



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 02nd September 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 05 th September 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	55	220
Estimated Excess Reserves	9,534	9,699
Required Reserves	47,091	47,091

Commentary:

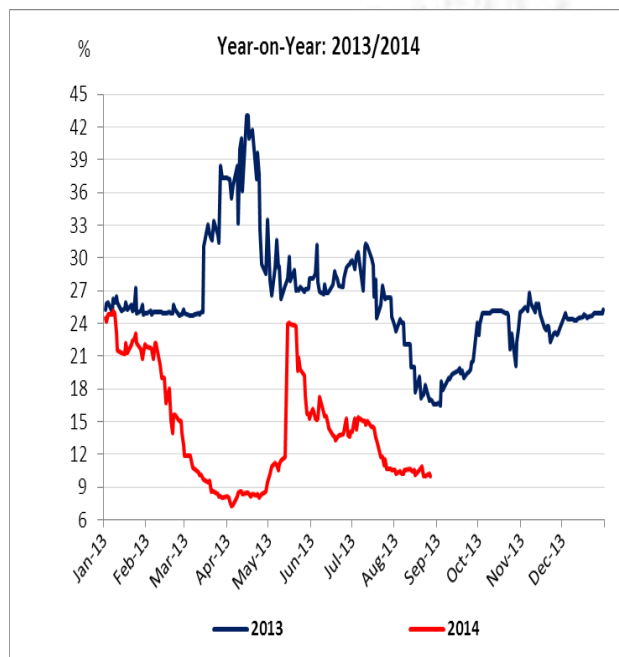
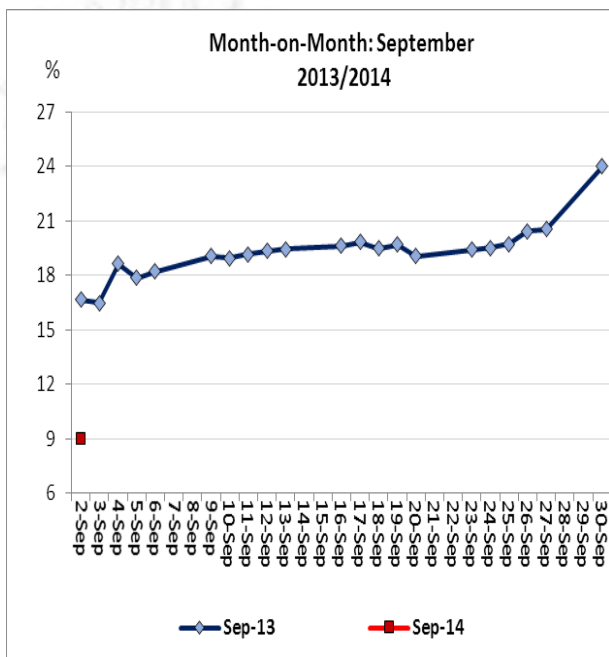
- Excess reserves are expected to marginally increase today to MK9.53 billion from MK9.36 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	300	9.00
7 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market increased to K300 million yesterday from MK150 million observed last Friday.
- The interbank rate (IBR) shed off 100 basis points and closed at 9.00 percent.
- No access on the Lombard Facility was observed yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

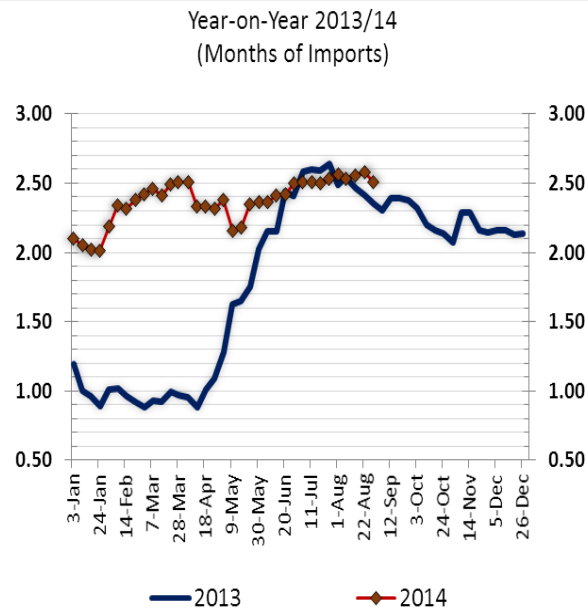
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
22 nd August 2014	493.20	2.58
29 th August 2014	479.69	2.51

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

Commentary:

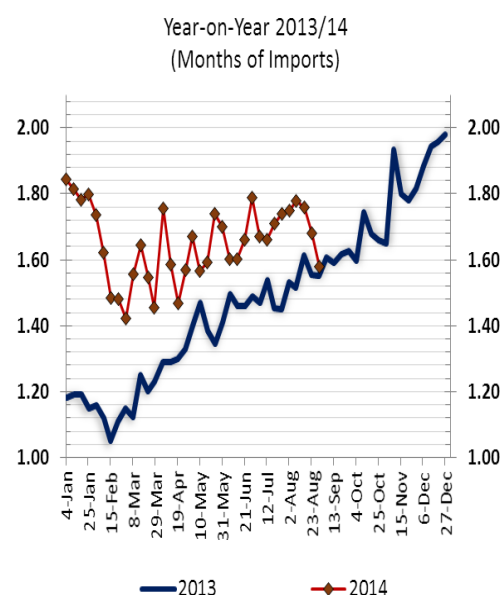
- Gross Official Reserves dropped during the week ending 29th August 2014. This year's reserves position nonetheless, is higher than that observed same time last year.



ii. Private Sector Foreign Reserves

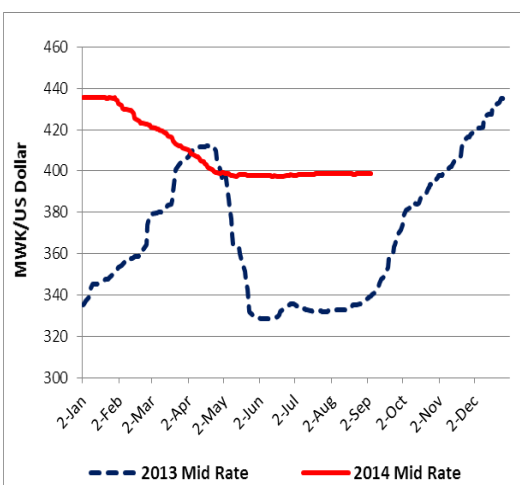
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
22 nd August 2014	21.49	299.20	320.69	1.68
29 th August 2014	11.69	290.07	301.76	1.58
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
22 nd August 2014	58.05		45.19	
29 th August 2014	40.59		52.98	
Commentary:				
<ul style="list-style-type: none">Total ADBs sales of forex to the market surpassed purchases in the week ending 29th August 2014. During the preceding week, purchases exceeded sales by a similar margin.				



iii. Exchange Rate Developments

Week ending	22 nd August 2014	29 th August 2014	Today
MWK/USD	398.5376	398.5813	398.5813
MWK/GBP	661.1340	661.0869	661.9638
MWK/EUR	529.8956	525.4099	523.2575
MWK/ZAR	37.2650	37.4216	37.3389
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 29th August 2014, the Kwacha has marginally depreciated against the GBP and appreciated against the EUR and the ZAR. The local currency has, nonetheless, remained unchanged against the USD. 			



D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
19 th August 2014	10.50%	13.00%	-	-	18.36%	19.28%	20.50%
26 th August 2014	10.03%	-	-	-	18.39%	20.18%	20.50%
Change in yield (bp)	-47	-	-	-	03	90	-

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.