



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 18 June 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 19 June 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-3,753	-4,017
Estimated Excess Reserves	2,644	2,725
Required Reserves	73,722	73,722

#### Known Projected Transactions

	Week ending 19 <sup>th</sup> June 2015	Week ending 26 <sup>th</sup> June 2015	Week ending 03 <sup>rd</sup> July 2015	June 2015	July 2015
Maturity of normal TBs/TNs/PNs	1,556	13,389	12,605	24,942	66,283
Maturity of OMO	-	-	-	-	-

#### Commentary:

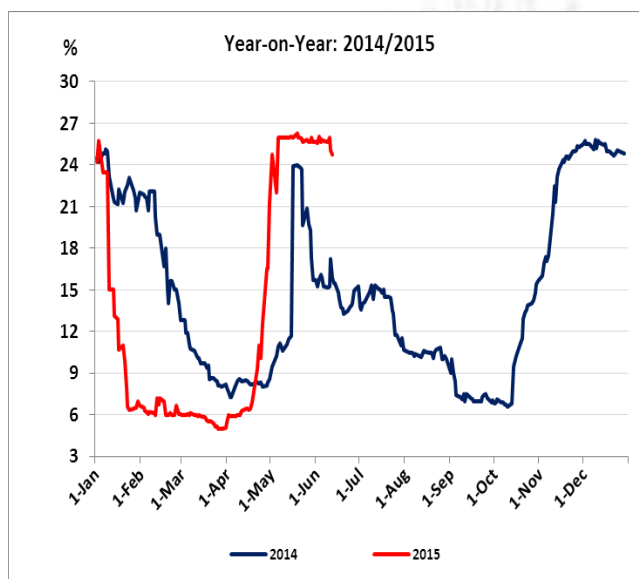
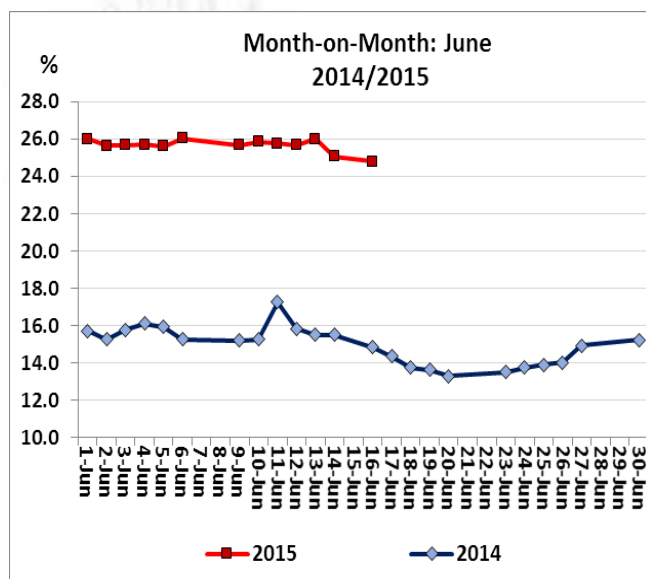
- Excess reserves are estimated to close at K2.64 billion today from K6.40 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,960	24.79
07 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	-	-
(iii) Outright Purchase of Securities	-	-
<b>(c) Access on the Lombard Facility</b>	5,500	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market stood at K4.96 billion yesterday, down from K5.00 billion recorded during the preceding day.
- The overnight interbank market rate (IBR) dropped 26 basis points from 25.05 percent observed on Tuesday, 16<sup>th</sup> June 2015, and settled at 24.79 percent yesterday.
- MK5.50 billion was accessed on the Lombard Facility yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

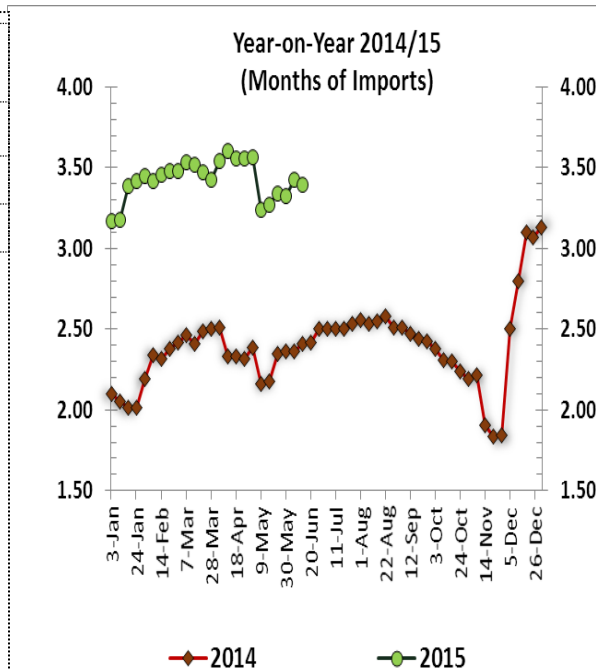
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
5 <sup>th</sup> June 2015	716.43	3.43
12 <sup>th</sup> June 2015	708.95	3.39
16 <sup>th</sup> June 2015	710.58	3.40

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

### Commentary:

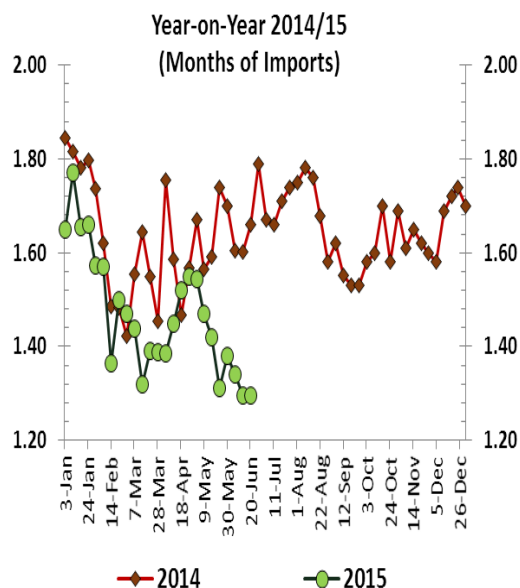
- Gross official reserves stood at US\$708.95 million (3.39 months of imports) on 12<sup>th</sup> June 2015, down from US\$716.43 million (3.43 months of imports) recorded on 05<sup>th</sup> June 2015. As at 16<sup>th</sup> June 2015, the gross official reserves slightly increased from the 12<sup>th</sup> June 2015 position and stood at US\$710.58 million (3.40 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)
5 <sup>th</sup> June 2015	-10.18	290.95	280.77	1.34
12 <sup>th</sup> June 2015	-10.65	281.31	270.66	1.30
16 <sup>th</sup> June 2015	-12.93	283.81	270.88	1.30
* US\$209.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ mn)	ADB's Purchases		ADB's Sales	
05 <sup>th</sup> June 2015	67.02		78.49	
12 <sup>th</sup> June 2015	58.80		63.14	
On 17 <sup>th</sup> June 2015	9.49		11.00	
Commentary:				
<ul style="list-style-type: none"><li>ADB's purchased US\$58.80 million from the market against sales of US\$63.14 million during the week ending 12<sup>th</sup> June 2015. Yesterday, 17<sup>th</sup> June 2015, ADB's purchased US\$9.49 million and sold US\$11.00 million.</li></ul>				

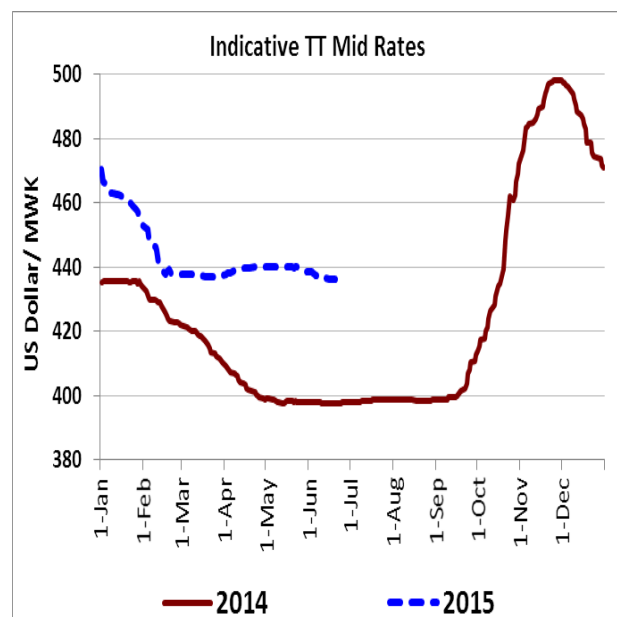
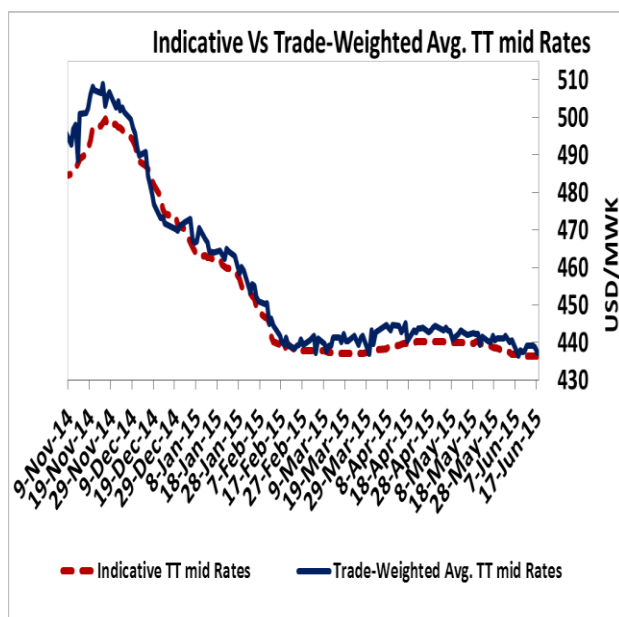


## iii. Exchange Rate Developments

	10 June 2015	11 June 2015	12 June 2015	15 June 2015	16 June 2015	17 June 2015	Today Indicative
MWK/USD	437.4618	437.6698	439.0283	439.2156	438.5785	437.2616	436.3215
MWK/GBP	668.3959	678.2033	685.0795	685.0243	686.0963	682.1744	690.8278
MWK/EUR	693.4044	488.0856	491.3582	492.5248	491.2592	494.0414	494.6577
MWK/ZAR	36.2371	35.4791	35.2250	35.1345	35.2685	35.8463	35.5754

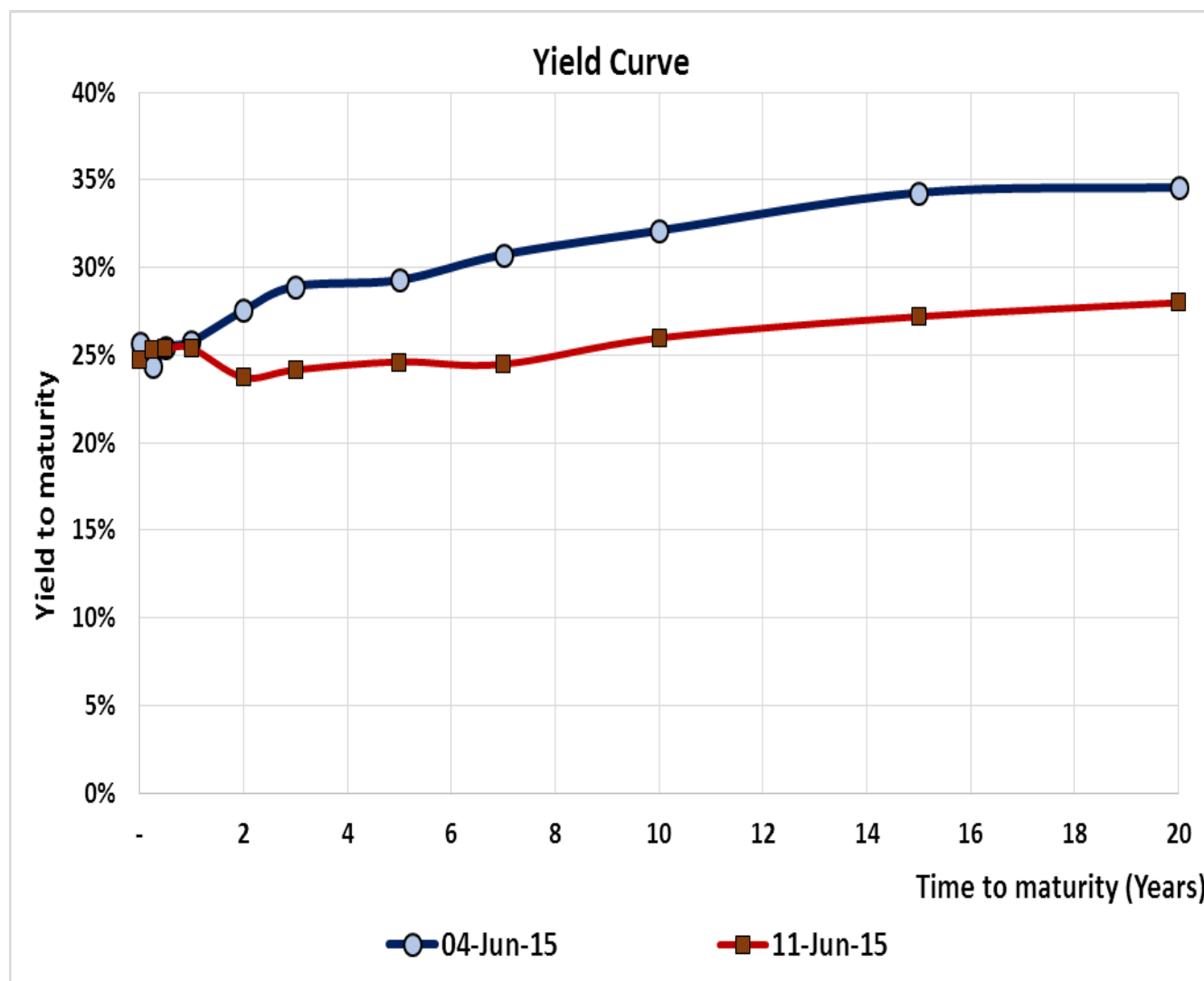
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

**Commentary:** On 17<sup>th</sup> June 2015, the Kwacha depreciated against the EUR, and the ZAR and appreciated against the USD, and the GBP. Indicatively, the Malawi Kwacha is expected to trade around MK436.3215 against the USD today.



#### D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

	Overnight	91 days	182 days	364 days	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
04 <sup>th</sup> June 2015	25.69%	24.40%	25.45%	25.78%	27.55%	28.93%	29.29%	30.74%	32.12%	34.28%	34.58%
11 <sup>th</sup> June 2015	24.76%	25.34%	25.37%	25.40%	23.73%	24.16%	24.62%	24.48%	25.98%	27.21%	28.00%
04 - 11 June 2015 Change in Yield (Bp)	-93	95	-08	-38	-381	-477	-467	-626	-613	-707	-658



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