



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 16 October 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 16 October 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	23,867	22,865
Estimated Excess Reserves	42,044	42,044
Required Reserves	45,314	45,314

Known Projected Transactions

	Week ending 16 th Oct 2015	Week ending 23 rd Oct 2015	Week ending 30 th Oct 2015	Oct 2015	Nov 2015
Maturity of normal TBs/TNs/PNs	1,662	11,045	3,335	48,429	11,335
Maturity of OMO	22,152	7,456	2,583	46,976	5,357

Commentary:

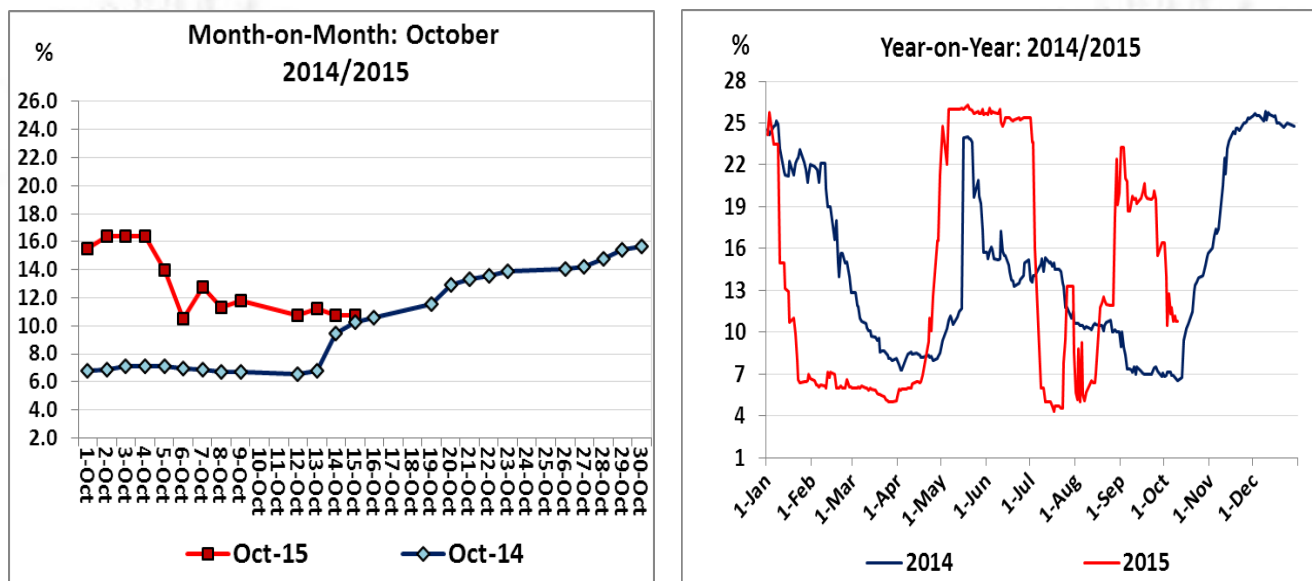
- Excess reserves are estimated to close at K42.04 billion today from K18.18 billion recorded last Wednesday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,450	10.76
05 days	1,000	10.00
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
15 days	1,000	22.00
30 days	353	20.58
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 declined last Wednesday to K2.45 billion from K2.87 billion recorded on Tuesday, 13th October 2015.
- The (overnight) interbank market rate (IBR) stood at 10.76 percent from 11.19 percent observed on Tuesday, 13th October 2015.
- A total of K1.35 billion was withdrawn from the banking system through repos on Wednesday, 14th October 2015.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

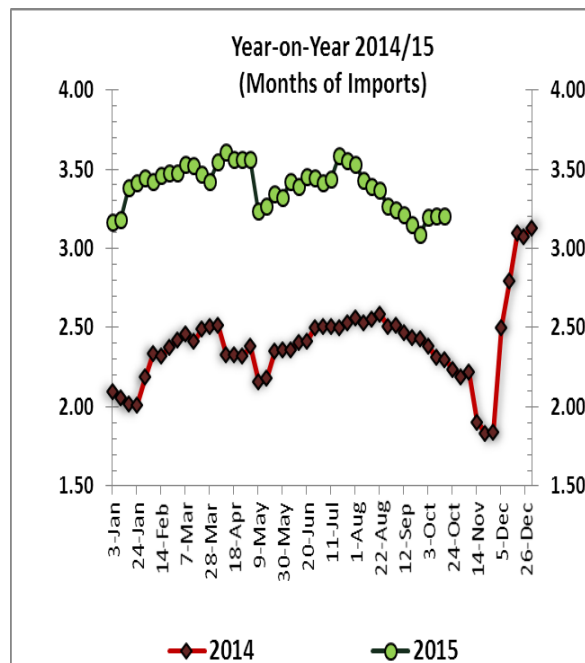
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
02 nd October 2015	668.44	3.20
09 th October 2015	669.26	3.20
13 th October 2015	669.97	3.21

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

Commentary:

- Gross official reserves marginally increased during the week ending 09th October 2015 compared to the previous week. As at 13th October 2015, the gross official reserves stood at US\$669.97 million (3.21 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)
02 nd October 2015	-0.76	302.33	301.56	1.44
09 th October 2015	-2.61	301.97	299.36	1.43
13 th October 2015	-7.06	294.38	287.32	1.37

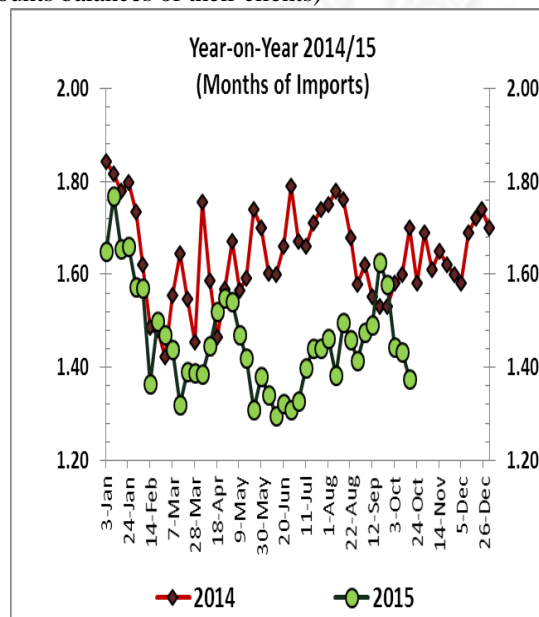
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
02 nd October 2015	47.35	61.15
09 nd October 2015	36.99	41.96
On 14 th October 2015	7.83	5.86

Commentary:

- During the week ending 09th October 2015, ADBs purchased US\$36.99 million from the market and sold US\$41.96 million. On 14th October 2015, ADBs purchased US\$7.83 million and sold US\$5.86 million.

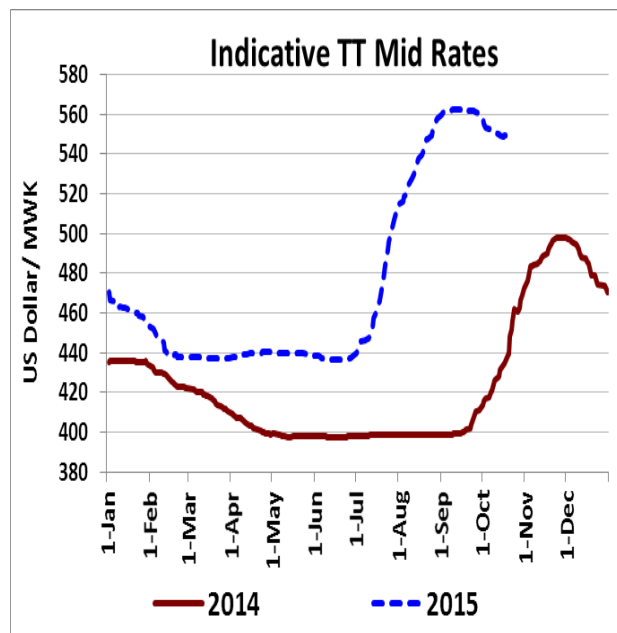
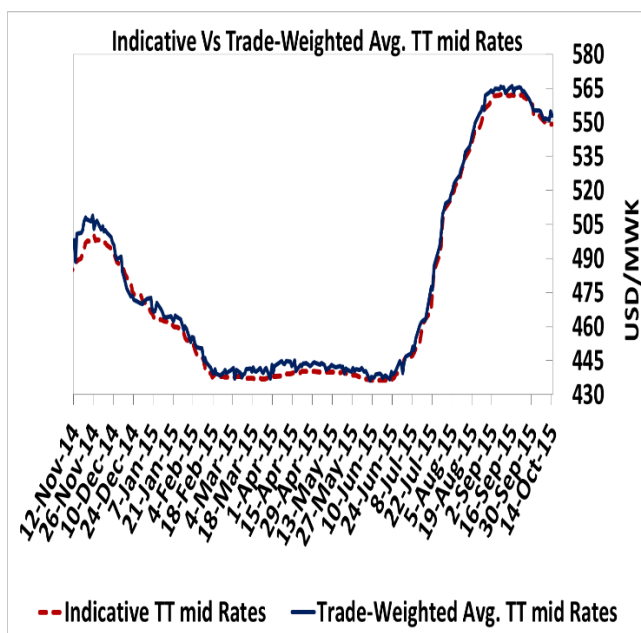


iii. Exchange Rate Developments

	07 Oct 2015	08 Oct 2015	09 Oct 2015	12 Oct 2015	13 Oct 2015	14 Oct 2015	Today Indicative
MWK/USD	552.9540	551.3805	551.7873	550.9530	554.7600	553.0361	548.3346
MWK/GBP	844.0326	846.6832	847.6396	848.4653	843.9940	840.1704	847.6705
MWK/EUR	621.1381	622.4681	624.0430	629.4034	628.3943	627.5426	624.3338
MWK/ZAR	41.1347	41.1134	41.6036	41.1060	41.3069	40.9706	42.0273

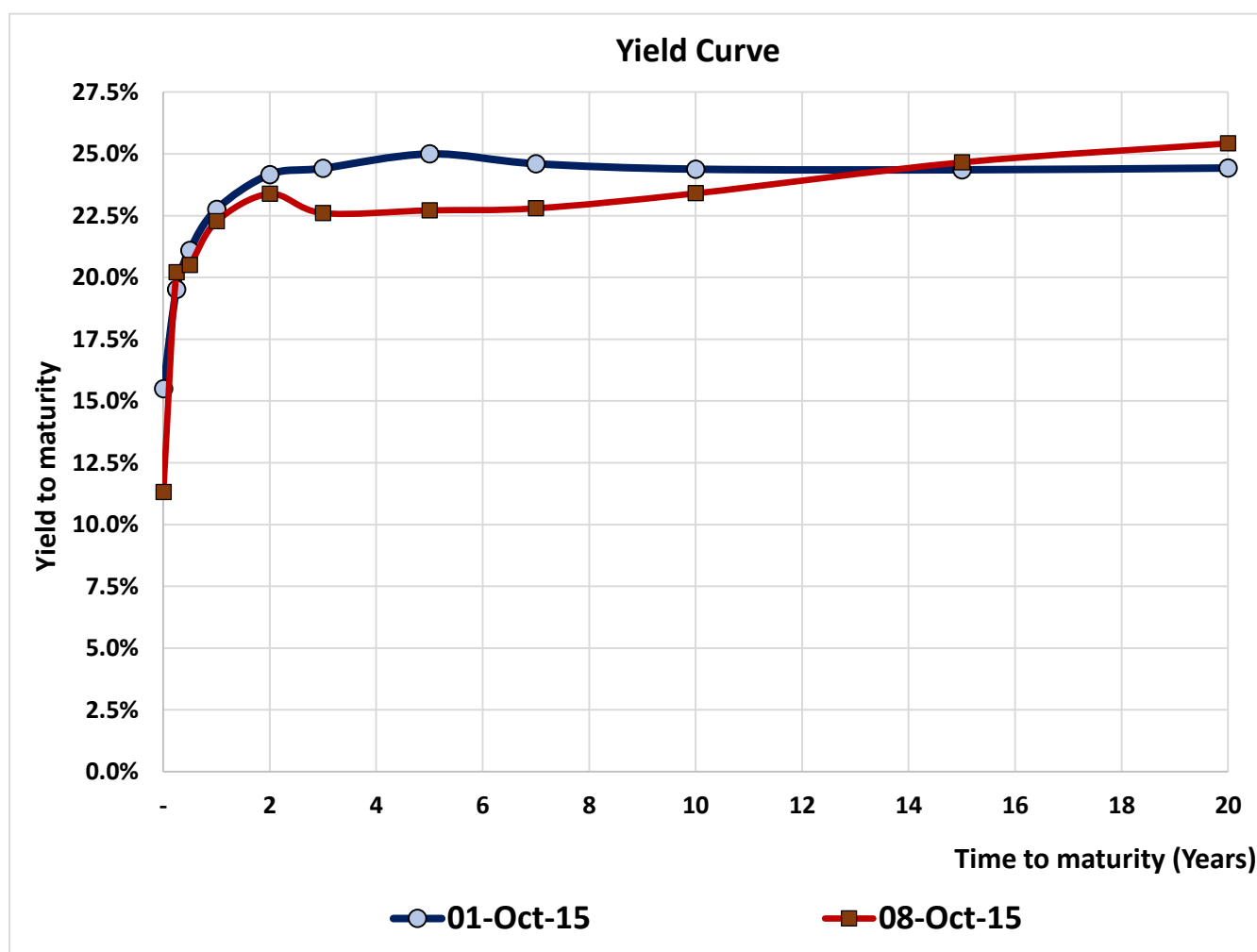
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: On Wednesday, 14th October 2015, the Kwacha gained value against the USD, the EUR, the GBP, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K548.3346 against the USD today.



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

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
06 th August 2015	9.53%	20.22%	22.00%	23.02%	23.62%	21.80%	24.12%	22.41%	24.55%	25.17%	25.65%
13 th August 2015	5.72%	18.55%	19.73%	23.07%	23.49%	20.97%	20.64%	20.81%	21.51%	22.16%	22.55%
20 th August 2015	7.10%	17.21%	18.57%	20.81%	21.80%	21.22%	20.31%	19.85%	20.74%	21.76%	21.87%
27 th August 2015	11.98%	17.66%	19.25%	20.76%	22.75%	24.26%	21.85%	22.01%	22.92%	23.97%	24.62%
03 rd September 2015	20.00%	19.20%	20.18%	21.48%	23.11%	24.46%	23.32%	23.46%	24.10%	24.70%	25.24%
10 th September 2015	18.72%	19.15%	19.98%	22.14%	24.20%	24.54%	24.84%	24.88%	25.03%	25.51%	26.13%
17 th September 2015	19.20%	18.86%	20.72%	21.52%	23.78%	24.14%	23.54%	23.62%	23.98%	24.55%	25.08%
24 th September 2015	19.60%	19.19%	20.34%	22.98%	23.85%	24.60%	24.29%	24.53%	25.00%	25.49%	26.09%
01 st October 2015	15.50%	19.52%	21.09%	22.75%	24.16%	24.41%	25.00%	24.60%	24.38%	24.35%	24.43%
08 th October 2015	11.32%	20.21%	20.51%	22.27%	23.39%	22.61%	22.72%	22.80%	23.41%	24.66%	25.43%
08 Oct-01 Oct 2015 Change in Yield (Bp)	-418	70	-59	-48	-78	-180	-228	-180	-97	31	100



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