



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 21 October 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 23 October 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-395	922
Estimated Excess Reserves	10,819	27,368
Required Reserves	45,314	45,314

#### Known Projected Transactions

	Week ending 23 <sup>rd</sup> Oct 2015	Week ending 30 <sup>th</sup> Oct 2015	Week ending 06 <sup>th</sup> Nov 2015	Oct 2015	Nov 2015
Maturity of normal TBs/TNs/PNs	11,045	3,335	6,910	48,429	11,335
Maturity of OMO	11,320	8,271	4,622	56,528	16,301

#### Commentary:

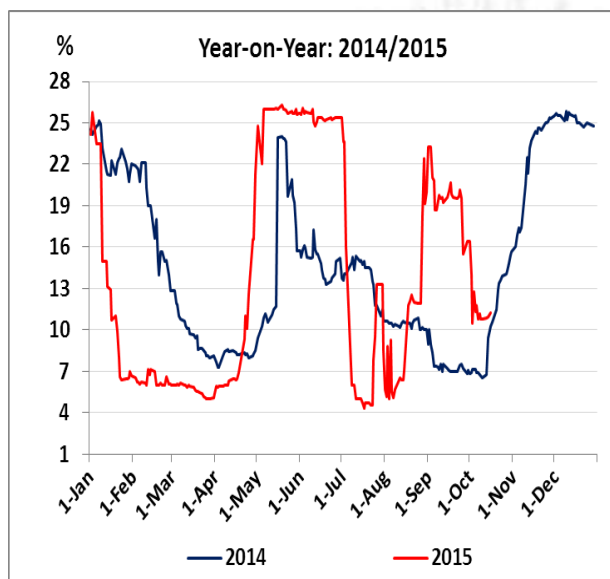
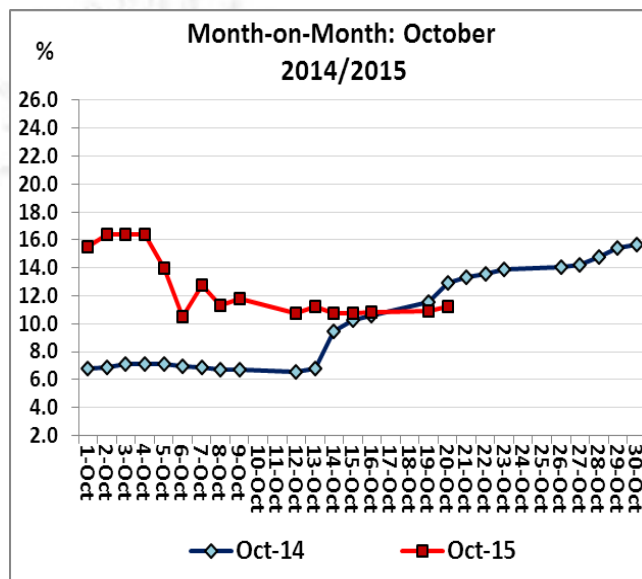
- Excess reserves are estimated to close at K10.82 billion today from K11.21 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,200	11.24
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
9 days	2,000	21.75
14 days	-	-
30 days	2,000	23.00
44 days	1,000	23.00
(ii) Reverse Repos	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(iii) Outright Purchase of Securities	-	-
<b>(c) Access on the Lombard Facility</b>	450	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market closed yesterday at K4.20 billion from K4.70 billion observed during the previous day.
- The (overnight) interbank market rate (IBR) increased to 11.24 percent from 10.91 percent recorded on Monday, 19<sup>th</sup> October 2015.
- A total of K5.00 billion was withdrawn from the banking system through repos yesterday.
- K450 million was accessed on the Lombard Facility yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

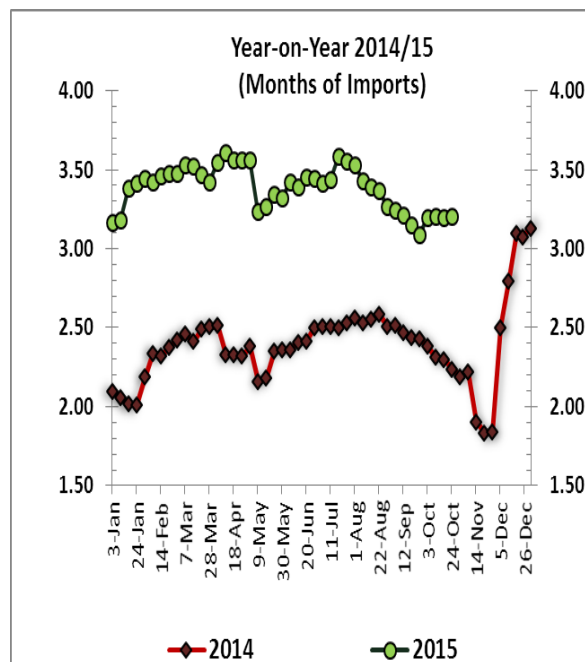
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
09 <sup>th</sup> October 2015	669.26	3.20
16 <sup>th</sup> October 2015	668.45	3.20
19 <sup>th</sup> October 2015	670.30	3.21

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

### Commentary:

- Gross official reserves remained at 3.20 months of imports during the week ending 16<sup>th</sup> October 2015 compared to the preceding week. As at 19<sup>th</sup> October 2015 nonetheless, the gross official reserves registered a slight increase and stood at US\$670.30 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)
09 <sup>th</sup> October 2015	-2.61	301.97	299.36	1.43
16 <sup>th</sup> October 2015	-3.71	307.97	304.26	1.46
20 <sup>th</sup> October 2015	-2.27	306.80	304.53	1.46

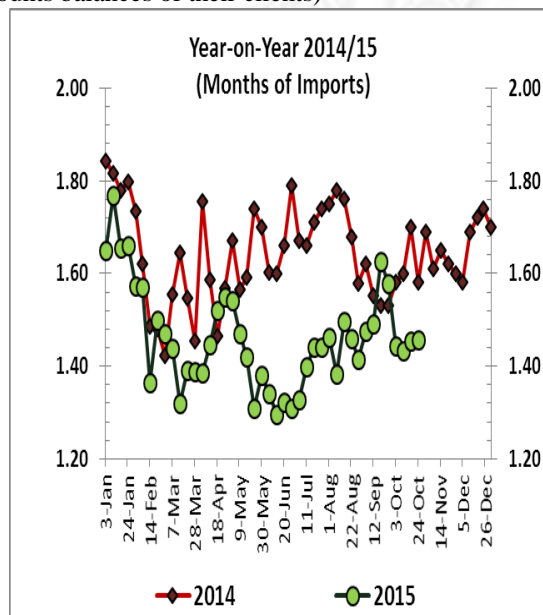
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
09 <sup>th</sup> October 2015	36.99	41.96
16 <sup>th</sup> October 2015	34.41	37.63
On 20 <sup>th</sup> October 2015	6.44	6.00

### Commentary:

- During the week ending 16<sup>th</sup> October 2015, ADBs purchased US\$34.41 million from the market and sold US\$37.63 million. On 20<sup>th</sup> October 2015, ADBs purchased US\$6.44 million and sold US\$6.00 million.

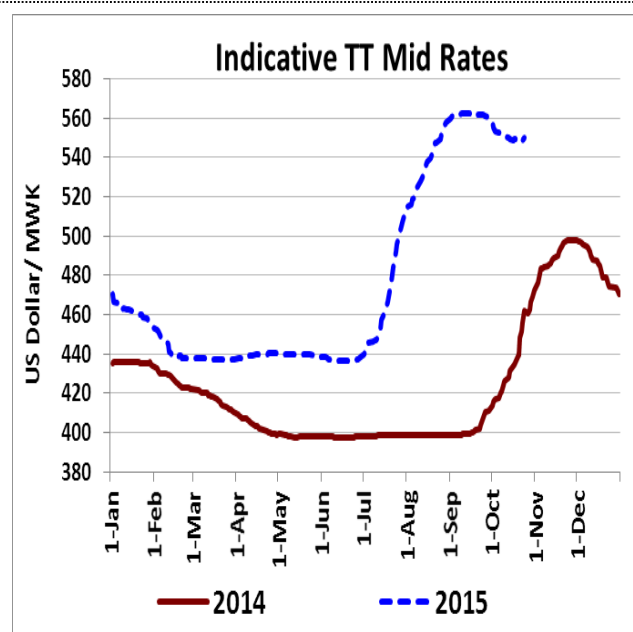
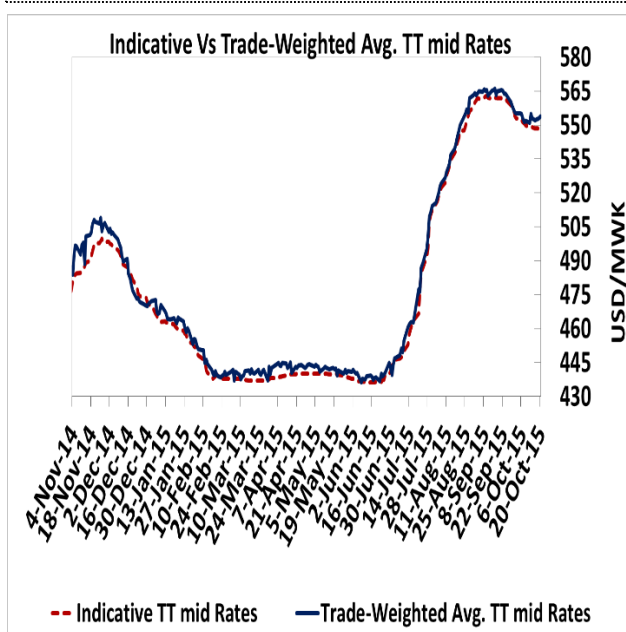


## iii. Exchange Rate Developments

	12 Oct 2015	13 Oct 2015	14 Oct 2015	16 Oct 2015	19 Oct 2015	20 Oct 2015	Today Indicative
<b>MWK/USD</b>	550.9530	554.7600	553.0361	552.1023	552.9165	553.7370	550.1378
<b>MWK/GBP</b>	848.4653	843.9940	840.1704	851.6426	853.8971	857.1300	849.6328
<b>MWK/EUR</b>	629.4034	628.3943	627.5426	626.5941	620.9247	626.5220	624.1863
<b>MWK/ZAR</b>	41.1060	41.3069	40.9706	42.0537	42.1016	42.0971	41.3700

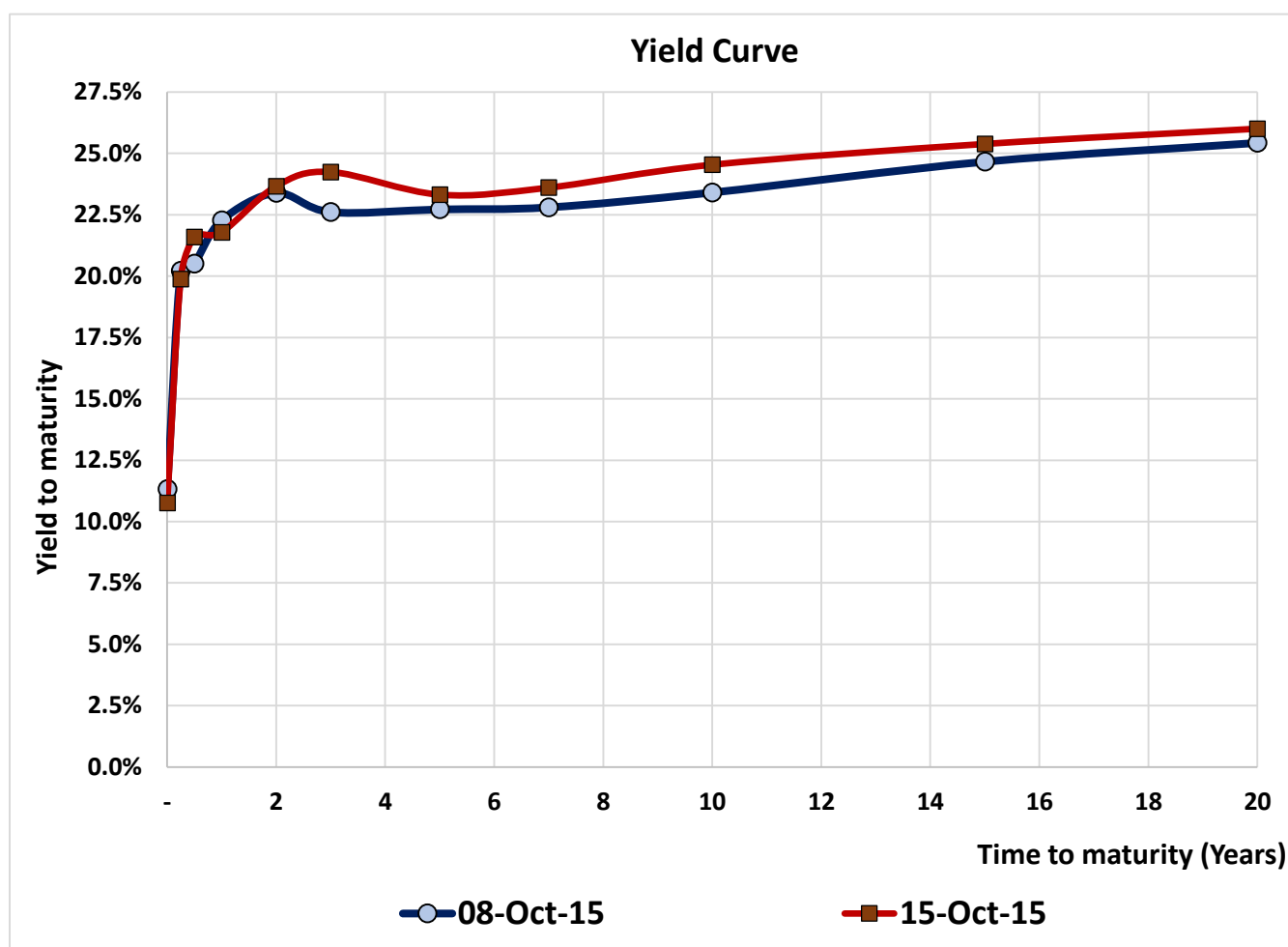
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

**Commentary:** The Kwacha appreciated against the ZAR yesterday and depreciated against the USD, the GBP, and the EUR. Indicatively, the Malawi Kwacha is expected to trade around K550.1378 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
13 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>rd</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>st</sup> 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 <sup>th</sup> October 2015	11.32%	20.21%	20.51%	22.27%	23.39%	22.61%	22.72%	22.80%	23.41%	24.66%	25.43%
15 <sup>th</sup> October 2015	10.76%	19.88%	21.59%	21.78%	23.66%	24.24%	23.31%	23.60%	24.53%	25.38%	26.00%
15 Oct-08 Oct 2015 Change in Yield (Bp)	-56	-33	108	-49	27	163	59	80	112	72	57



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