



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 19 September 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 16 th September 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	1,617	-6,057
Estimated Excess Reserves before OMO	11,128	3,571
Estimated Excess Reserves after OMO	0	0
Required Reserves	52,935	52,935

i. Known Projected Transactions

	Week ending 23 rd Sept 2016	Week ending 30 th Sept 2016	Week ending 07 th October 2016	September 2016	October 2016
Maturity of normal TBs/TNs/PNs	10,889	13,964	8,448	56,792	55,671
Maturity of OMO	13,514	9,473	702	50,588	13,402

Commentary:

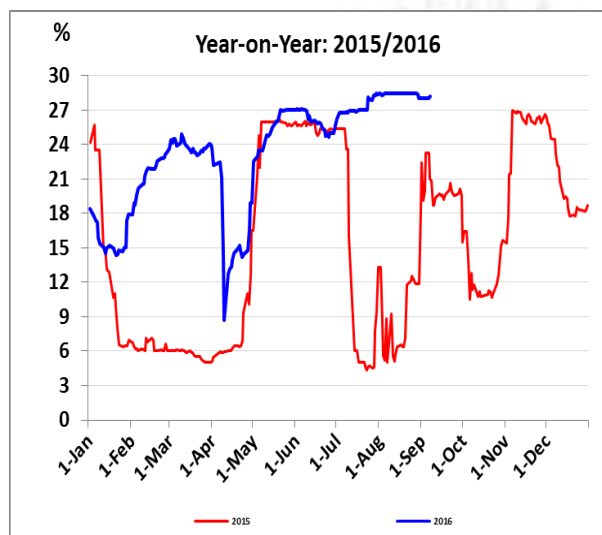
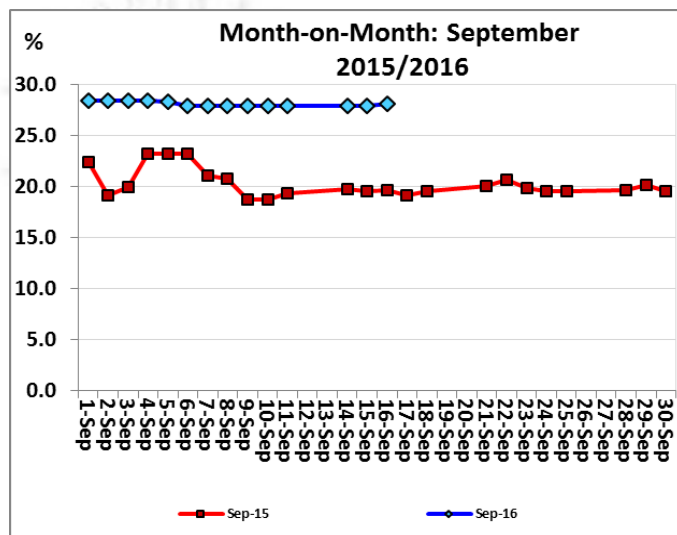
- Excess reserves increased to K9.94 billion on Friday, 16th September 2016 from K5.99 billion recorded on Thursday, 15th September 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,655	28.19
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
33 days	-	-
63 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
(c) Access on the Lombard Facility	4,570	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K6.66 billion on Friday, 16th September 2016 from K5.17 billion recorded on Thursday, 15th September 2016.
- The overnight interbank market rate (IBR) increased by 19 basis points and closed at 28.19 percent from 28.00 percent recorded on Thursday, 15th September 2016.
- A total of K4.57 billion was accessed on the Lombard Facility on Friday, 16th September 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

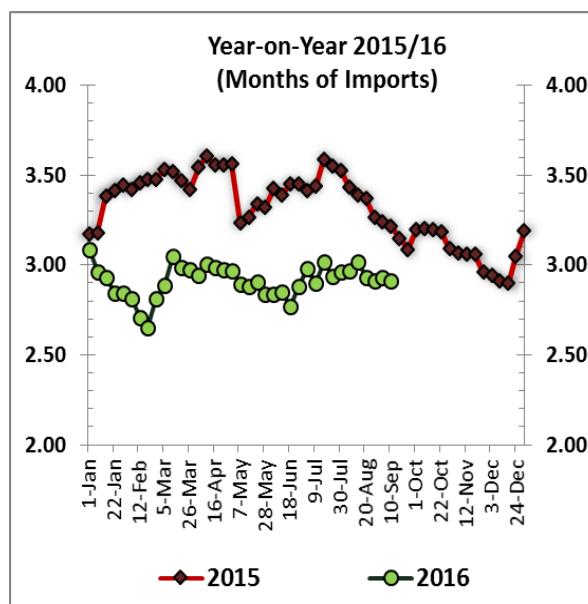
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
26 th August 2016	612.71	2.93
02 nd September 2016	608.68	2.91
09 th September 2016	612.47	2.93
15 th September 2016	609.06	2.91

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

Commentary:

- Gross official reserves increased during the week ending 09th September 2016 compared to the previous week. As at 15th September 2016, the gross official reserves stood at US\$609.06 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)
26 th August 2016	6.71	329.90	336.61	1.61
02 nd September 2016	-1.71	341.48	339.76	1.63
09 th September 2016	2.91	327.27	330.18	1.58
16 th September 2016	1.98	336.16	338.14	1.62

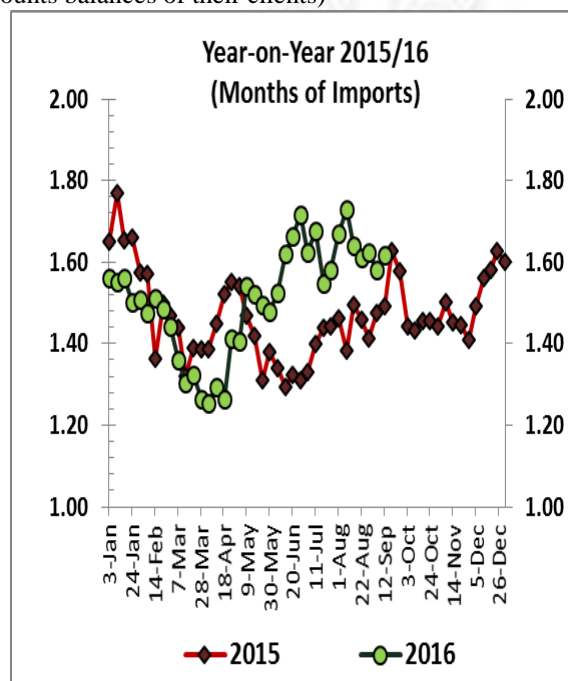
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
02 nd September 2016	49.13	58.40
09 th September 2016	41.73	45.55
16 th September 2016	39.15	41.00
On 16 th Sept 2016	6.76	5.91

Commentary:

- ADB's purchased US\$39.15 million from the market and monetary authorities during the week ending 16th September 2016 against sales to the market at US\$41.00 million. On 16th September 2016 alone, ADB's purchased US\$6.76 million from the market and sold US\$5.91 million.

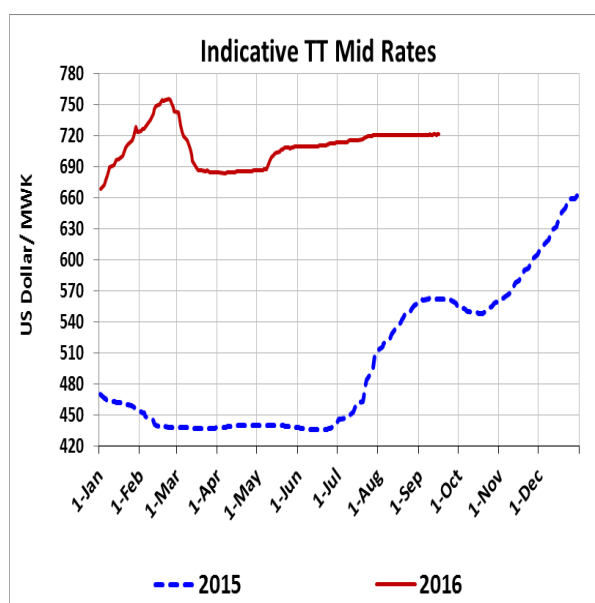
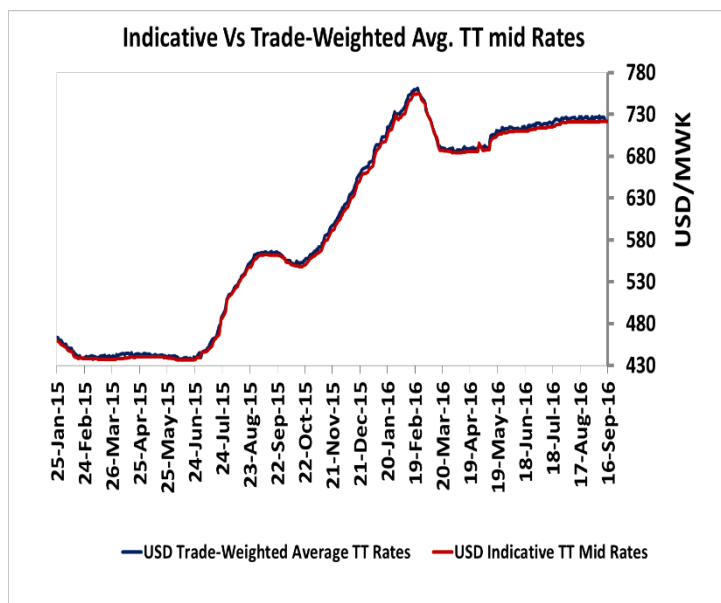


iii. Exchange Rate Developments

	09 th Sept 2016	12 th Sept 2016	13 th Sept 2016	14 th Sept 2016	15 th Sept 2016	16 th Sept 2016	Today's indicative
MWK/USD	726.3569	726.5901	723.9501	724.4421	728.0186	726.8571	721.2567
MWK/GBP	964.1248	960.8472	968.8876	961.5946	954.5263	958.3660	940.3745
MWK/EUR	817.4079	813.0498	816.5520	815.0944	813.5625	813.1336	805.4995
MWK/ZAR	51.5791	49.6702	50.7690	50.5061	50.8634	51.5348	51.0295

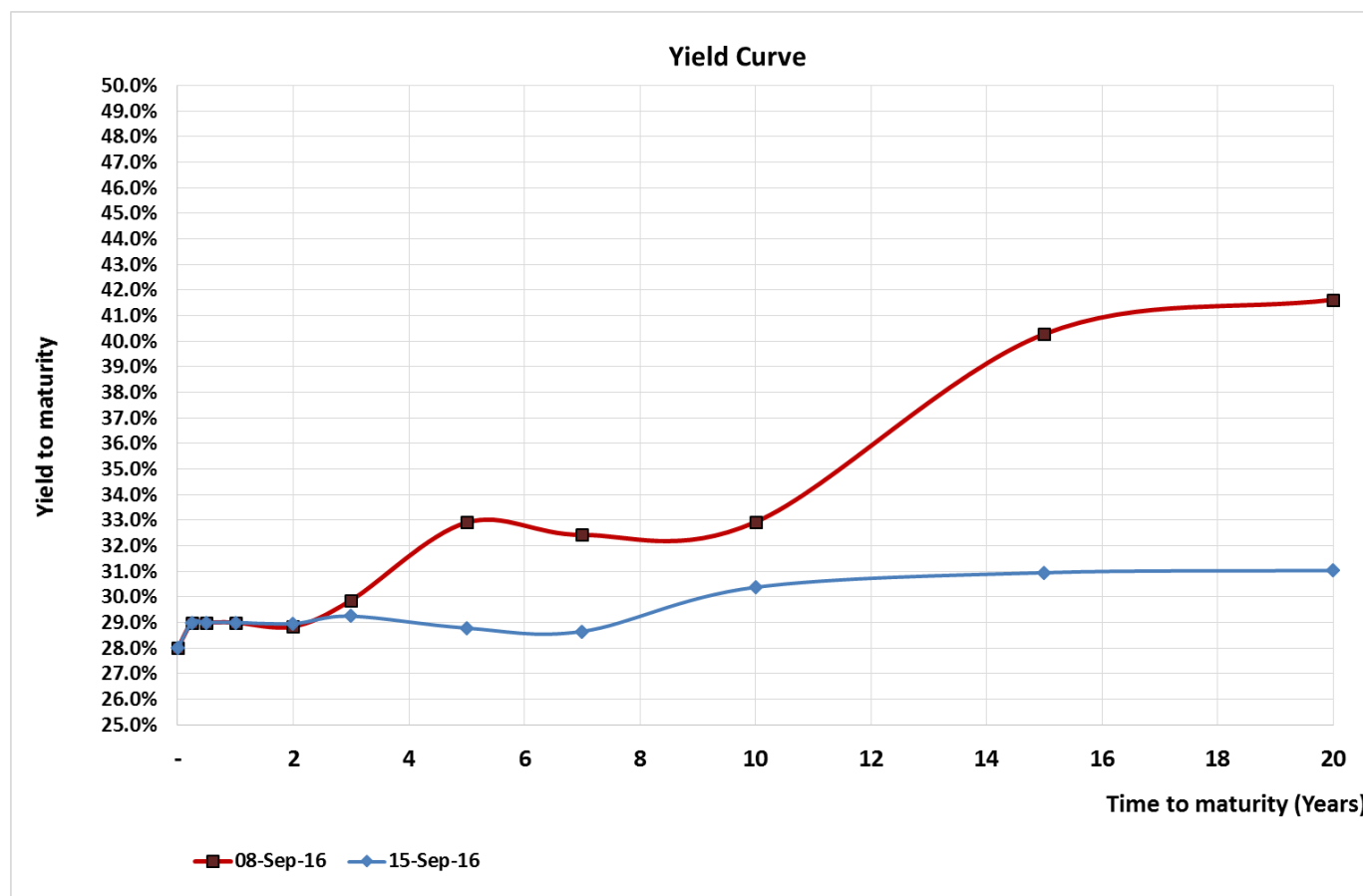
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 16th September 2016, the Kwacha appreciated against the USD and the EUR but depreciated against the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.2567 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
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%
16 th June 2016	26.15%	29.00%	29.00%	29.00%	28.20%	27.42%	26.48%	25.75%	25.39%	25.19%	25.09%
23 rd June 2016	25.89%	28.92%	29.00%	29.00%	27.16%	26.52%	25.94%	25.37%	24.99%	24.78%	24.64%
12 th August 2016	28.29%	29.00%	29.00%	29.00%	26.16%	26.35%	26.21%	26.60%	26.43%	27.32%	28.39%
19 th August 2016	28.45%	27.84%	27.57%	27.66%	27.10%	27.24%	27.05%	27.12%	27.28%	28.69%	29.78%
01 st September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 th September 2016	28.00%	29.00%	29.00%	29.00%	28.84%	29.87%	32.91%	32.43%	32.93%	40.28%	41.63%
15 th September 2016	28.00%	29.00%	29.00%	29.00%	28.96%	29.25%	28.78%	28.65%	30.38%	30.95%	31.03%
15 September-08 September Change in Yield (Bp)	0	0	0	0	11	-62	-413	-378	-255	-934	-1,059



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