



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 14 March 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 18 <sup>th</sup> March 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	-938	-3,326
Estimated Excess Reserves	3,693	1,305
Required Reserves	48,352	48,352

#### Known Projected Transactions

	Week ending 18 <sup>th</sup> Mar 2016	Week ending 25 <sup>th</sup> Mar 2016	Week ending 01 <sup>st</sup> Apr 2016	Mar 2016	Apr 2016
Maturity of normal TBs/TNs/PNs	6,534	7,346	11,666	60,504	44,743
Maturity of OMO	27,815	5,922	7,746	54,999	19,163

#### Commentary:

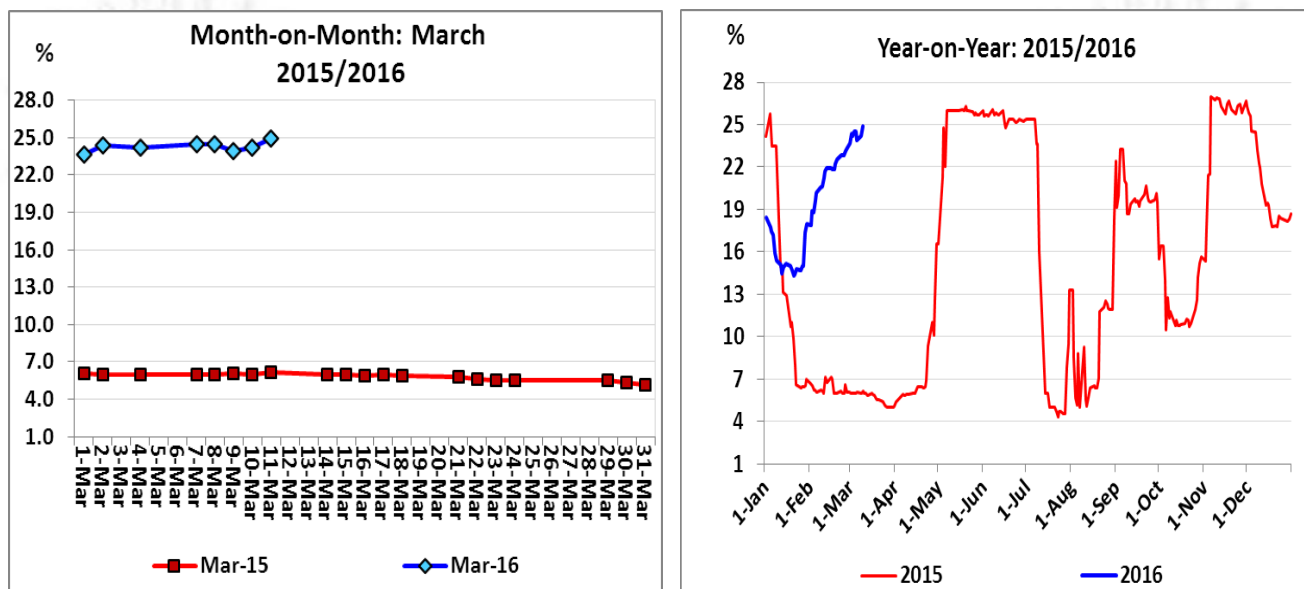
- Excess reserves are estimated to close at K3.69 billion today from K1.14 billion that was recorded last Friday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,260	24.92
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos	-	-
07 days	-	-
31 days	1,219	27.14
60 days	922	27.95
273 days	1,764	27.15
364 days	1,500	27.00
(ii) Reverse Repos	-	-
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
<b>(c) Access on the Lombard Facility</b>	1,600	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the overnight interbank market slightly increased to K4.26 billion last Friday from K4.01 billion that was recorded on Thursday, 10<sup>th</sup> March 2016.
- The overnight interbank market rate (IBR) closed last week at 24.92 percent from 24.17 percent observed on 10<sup>th</sup> March 2016.
- K5.41 billion was withdrawn from the banking system through repos on 11<sup>th</sup> March 2016.
- A total of K1.60 billion was accessed on the Lombard Facility last Friday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

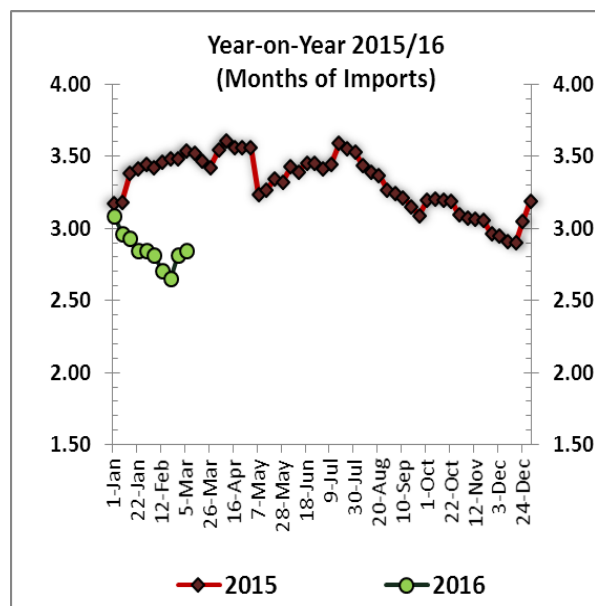
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
19 <sup>th</sup> February 2016	566.52	2.71
26 <sup>th</sup> February 2016	554.57	2.65
04 <sup>th</sup> March 2016	587.79	2.81
10 <sup>th</sup> March 2016	595.32	2.85

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

### Commentary:

- Gross official reserves significantly increased during the week ending 04<sup>th</sup> March 2016 compared to the preceding week following increased purchases of foreign exchange from the market by monetary authorities. As at 10<sup>th</sup> March 2016, the gross official reserves stood at US\$595.32 million (2.85 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)
19 <sup>th</sup> February 2016	3.69	312.11	315.80	1.51
26 <sup>th</sup> February 2016	-0.69	311.08	310.39	1.49
04 <sup>th</sup> March 2016	-7.25	308.83	301.57	1.44
10 <sup>th</sup> March 2016	-14.22	298.74	284.52	1.36

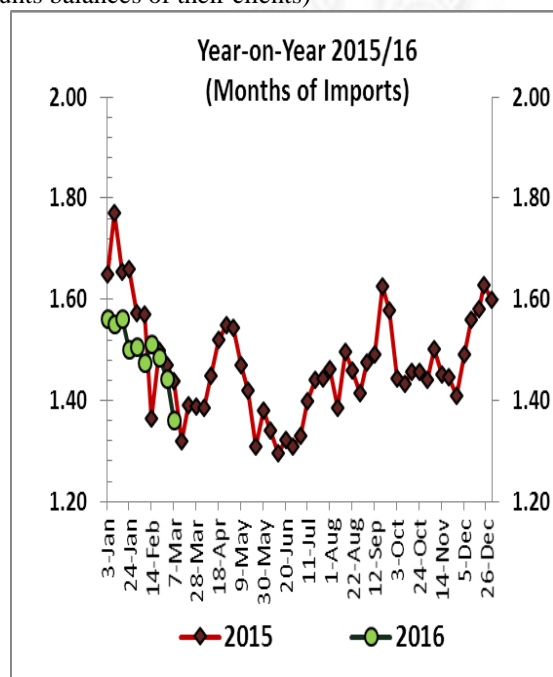
\* US\$209.0 million per month is used in this calculation

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
04 <sup>th</sup> March 2016	71.14	92.50
11 <sup>th</sup> March 2016	41.96	48.58
On 11 <sup>th</sup> March 2016	9.66	8.87

### Commentary:

- The ADBs sold US\$48.58 million to the market and monetary authorities during the week ending 11<sup>th</sup> March 2016 against purchases from the market at US\$41.96 million. On 11<sup>th</sup> March 2016 alone, ADBs sold US\$8.87 million to the market and monetary authorities and purchased US\$9.66 million from the market.



## iii. Exchange Rate Developments

	04 Mar 2016	07 Mar 2016	08 Mar 2016	09 Mar 2016	10 Mar 2016	11 Mar 2016	Today Indicative
MWK/USD	729.4151	723.5438	719.8713	714.7775	712.4785	708.9413	702.1559
MWK/GBP	1,029.5639	1,025.5118	1,024.4909	1,014.3411	1,009.0144	1,012.6026	1010.6832
MWK/EUR	797.2039	793.6238	791.2903	784.9139	783.2264	788.2809	782.9740
MWK/ZAR	45.7931	45.9873	47.0219	46.5348	45.9401	46.2051	46.1544

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

**Commentary:** On Friday, 11<sup>th</sup> March 2016, the Kwacha appreciated against the USD and depreciated against the GBP, the EUR, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K702.1559 against the USD today.

