



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 30 September 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 30 th September 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-4,942	2,790
Estimated Excess Reserves before OMO	8,737	8,737
Estimated Excess Reserves after OMO	0	0
Required Reserves	53,775	53,775

i. Known Projected Transactions

	Week ending 30 th Sept 2016	Week ending 07 th October 2016	Week ending 14 th October 2016	September 2016	October 2016
Maturity of normal TBs/TNs/PNs	13,964	8,448	8,448	56,792	55,671
Maturity of OMO	10,514	4,033	2,936	51,058	34,324

Commentary:

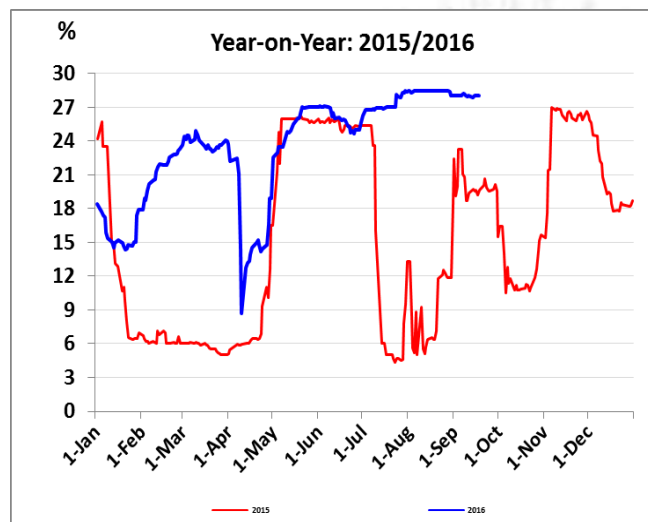
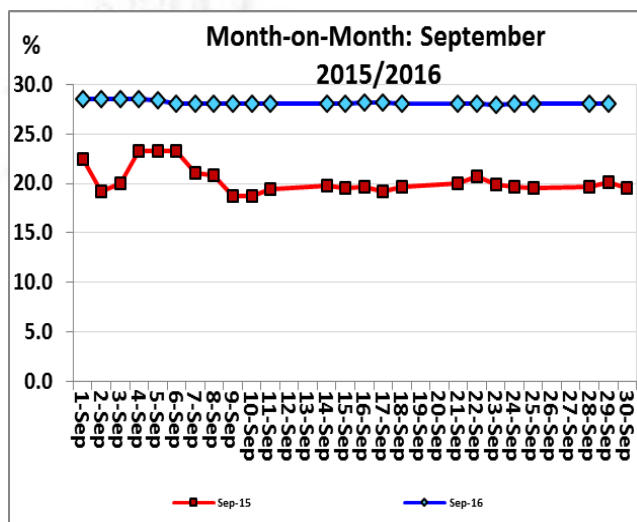
- Excess reserves decreased to K13.54 billion yesterday from K15.70 billion recorded on Wednesday, 28th September 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,200	28.00
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
32 days	-	-
63 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(iii) Deposits on Overnight Deposit Facility		
	-	-
(c) Access on the Lombard Facility	1,150	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market decreased yesterday to K7.20 billion from K8.94 billion recorded on Wednesday, 28th September 2016.
- The overnight interbank market rate (IBR) remained unchanged at 28.00 percent.
- About K1.15 billion was accessed on the Lombard Facility, yesterday, 29th September 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

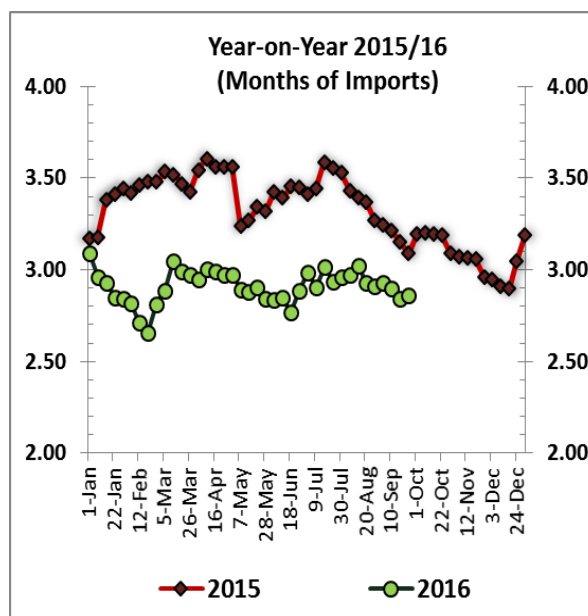
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
09 th September 2016	612.47	2.93
16 th September 2016	605.77	2.90
23 rd September 2016	593.49	2.84
29 th September 2016	598.17	2.86

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

Commentary:

- Gross official reserves decreased during the week ending 23rd September 2016 compared to the previous week. As at 29th September 2016, the gross official reserves stood at US\$598.17 million (2.86 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 th September 2016	2.91	327.27	330.18	1.58
16 th September 2016	1.98	336.16	338.14	1.62
23 rd September 2016	5.03	333.92	338.95	1.62
29 th September 2016	-0.58	333.09	332.51	1.59

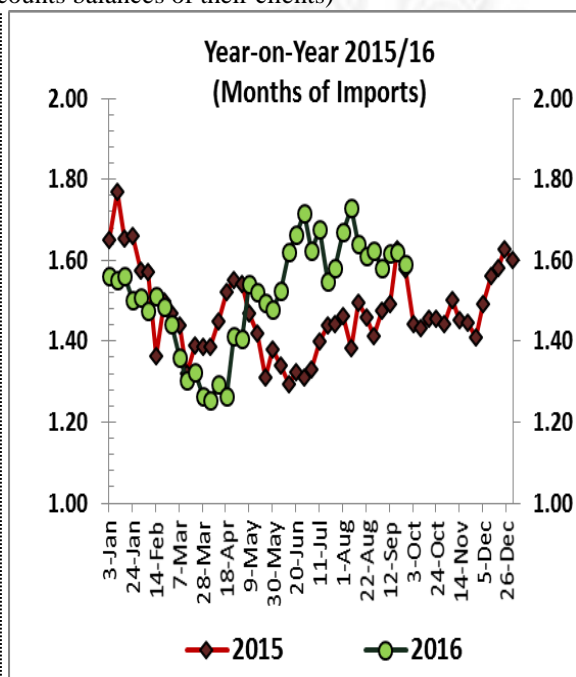
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
09 th September 2016	41.73	45.55
16 th September 2016	39.15	41.00
23 rd September 2016	45.17	41.53
On 28 th September 2016	14.09	16.05

Commentary:

- ADB's purchased US\$45.17 million from the market and monetary authorities during the week ending 23rd September 2016 against sales to the market at US\$41.53 million. Yesterday, ADB's purchased US\$14.09 million from the market and sold US\$16.05 million.

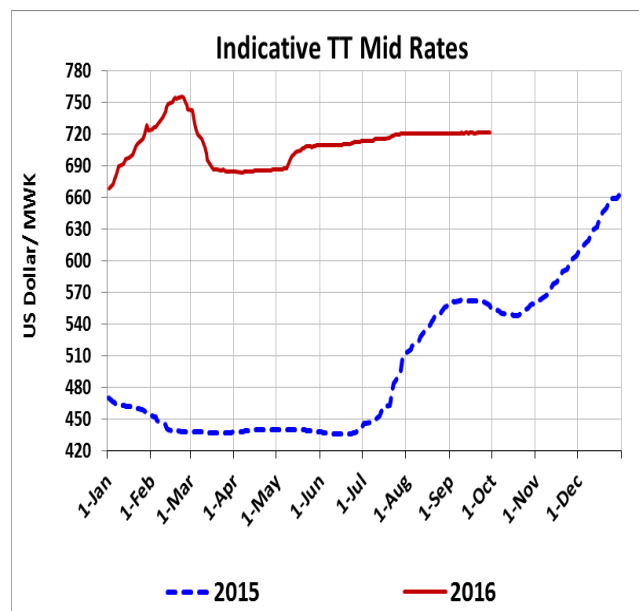
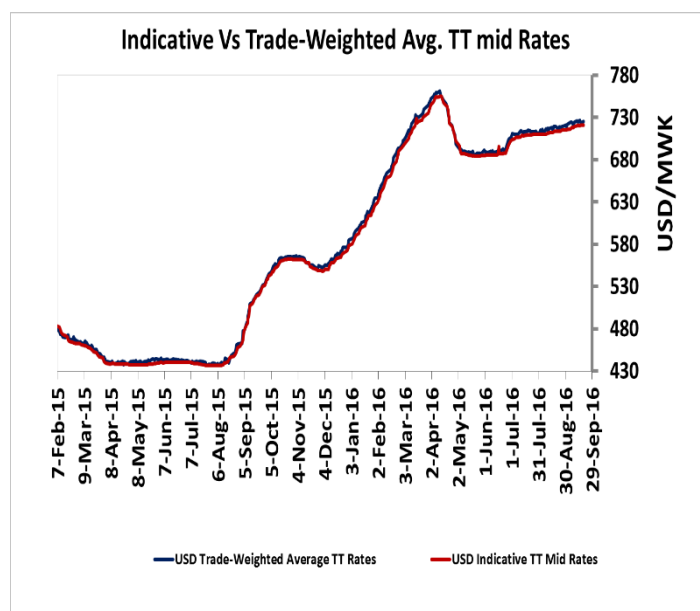


iii. Exchange Rate Developments

	22 nd Sept 2016	23 rd Sept 2016	26 th Sept 2016	27 th Sept 2016	28 th Sept 2016	29 th Sept 2016	Today's Indicative
MWK/USD	727.0435	724.0269	726.5098	727.6857	725.6146	727.8910	721.3866
MWK/GBP	949.1568	943.9923	941.2496	940.0826	941.5139	949.0131	935.7106
MWK/EUR	811.2546	810.2665	814.2309	813.7656	810.4405	811.8965	809.3236
MWK/ZAR	53.5950	52.6409	53.0908	52.9749	53.9984	53.2658	51.9218

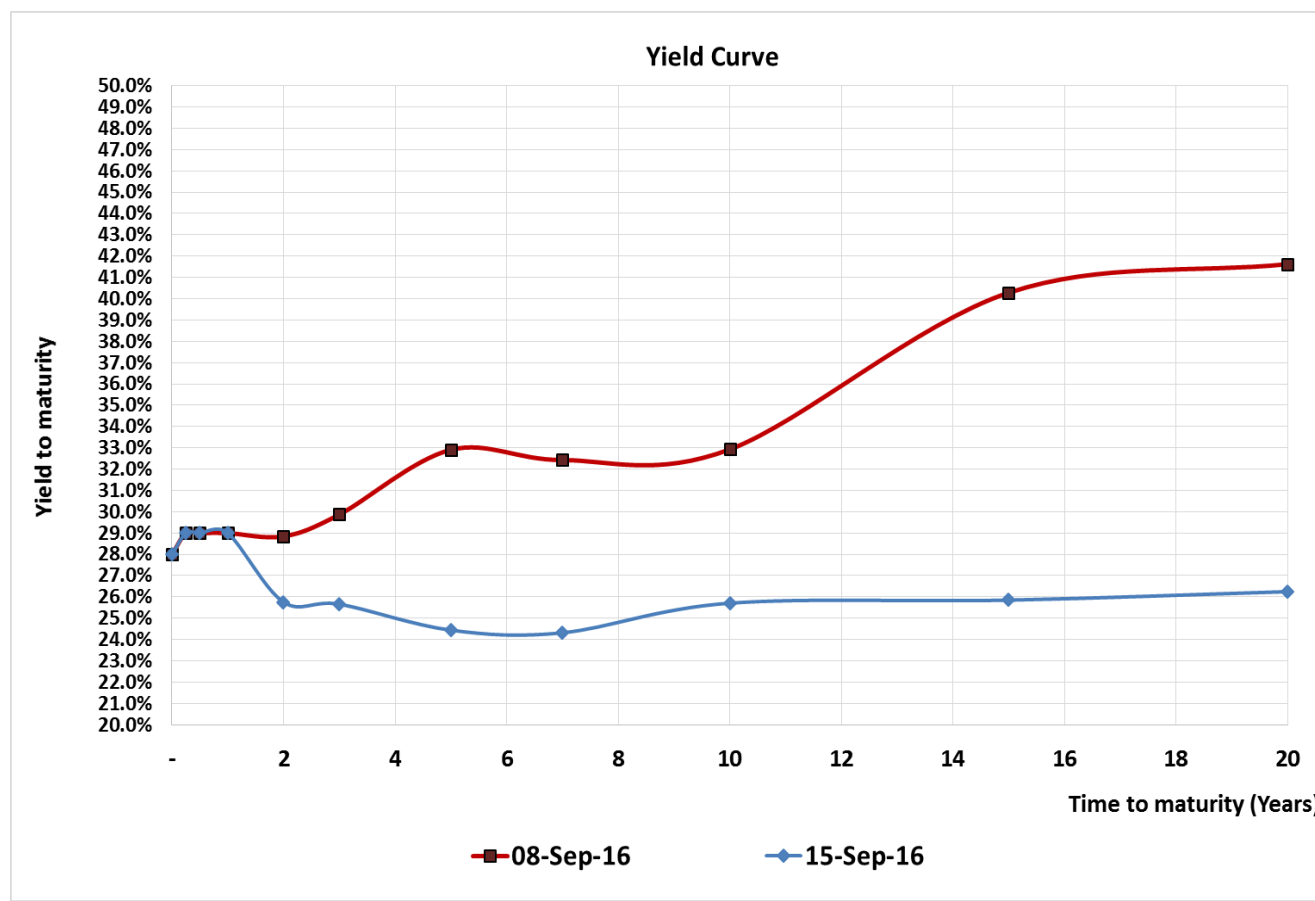
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 29th September 2016, the Kwacha appreciated against the ZAR but depreciated against the USD, the GBP and the EUR. Indicatively, the Malawi Kwacha is expected to trade around K721.3866 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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