



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 29 September 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 3 rd October 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-168	-1,145
Estimated Excess Reserves	11,141	9,941
Required Reserves	47,508	47,508

Commentary:

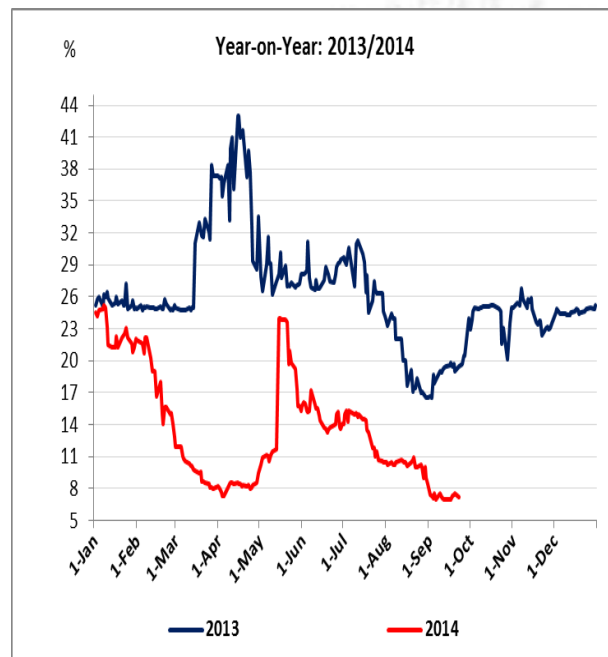
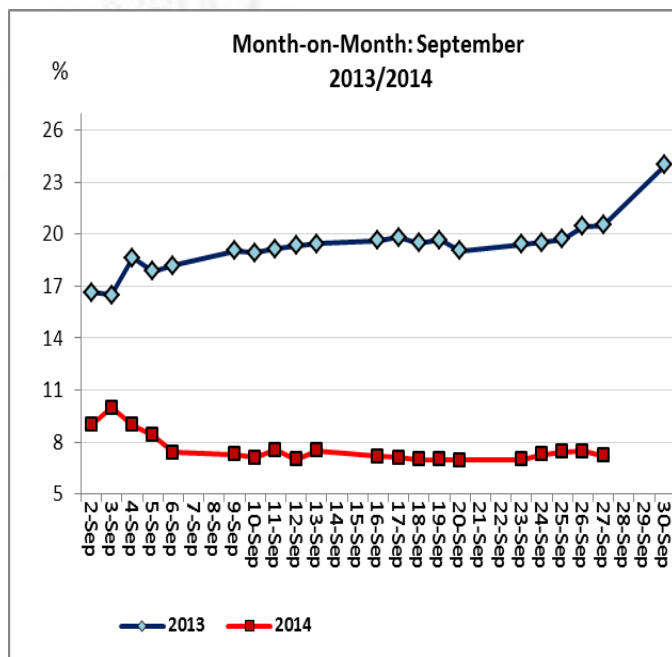
- Excess reserves are expected to close today at MK11.14 billion from MK11.20 billion observed on Friday, 26th September 2014.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	2,900	7.22
7 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market dropped to MK2.90 billion on Friday, 26th September 2014 from MK10.15 billion recorded for the preceding day.
- The interbank rate (IBR) went down to 7.22 percent from 7.49 percent recorded during the previous trading day.
- No access on the Lombard Facility was recorded yesterday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

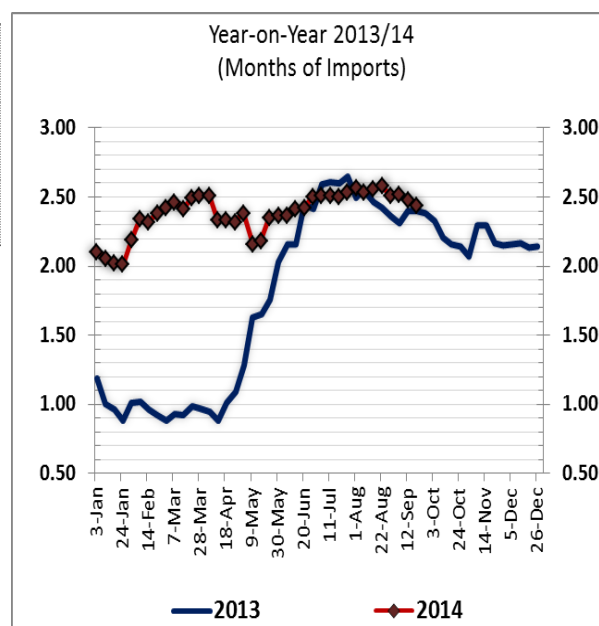
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
12 th September 2014	472.25	2.47
19 th September 2014	466.79	2.44

* US\$191 million per month is used in this calculation

Commentary:

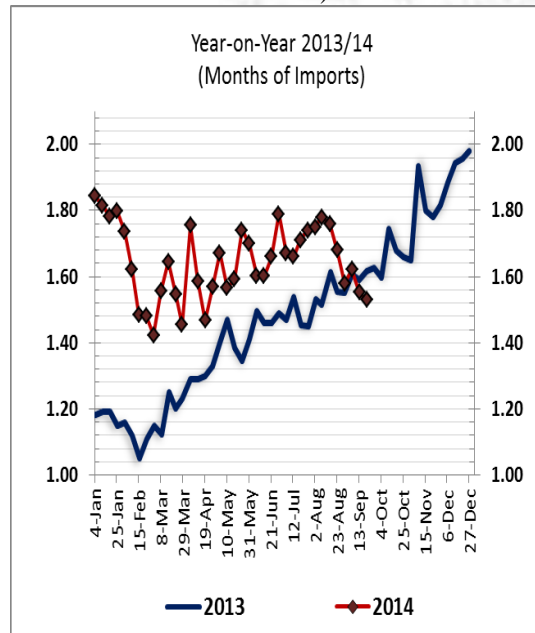
- Gross Official Reserves decreased during the week ending 19th September 2014 compared to the previous week.



ii. Private Sector Foreign Reserves

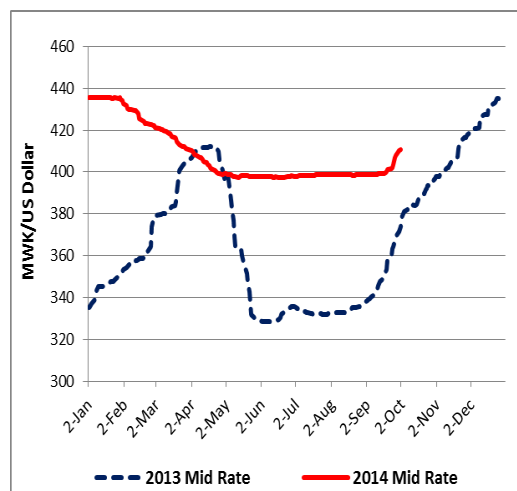
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
12 th September 2014	7.26	289.33	296.59	1.55
19 th September 2014	4.37	288.17	292.54	1.53
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY				
Week Ending (US\$ m)	ADB's Purchases		ADB's Sales	
12 th September 2014	30.73		43.10	
19 th September 2014	31.93		38.95	
Commentary:				
<ul style="list-style-type: none">Private sector reserves decreased during the week ending 19th September 2014 as ADB's sales to the market surpassed purchases.				



iii. Exchange Rate Developments

Week ending	19 th September 2014	26 th September 2014	Today
MWK/USD	401.4314	410.3380	410.8578
MWK/GBP	658.1468	669.5895	667.3152
MWK/EUR	518.7698	523.2220	521.4196
MWK/ZAR	36.2394	36.6203	36.6376
Commentary:			
<ul style="list-style-type: none"> Compared to Friday, 26th September 2014, the Kwacha has depreciated today against the USD and the ZAR. The local currency has, however, appreciated against the GBP and the EUR. 			



D. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
16 th September 2014	7.10%	-	-	-	18.36%	20.30%	20.27%
23 th September 2014	6.98%	-	-	-	19.19%	20.22%	20.49%
Change in yield (bp)	-12	-	-	-	83	-08	22

DISCLAIMER: This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained