



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 29 January 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 30 th January 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-4,030	-17,074
Estimated Excess Reserves	5,399	6,206
Required Reserves	74,087	74,087

Known Projected Transactions

	Week ending 30 th Jan 2015	Week ending 06 th Feb 2015	Week ending 13 th Feb 2015	January 2015	February 2015
Maturity of normal TBs/TNs/PNs	5,778	4,169	3,767	23,070	28,067
Maturity of OMO	-	-	-	-	-

Commentary:

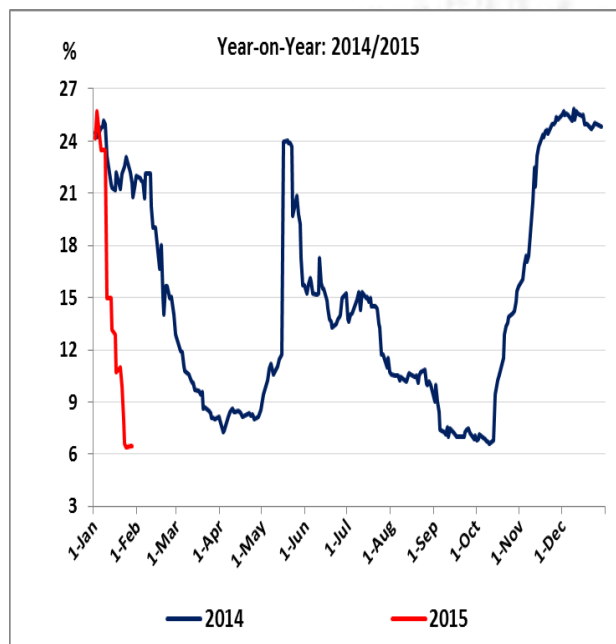
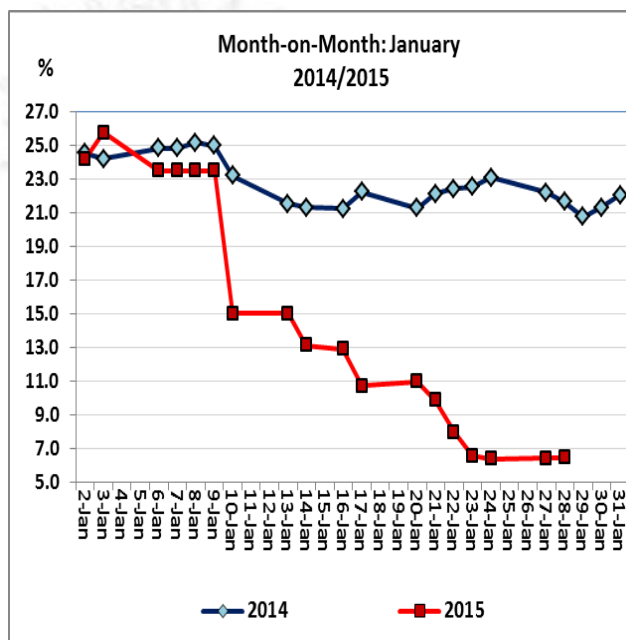
- Excess reserves are estimated to close at K5.40 billion today from K9.29 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,250	6.48
07 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	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market dropped yesterday to K6.25 billion from K7.92 billion recorded on Tuesday, 27th January, 2015.
- The interbank market rate (IBR) went up 3 basis points yesterday and closed at 6.48 percent.
- No access on the Lombard Facility was recorded yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

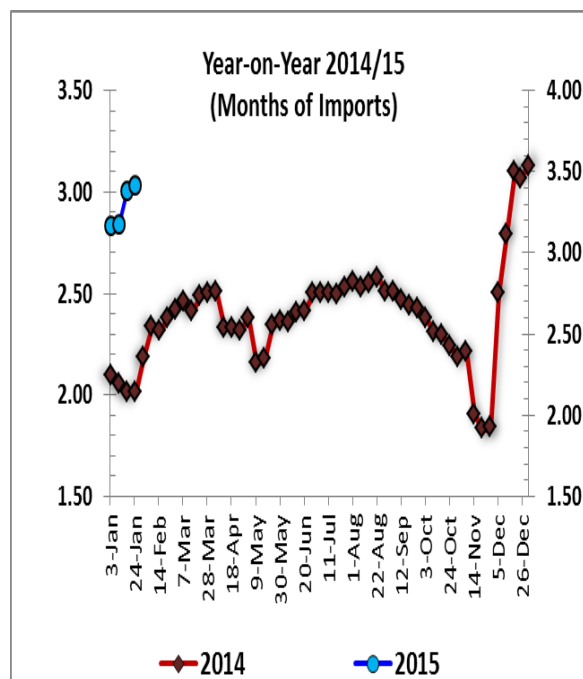
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
09 th January 2015	607.95	3.18
16 th January 2015	646.48	3.38
23 rd January 2015	652.31	3.42

* US\$191.0 million per month is used in this calculation

Commentary:

- Gross Official Reserves increased during the week ending 23rd January 2015 compared to the preceding week and settled at US\$652.31 million (3.42 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 January, 2015	2.29	335.80	338.09	1.77
16 th January, 2015	-0.64	316.58	315.94	1.65
23 rd January, 2015	-1.36	317.54	316.18	1.66

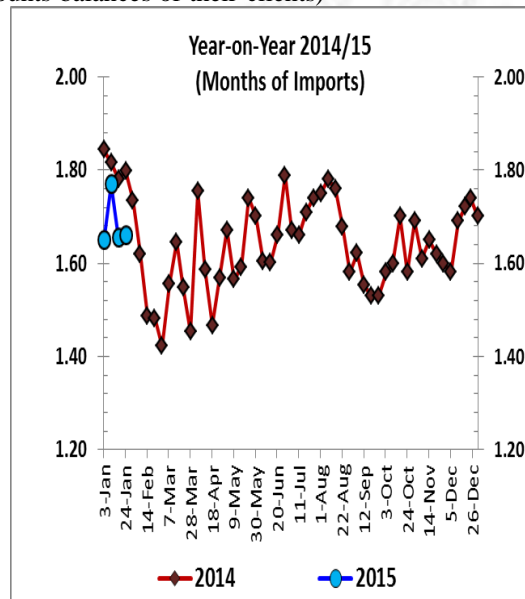
* US\$191.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
16 th January 2015	27.60	63.95
23 rd January 2015	46.86	50.71
On 28 th January 2015	5.87	6.54

Commentary:

- ADB's sold US\$50.71 million to the market and monetary authorities against purchases of US\$46.86 million during the week ending 23rd January 2015.
- Yesterday, ADB's bought US\$5.87 million against sales of US\$6.54 million.

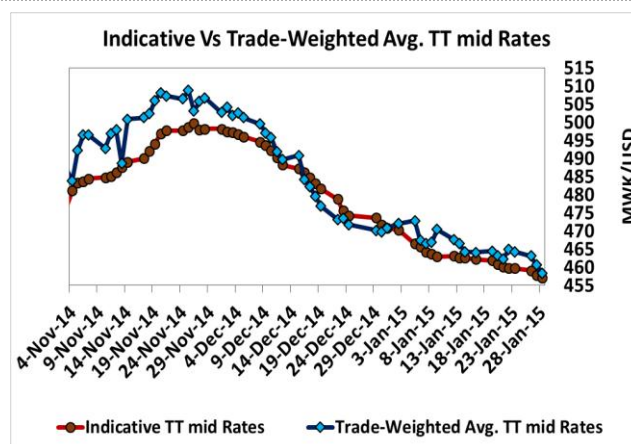
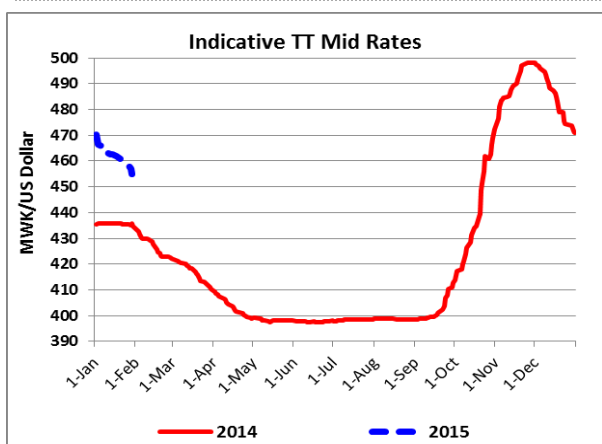


iii. Exchange Rate Developments

	21 Jan 2015	22 Jan 2015	23 Jan 2015	26 Jan 2015	27 Jan 2015	28 Jan 2015	Today Indicative
USD/MWK	462.3122	464.9861	464.2524	463.1126	460.5900	458.3693	455.0304
GBP/MWK	695.0627	697.2562	681.6734	679.7534	704.2443	685.5671	688.8760
EUR/MWK	530.5178	532.4187	514.4192	514.3121	515.4937	520.5425	513.5969
ZAR/MWK	40.9465	40.5015	40.9785	40.2658	40.5417	40.1752	39.2982

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

Commentary: The Kwacha appreciated against the USD, the GBP and the ZAR and depreciated against the EUR yesterday. Indicatively, the Malawi Kwacha is expected to trade at around MK455.0304 against the USD today.



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
20 th January 2015	11.00%	-	-	-	26.74%	26.92%	26.87%
27 th January 2015	6.45%	-	-	-	26.77%	27.00%	26.99%
Change in yield (bp)	-455	-	-	-	03	08	12

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 herein.