
14 th June 2016	-4.92	336.93	332.02	1.59	

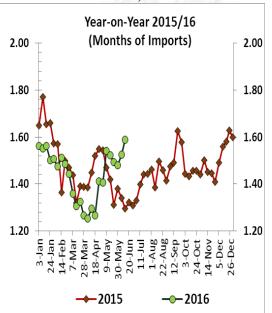
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ADBs FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADBs Purchases	ADBs Sales
03 rd June 2016	48.82	51.39
10 th June 2016	31.12	34.14
On 14 th June 2016	6.49	11.50

Commentary:

 The ADBs purchased US\$31.12 million from the market during the week ending 10th June 2016 and sold US\$34.14 million. On 14th June 2016, ADBs purchased US\$6.49 million from the market and sold US\$11.50 million.

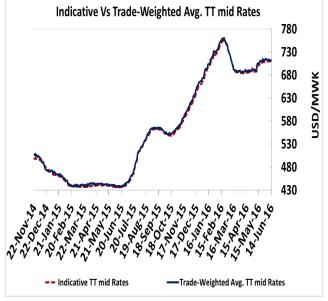


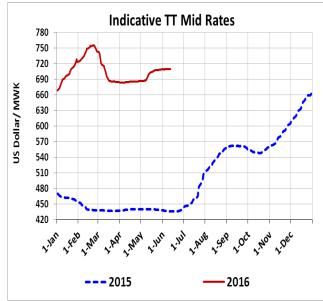
iii. Exchange Rate Developments

	07 June 2016	08 June 2016	09 June 2016	10 June 2016	13 June 2016	14 June 2016	Today Indicative
MWK/USD	712.8651	712.9639	712.6275	713.4623	711.3050	711.6643	710.0360
MWK/GBP	1,033.9164	1,036.4722	1,031.7798	1,033.1796	1,013.7946	1,008.7122	1,002.1448
MWK/EUR	806.7932	808.3760	814.7493	806.3814	800.0424	803.3480	795.7373
MWK/ZAR	47.6157	47.8808	48.1752	47.9150	46.7373	46.8564	46.4042

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

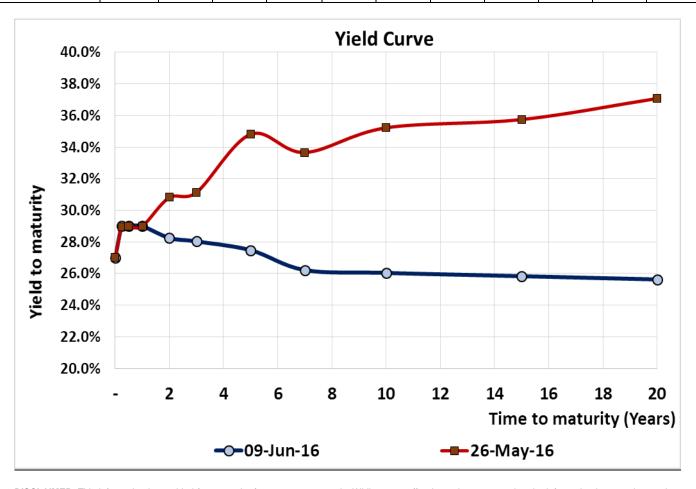
Commentary: On Tuesday, 14th June 2016, the Kwacha appreciated against the GBP and depreciated against the USD, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K710.0360 against the USD today





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
28th January 2016	15.02%	23.97%	25.43%	26.50%	26.05%	26.66%	26.20%	25.90%	25.63%	25.48%	25.31%
25 th February 2016	22.85%	26.88%	26.91%	27.00%	26.45%	27.03%	26.85%	26.73%	26.58%	26.48%	26.36%
10 th March 2016	24.17%	26.99%	27.00%	27.50%	27.45%	28.25%	28.45%	28.91%	29.24%	29.68%	30.05%
17 th March 2016	23.58%	26.72%	27.18%	28.48%	27.77%	27.99%	28.66%	28.23%	28.89%	29.33%	29.62%
24 th March 2016	23.02%	27.77%	28.17%	28.11%	28.26%	28.75%	29.80%	29.11%	29.84%	29.78%	30.29%
31 st March 2016	23.43%	27.69%	28.04%	28.44%	26.91%	28.01%	29.32%	29.06%	30.17%	30.82%	31.35%
07 th April 2016	23.72%	27.95%	28.48%	28.50%	26.64%	26.98%	27.62%	27.33%	28.16%	28.54%	28.84%
14 th April 2016	8.67%	28.00%	28.59%	28.43%	27.03%	27.27%	28.09%	27.79%	28.70%	29.02%	29.28%
19 th May 2016	25.54%	28.00%	28.59%	28.43%	27.03%	27.27%	28.09%	27.79%	28.70%	29.02%	29.28%
26 th May 2016	27.01%	28.97%	29.00%	29.00%	30.82%	31.13%	34.82%	33.67%	35.23%	35.75%	37.08%
09 th June 2016	27.01%	29.00%	29.00%	29.00%	28.26%	28.04%	27.48%	26.23%	26.04%	25.84%	25.63%
09 Jun-26 May 2016 Change in Yield (Bp)		3	0	0	-256	-309	-734	-744	-919	-991	-1,145



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