



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 17 October 2014

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 17 <sup>th</sup> October 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-2,724	-4,175
Estimated Excess Reserves	-2,192	-2,192
Required Reserves	46,062	46,062

#### Commentary:

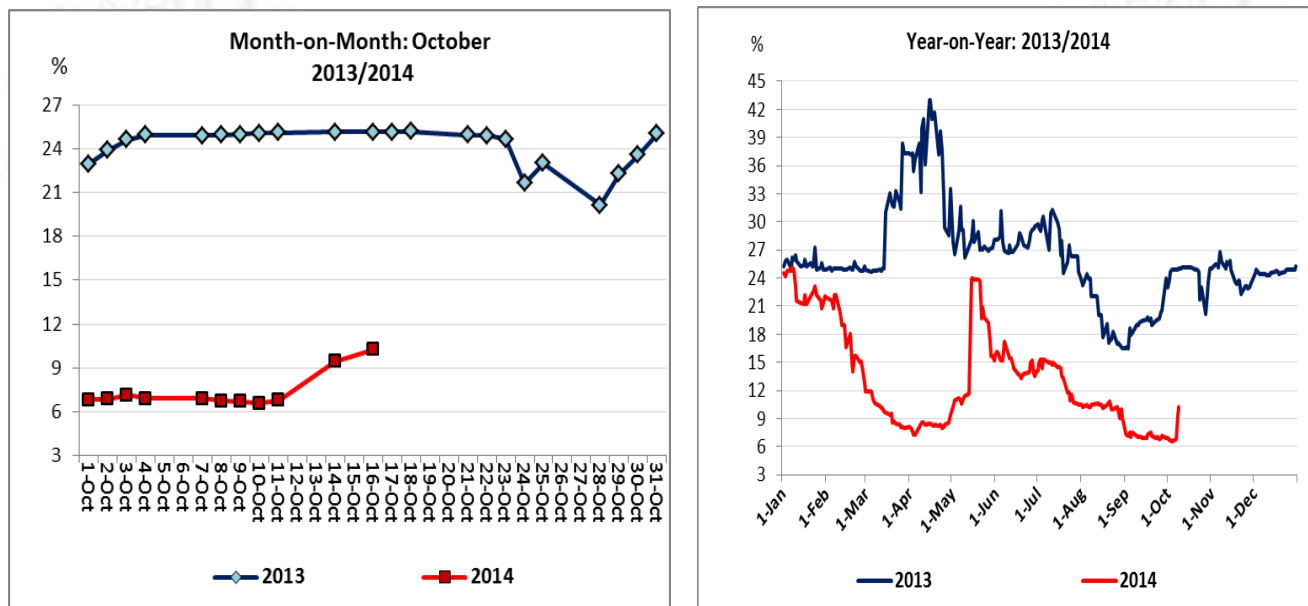
- Excess reserves are expected to close today at negative MK2.19 billion from MK780.95 million observed yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

	Volume	Average rate (%)
<b>(a) Inter-bank borrowing</b>		
O/N	5,600	10.25
7 days	-	-
14 days	-	-
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>	3,000	24.50

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market increased to MK5.60 billion yesterday from MK3.00 billion recorded on Tuesday, 14<sup>th</sup> October 2014.
- The interbank rate (IBR) went up to 10.25 percent from 9.45 percent recorded on Tuesday, 14<sup>th</sup> October 2014.
- A total of MK3.00 billion was accessed on the Lombard Facility yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

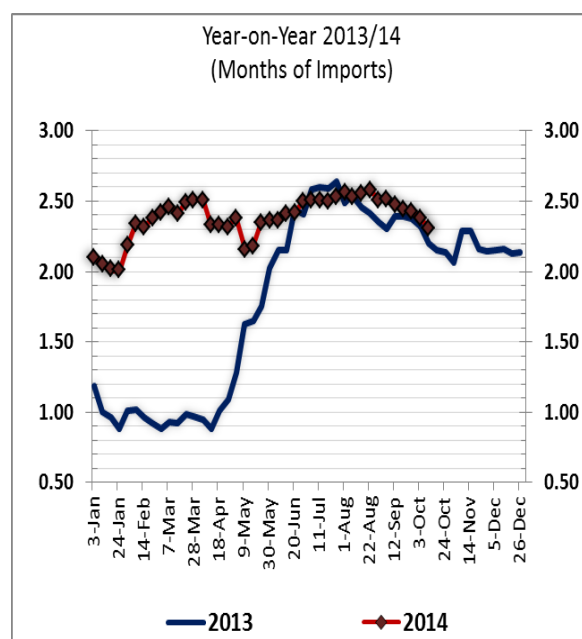
(Foreign reserves under the direct control of the Central Bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
03 <sup>rd</sup> October 2014	454.84	2.38
10 <sup>th</sup> October 2014	441.36	2.31

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

### Commentary:

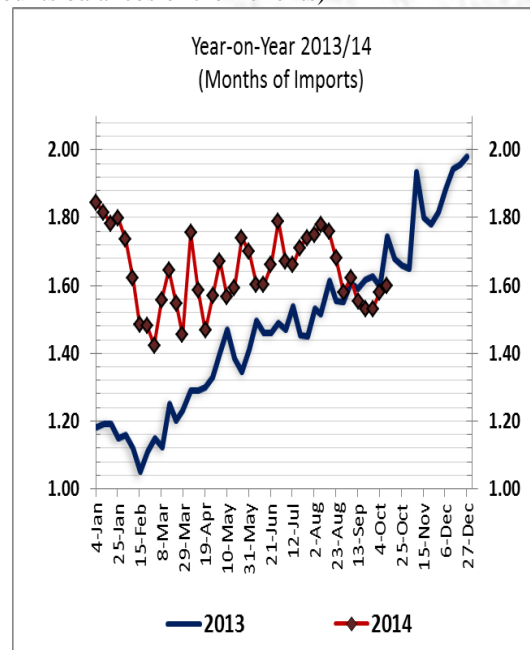
- Gross Official Reserves decreased during the week ending 10<sup>th</sup> October 2014 compared to the previous week following the Monetary Authorities' continued commitment to support importation of strategic commodities in the economy. However, the official gross fx reserves were still higher than the position observed same time last year.



## ii. Private Sector Foreign Reserves

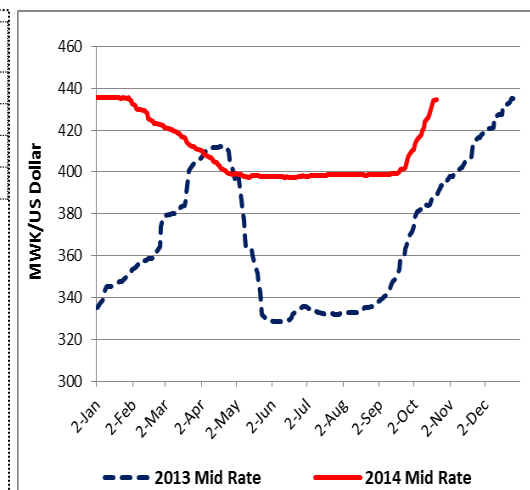
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADBs Own Position	FCDA	Total	Import Cover * (Months)
03 <sup>rd</sup> October 2014	9.31	292.56	301.87	1.58
10 <sup>th</sup> October 2014	17.77	287.20	304.97	1.60
* US\$191.0 million per month is used in this calculation				
ADBs FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADBs Purchases		ADBs Sales	
03 <sup>rd</sup> October 2014	37.41		47.91	
10 <sup>th</sup> October 2014	49.31		40.89	
Commentary:				
<ul style="list-style-type: none"><li>Private sector fx reserves improved during the week ending 10<sup>th</sup> October 2014 and stood at US\$305.0 million as of Friday, 10<sup>th</sup> October, 2014.</li></ul>				



## iii. Exchange Rate Developments

Week ending	3 <sup>rd</sup> October 2014	10 <sup>th</sup> October 2014	Today
MWK/USD	417.2631	426.1865	434.7152
MWK/GBP	673.6713	686.8848	699.3263
MWK/EUR	528.6306	540.8733	556.8267
MWK/ZAR	37.3056	38.5166	39.1019
<b>Commentary:</b>			
<ul style="list-style-type: none"> <li>Compared to Friday, 10<sup>th</sup> October 2014, the Kwacha has depreciated today against the USD, the GBP, the EUR and the ZAR.</li> </ul>			



## D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
07 <sup>th</sup> October 2014	6.90%	-	-	-	18.85%	20.30%	20.50%
14 <sup>th</sup> October 2014	9.45%	-	-	-	19.94%	20.42%	20.50%
Change in yield (bp)	255	-	-	-	109	12	0

**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