



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 20 September 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 20 th September 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-3,991	-23,861
Estimated Excess Reserves before OMO	458	-13,712
Estimated Excess Reserves after OMO	0	0
Required Reserves	52,935	52,935

i. Known Projected Transactions

	Week ending 23 rd Sept 2016	Week ending 30 th Sept 2016	Week ending 07 th October 2016	September 2016	October 2016
Maturity of normal TBs/TNs/PNs	10,889	13,964	8,448	56,792	55,671
Maturity of OMO	13,514	9,473	702	50,588	13,402

Commentary:

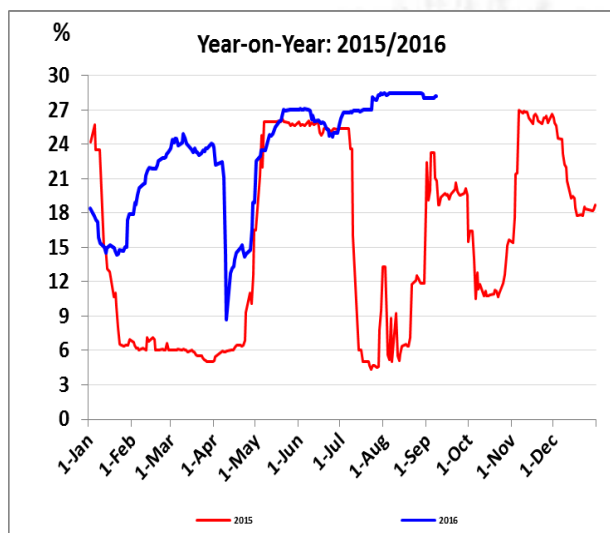
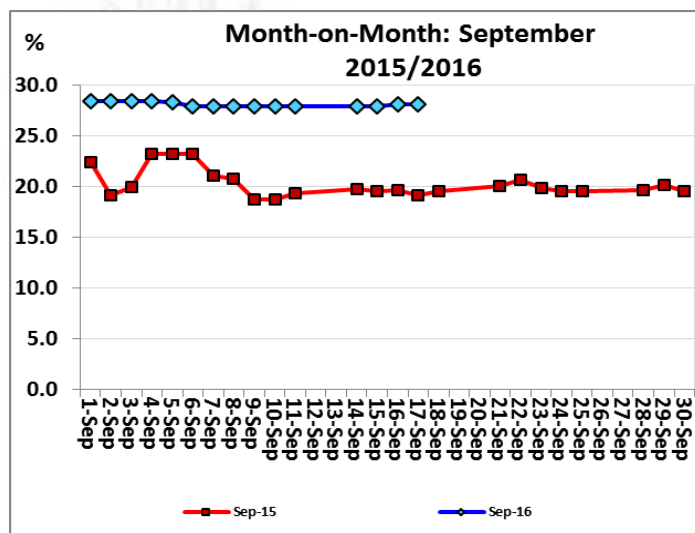
- Excess reserves dropped to K4.45 billion yesterday from K9.94 billion recorded on Friday, 16th September 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,350	28.20
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	300	29.00
14 days	2,950	29.00
32 days	6,415	29.00
63 days	1,085	29.00
273 days	35	29.00
364 days	1,000	29.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(iii) Deposits on Overnight Deposit Facility		
	-	-
(c) Access on the Lombard Facility	5,965	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K7.35 billion on Monday, 19th September 2016 from K6.66 billion recorded on Friday, 16th September 2016.
- The overnight interbank market rate (IBR) increased by 1 basis point and closed at 28.20 percent from 28.19 percent recorded on Friday, 16th September 2016.
- About K11.79 billion was withdrawn from the banking system through repos yesterday.
- A total of K5.97 billion was accessed on the Lombard Facility on Monday, 19th September 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

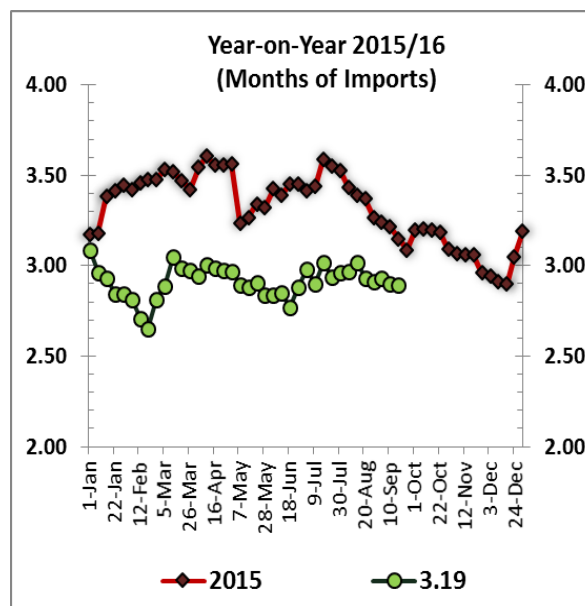
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
02 nd September 2016	608.68	2.91
09 th September 2016	612.47	2.93
16 th September 2016	605.77	2.90
19 th September 2016	605.13	2.90

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

Commentary:

- Gross official reserves decreased during the week ending 16th September 2016 compared to the previous week. As at 19th September 2016, the gross official reserves stood at US\$605.13 million (2.90 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 September 2016	-1.71	341.48	339.76	1.63
09 th September 2016	2.91	327.27	330.18	1.58
16 th September 2016	1.98	336.16	338.14	1.62
On 19 th September 2016	-0.52	334.14	333.63	1.60

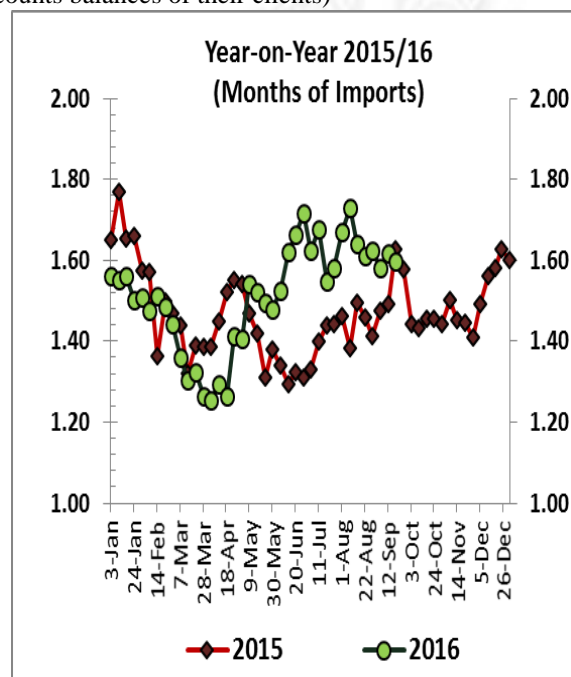
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
02 nd September 2016	49.13	58.40
09 th September 2016	41.73	45.55
16 th September 2016	39.15	41.00
On 19 th Sept 2016	6.28	8.36

Commentary:

- ADB's purchased US\$39.15 million from the market and monetary authorities during the week ending 16th September 2016 against sales to the market at US\$41.00 million. On 19th September 2016, ADB's purchased US\$6.28 million from the market and sold US\$8.36 million.

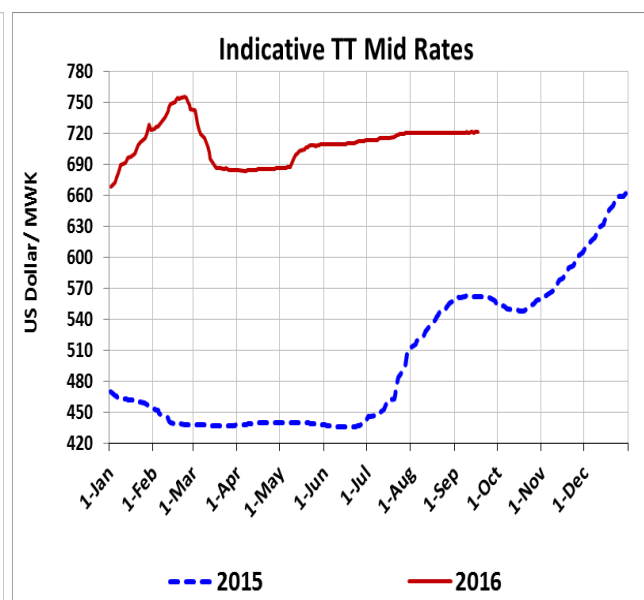
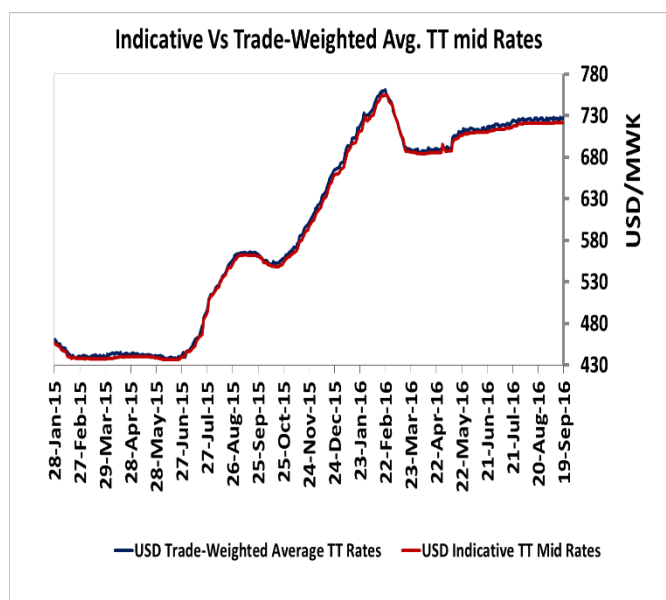


iii. Exchange Rate Developments

	12 th Sept 2016	13 th Sept 2016	14 th Sept 2016	15 th Sept 2016	16 th Sept 2016	19 th Sept 2016	Today's indicative
MWK/USD	726.5901	723.9501	724.4421	728.0186	726.8571	727.5929	721.3385
MWK/GBP	960.8472	968.8876	961.5946	954.5263	958.3660	942.4569	940.4811
MWK/EUR	813.0498	816.5520	815.0944	813.5625	813.1336	812.8339	806.0236
MWK/ZAR	49.6702	50.7690	50.5061	50.8634	51.5348	51.5151	51.5275

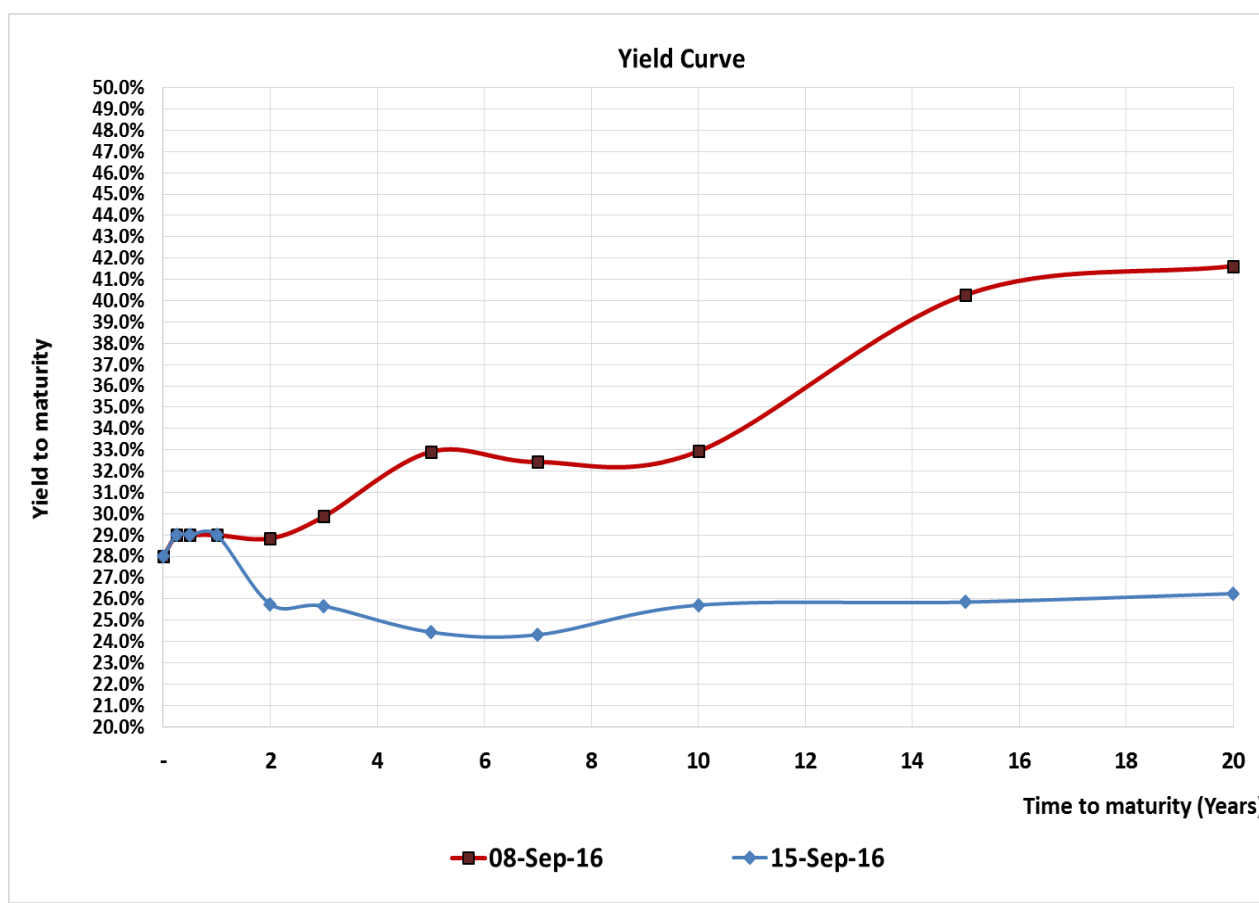
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Monday, 19th September 2016, the Kwacha depreciated against the USD but depreciated against the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.3385 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
09 th June 2016	27.01%	29.00%	29.00%	29.00%	28.26%	28.04%	27.48%	26.23%	26.04%	25.84%	25.63%
16 th June 2016	26.15%	29.00%	29.00%	29.00%	28.20%	27.42%	26.48%	25.75%	25.39%	25.19%	25.09%
23 rd June 2016	25.89%	28.92%	29.00%	29.00%	27.16%	26.52%	25.94%	25.37%	24.99%	24.78%	24.64%
12 th August 2016	28.29%	29.00%	29.00%	29.00%	26.16%	26.35%	26.21%	26.60%	26.43%	27.32%	28.39%
19 th August 2016	28.45%	27.84%	27.57%	27.66%	27.10%	27.24%	27.05%	27.12%	27.28%	28.69%	29.78%
01 st September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 th September 2016	28.00%	29.00%	29.00%	29.00%	28.84%	29.87%	32.91%	32.43%	32.93%	40.28%	41.63%
15 th September 2016	28.00%	29.00%	29.00%	29.00%	28.96%	29.25%	28.78%	28.65%	30.38%	30.95%	31.03%
15 September-08 September Change in Yield (Bp)	0	0	0	0	11	-62	-413	-378	-255	-934	-1,059



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