



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

*(In Millions of Malawi Kwacha, unless otherwise specified)*

Friday, 04<sup>th</sup> July 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 04 <sup>th</sup> July 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-247	-4,771
Estimated Excess Reserves	2,073	2,073
Required Reserves	45,595	45,595

**Commentary:**

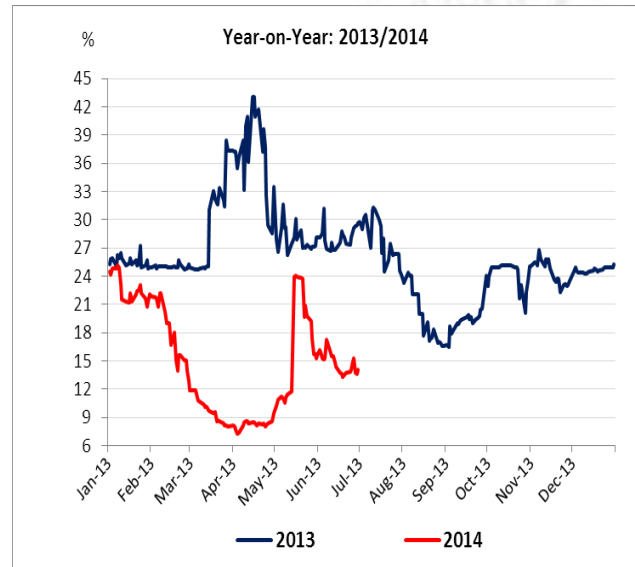
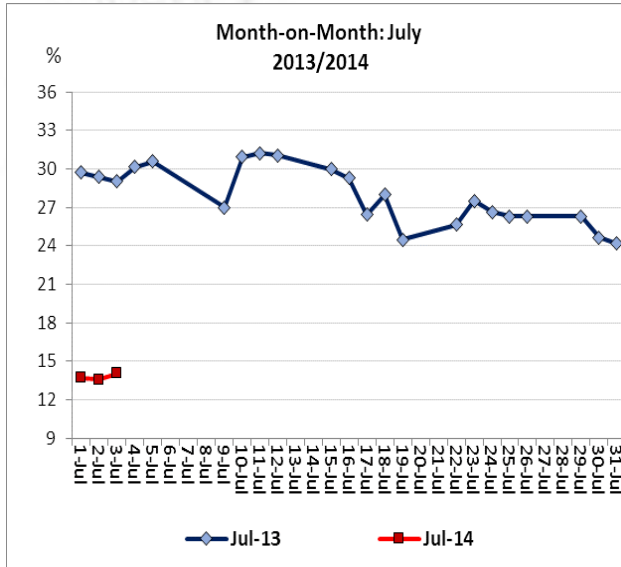
Excess reserves are estimated to close the day at MK2.07 billion down from MK2.32 billion recorded on 03 July 2014.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	7,550	14.06
7 days	-	-
14 days	600	14.50
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market increased to K8.15 billion on 03 July 2014 from K3.30 billion recorded on the preceding day. The interbank rate (IBR) gained yesterday and settled at 14.06 percent from 13.60 percent observed on 02 July 2014.
- No access on the Lombard Facility was recorded on 03 July 2014.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

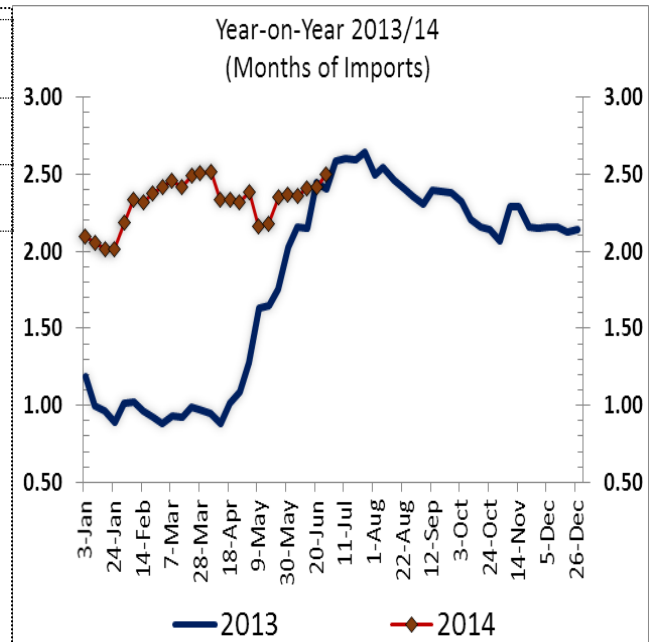
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
20 <sup>th</sup> June 2014	462	2.42
27 <sup>th</sup> June 2014	478	2.50

\* US\$191 million per month is used in this calculation

### Commentary:

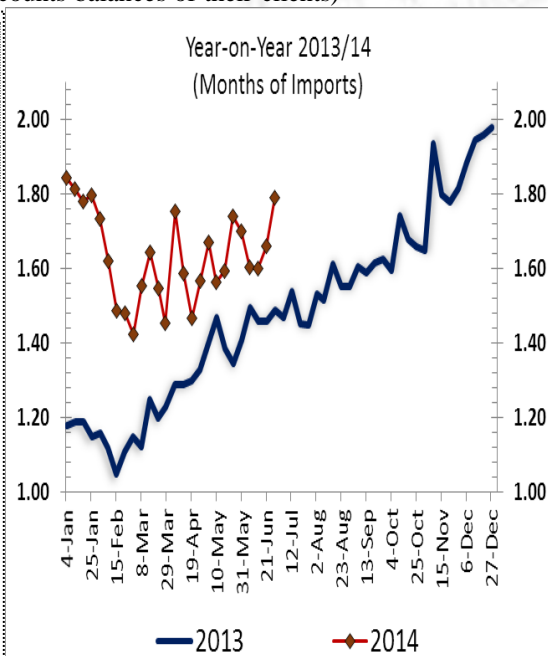
Purchases of foreign exchange from the ADBs continue to boost gross official reserves position.



## ii. Private Sector Foreign Reserves

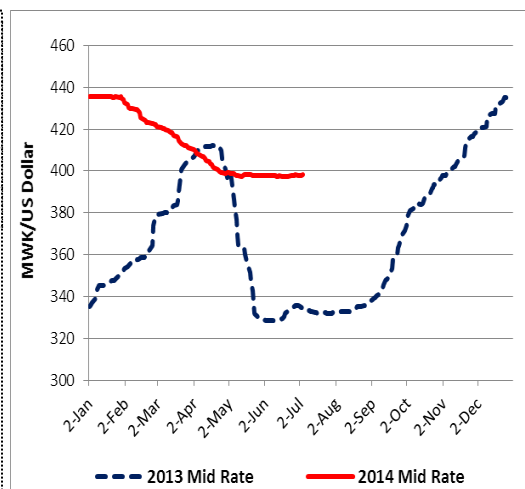
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
20 <sup>th</sup> June 2014	-2.69	319.88	317.19	1.67
27 <sup>th</sup> June 2014	-4.04	345.77	341.73	1.79
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY- WEEK ENDING				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
20 <sup>th</sup> June 2014	80.53		86.05	
27 <sup>th</sup> June 2014	60.13		56.21	
<b>Commentary:</b> Private sector reserves rose significantly during the week on account of increase in FCDAs. Total ADBs purchases of forex from the market amounted to U\$60.13 million against the sales of \$56.21 million.				



## iii. Exchange Rate Developments

Week ending	20 <sup>th</sup> June 2014	27 <sup>th</sup> June 2014	Today
MWK/USD	397.5647	397.7871	398.1053
MWK/GBP	677.4105	677.6701	682.9496
MWK/EUR	541.0060	542.1043	541.8213
MWK/ZAR	36.9896	37.4060	37.0465
<b>Commentary:</b> Compared to Friday, 27 June 2014, the Kwacha today has depreciated against the US Dollar and GB Pound and appreciated against the Euro and the SA Rand.			



## D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
24 <sup>th</sup> June 2014	13.75%	20.00%	-	-	21.72%	26.76%	26.00%
01 <sup>st</sup> July 2014	13.73%	-	-	-	20.91%	26.82%	26.21%
Change in yield (bp)	-02	-	-	-	-81	06	21

**DISCLAIMER:** This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.