



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 23 July 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 24 July 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	510	-4,518
Estimated Excess Reserves	8,468	8,523
Required Reserves	81,090	81,090

Known Projected Transactions

	Week ending 24 th July 2015	Week ending 31 th July 2015	Week ending 7 th August 2015	July 2015	August 2015
Maturity of normal TBs/TNs/PNs	13,623	14,353	8,438	66,283	35,737
Maturity of OMO	-	-	-	-	-

Commentary:

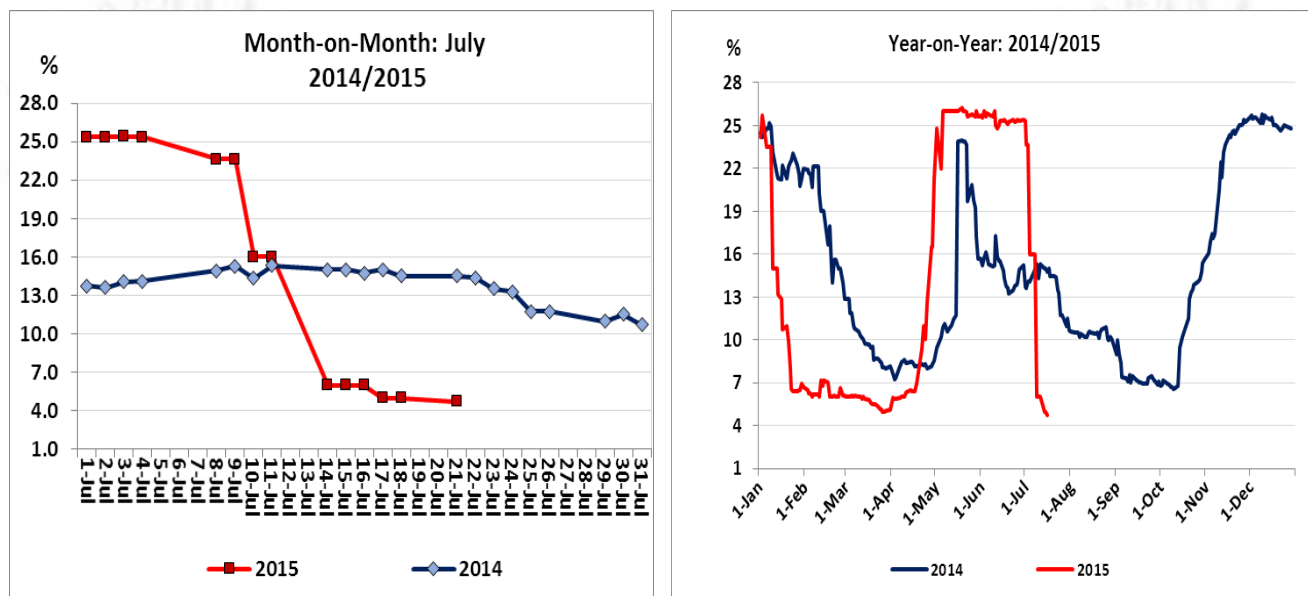
- Excess reserves are estimated to close at K8.47 billion today from K7.42 billion recorded yesterday, Wednesday, 22nd July 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,300	4.73
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 volume on the interbank market increased to K1.30 billion yesterday from K300 million recorded on Tuesday, 21st July 2015.
- The (overnight) interbank rate closed at 4.73 percent on 22nd July 2015 from 5.00 percent recorded during the preceding day.
- No access on the Lombard Facility was recorded yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

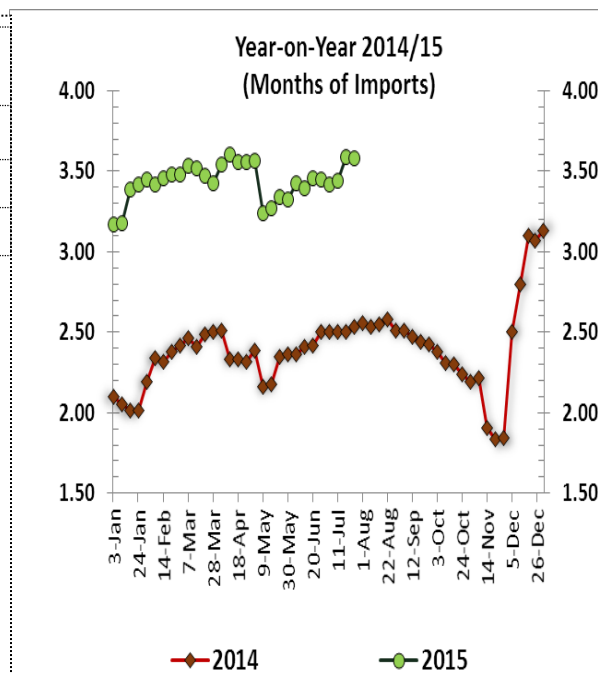
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
10 th July 2015	719.38	3.44
17 th July 2015	749.69	3.59
21 st July 2015	747.89	3.58

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

Commentary:

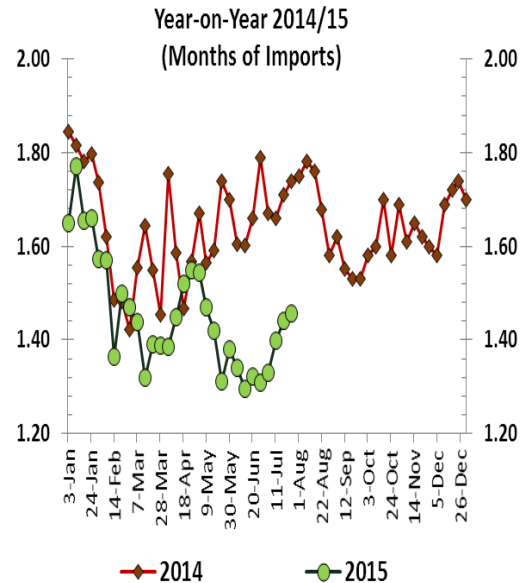
- Gross official reserves increased during the week ending 17th July 2015 to US\$749.69 (3.59 months of imports) from US\$719.38 million (3.44 months of imports) recorded by the end of the preceding week. As at 21st July 2015, gross official reserves slightly dropped to US\$747.89 (3.58 months of imports).



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)
10 th July 2015	7.21	285.19	292.40	1.40
17 th July 2015	7.96	293.00	300.96	1.44
21 st July 2015	5.91	298.33	304.24	1.46
* 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	
10 th July 2015	35.88		33.54	
17 th July 2015	40.94		40.48	
On 22 nd July 2015	12.15		10.30	
Commentary:				
<ul style="list-style-type: none">ADB's purchased US\$40.94 million from the market and sold US\$40.48 million during the week ending 17th July 2015. On Wednesday, 22nd July 2015, ADB's purchased US\$12.15 million against sales of US\$10.30 million.				

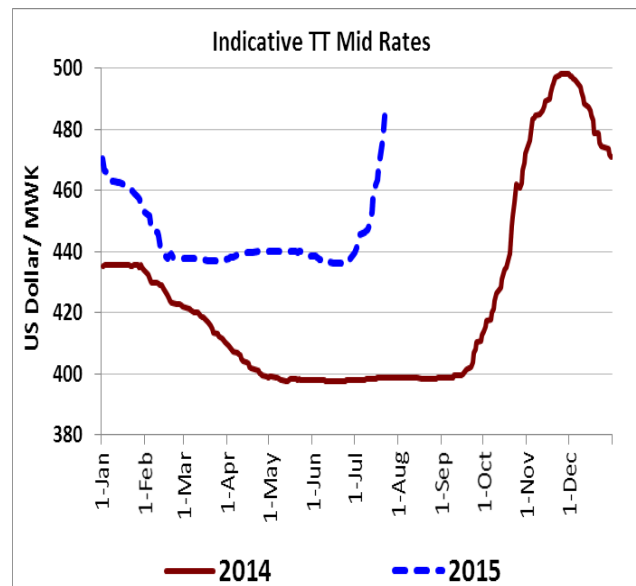
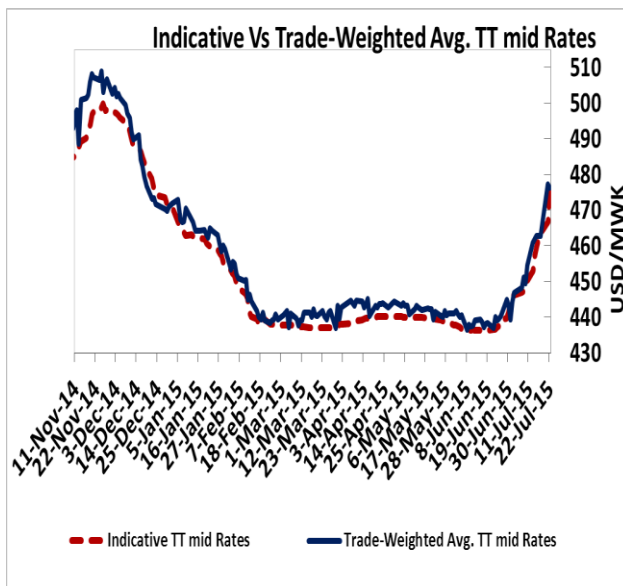


iii. Exchange Rate Developments

	14 July 2015	15 July 2015	16 July 2015	17 July 2015	21 July 2015	22 July 2015	Today Indicative
MWK/USD	461.7110	462.6567	462.8755	462.6816	477.3060	476.3173	484.4067
MWK/GBP	699.0615	719.4170	734.4326	736.6231	746.8336	762.8337	756.3042
MWK/EUR	505.9880	505.9370	515.4020	516.4237	511.1395	528.8467	529.4081
MWK/ZAR	37.5677	38.3662	38.4087	38.9846	39.4213	39.6365	39.0358

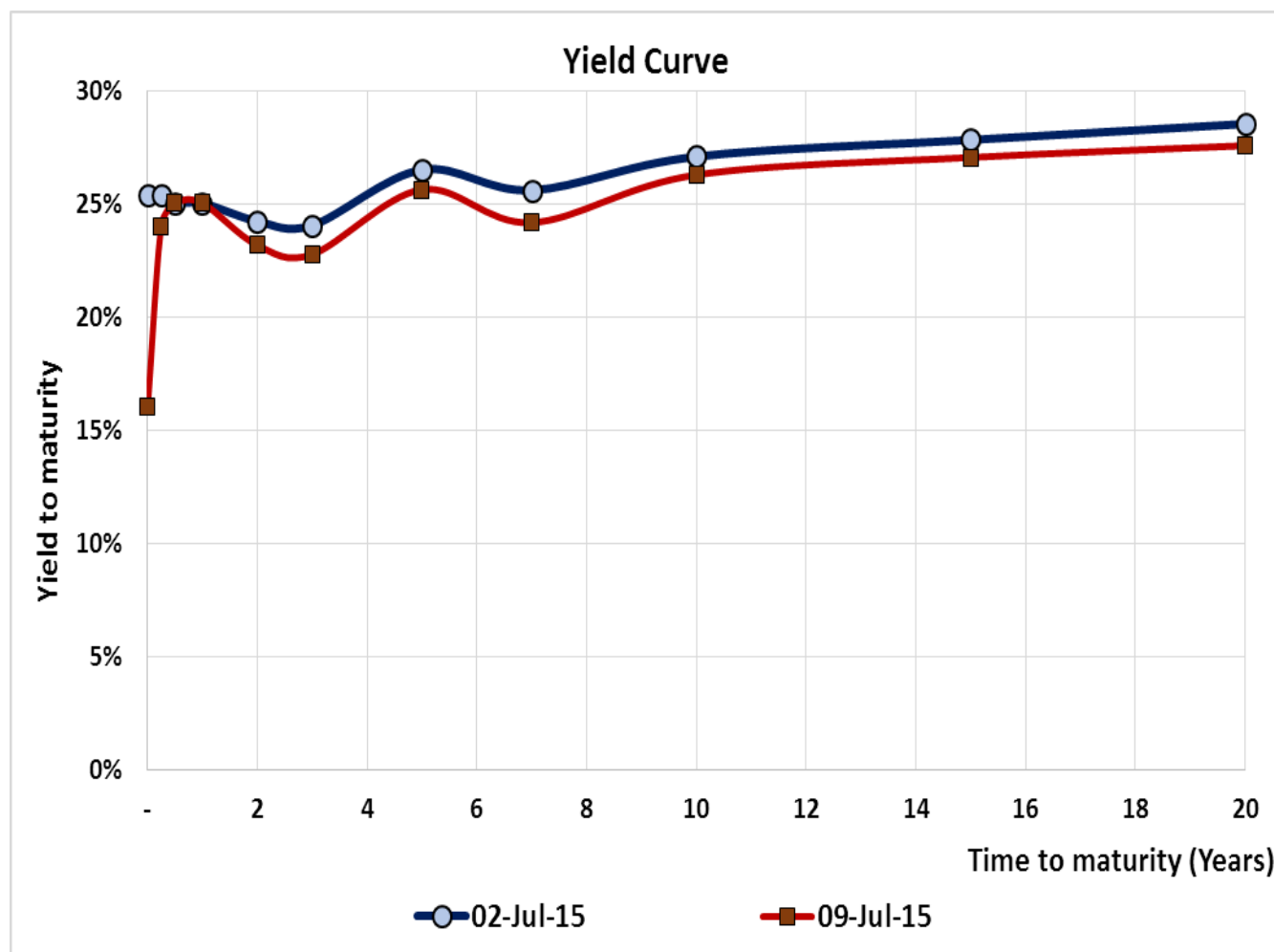
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus.

Commentary: Yesterday, the Kwacha appreciated against the USD and depreciated against the EUR, the GBP, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK484.4067 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
11 th June 2015	24.76%	25.34%	25.37%	25.40%	23.73%	24.16%	24.62%	24.48%	25.98%	27.21%	28.00%
18 th June 2015	25.06%	24.89%	25.13%	25.14%	23.49%	24.55%	25.72%	26.00%	26.71%	27.91%	28.26%
25 th June 2015	25.23%	24.77%	24.91%	25.14%	26.44%	27.26%	28.97%	30.02%	30.99%	32.15%	33.19%
02 nd July 2015	25.35%	25.37%	25.01%	25.02%	24.22%	24.04%	26.50%	25.59%	27.08%	27.82%	28.52%
09 th July 2015	16.00%	24.00%	25.01%	25.02%	23.17%	22.76%	25.62%	24.16%	26.27%	27.04%	27.56%
09 July-02 July 2015 Change in Yield (Bp)	(935)	(137)	-	-	(106)	(128)	(88)	(143)	(81)	(78)	(96)



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