



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 02 February 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 06 th February 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	568	4,736
Estimated Excess Reserves	9,960	12,094
Required Reserves	74,087	74,087

Known Projected Transactions

	Week ending 06 th Feb 2015	Week ending 13 th Feb 2015	Week ending 20 th Feb 2015	February 2015	March 2015
Maturity of normal TBs/TNs/PNs	4,169	3,767	6,474	28,067	45,958
Maturity of OMO	-	-	-	-	-

Commentary:

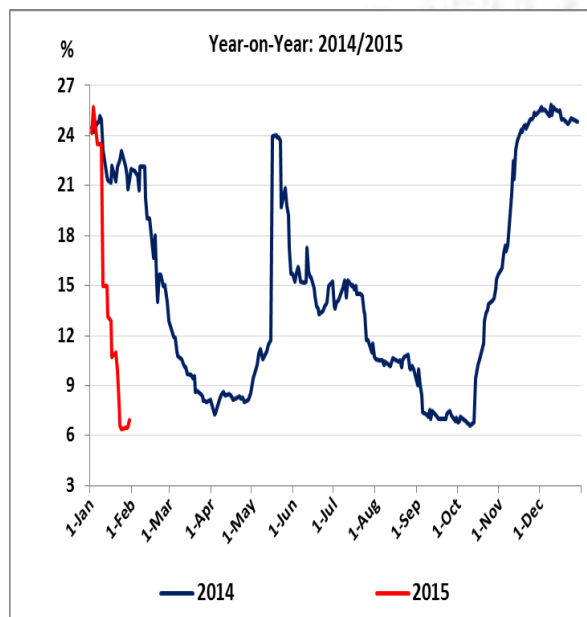
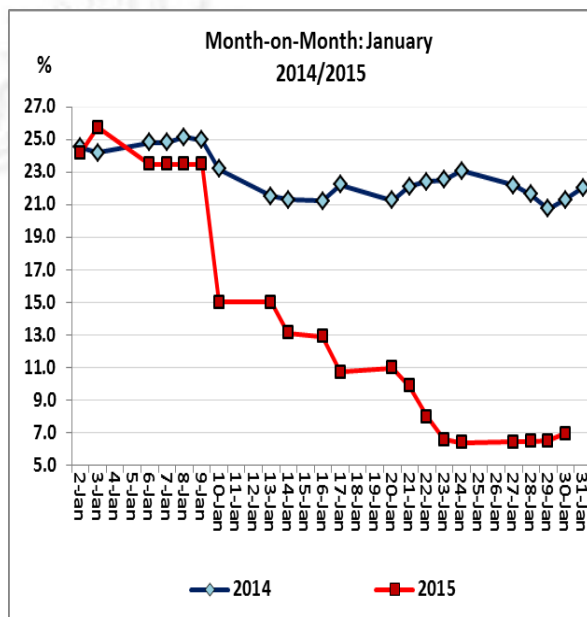
- Excess reserves are estimated to close at K9.96 billion today from K9.25 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,500	6.96
07 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	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market increased to MK7.50 billion last Friday from K3.00 billion recorded on Thursday, 29th January, 2015.
- The interbank market rate (IBR) gained 46 basis points on 30th January 2015 and closed at 6.96 percent from 6.50 percent observed during the preceding day.
- No access on the Lombard Facility was recorded last Friday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

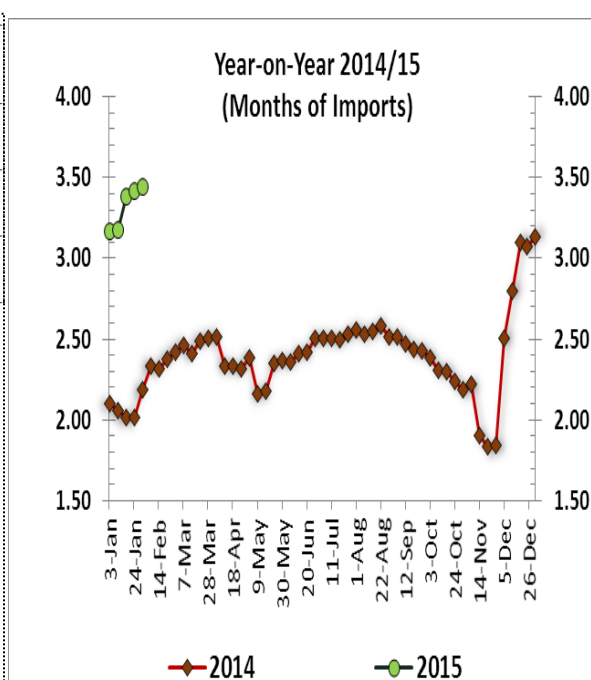
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
16 th January 2015	646.48	3.38
23 rd January 2015	652.31	3.42
29 th January 2015	656.29	3.44

* US\$191.0 million per month is used in this calculation

Commentary:

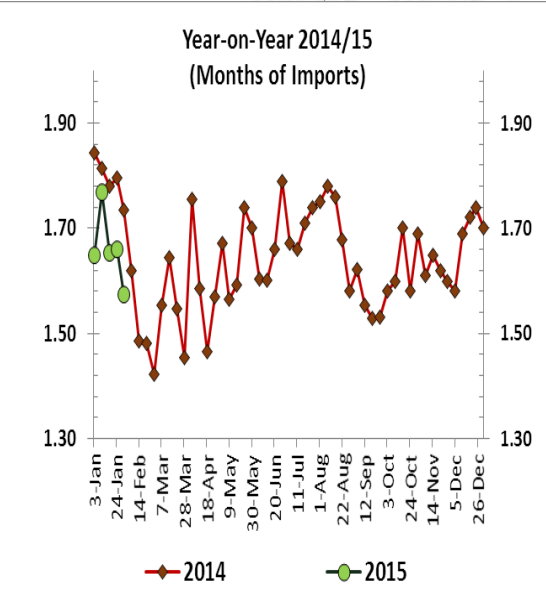
- Gross Official Reserves increased during the week ending 23rd January 2015 compared to the preceding week. The gross official reserves stood at US\$656.29 million (3.44 months of imports) as of last Thursday, 29th January 2015.



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)
16 th January, 2015	-0.64	316.58	315.94	1.65
23 rd January, 2015	-1.36	317.54	316.18	1.66
30 th January, 2015	-4.53	305.04	300.51	1.57
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADB's Purchases		ADB's Sales	
23 rd January 2015	46.86		50.71	
30 th January 2015	53.00		57.29	
On 30 th January 2015	15.91		15.11	
Commentary:				
<ul style="list-style-type: none">• ADBs sold US\$57.29 million to the market and monetary authorities against purchases of US\$53.00 million during the week ending 30th January 2015.• Last Friday, ADBs bought US\$15.91 million against sales of US\$15.11 million.				

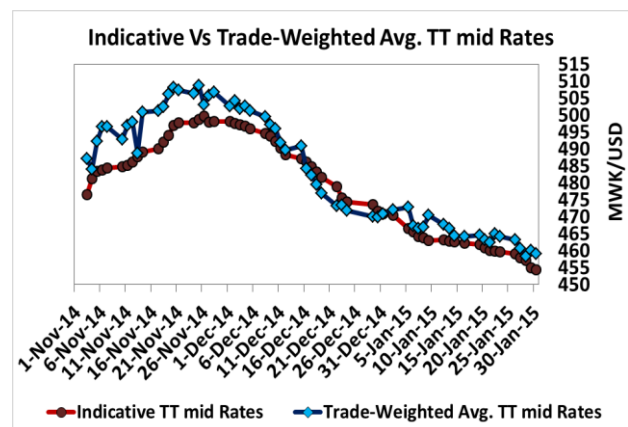
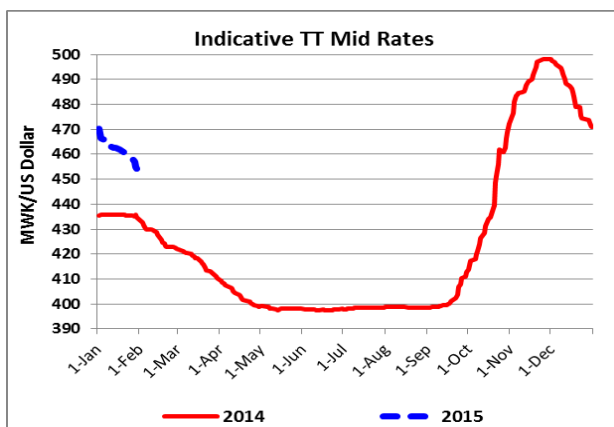


iii. Exchange Rate Developments

	23 Jan 2015	26 Jan 2015	27 Jan 2015	28 Jan 2015	29 Jan 2015	30 Jan 2015	Today Indicative
USD/MWK	464.2524	463.1126	460.5900	458.3693	460.0411	459.1040	453.2853
GBP/MWK	681.6734	679.7534	704.2443	685.5671	699.9708	677.7144	683.2823
EUR/MWK	514.4192	514.3121	515.4937	520.5425	514.0058	517.7400	511.5325
ZAR/MWK	40.9785	40.2658	40.5417	40.1752	39.9328	40.1694	38.9688

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

Commentary: The Kwacha appreciated against the USD and the GBP last Friday and depreciated against the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade at around MK453.2853 against the USD today.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
20 th January 2015	11.00%	-	-	-	26.74%	26.92%	26.87%
27 th January 2015	6.45%	-	-	-	26.77%	27.00%	26.99%
Change in yield (bp)	-455	-	-	-	03	08	12

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.