



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 04 February 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 06 <sup>th</sup> February 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	1,747	3,459
Estimated Excess Reserves	11,259	12,814
Required Reserves	73,268	73,268

#### Known Projected Transactions

	Week ending 06 <sup>th</sup> Feb 2015	Week ending 13 <sup>th</sup> Feb 2015	Week ending 20 <sup>th</sup> Feb 2015	February 2015	March 2015
Maturity of normal TBs/TNs/PNs	4,169	3,767	6,474	28,067	45,958
Maturity of OMO	-	-	-	-	-

#### Commentary:

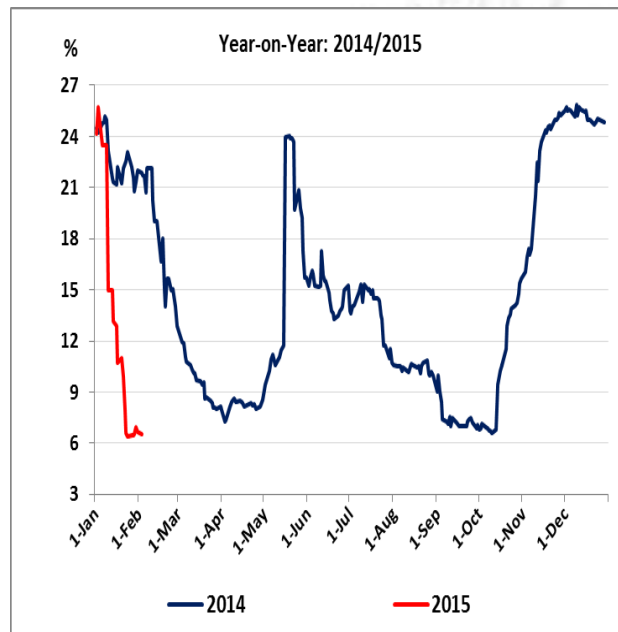
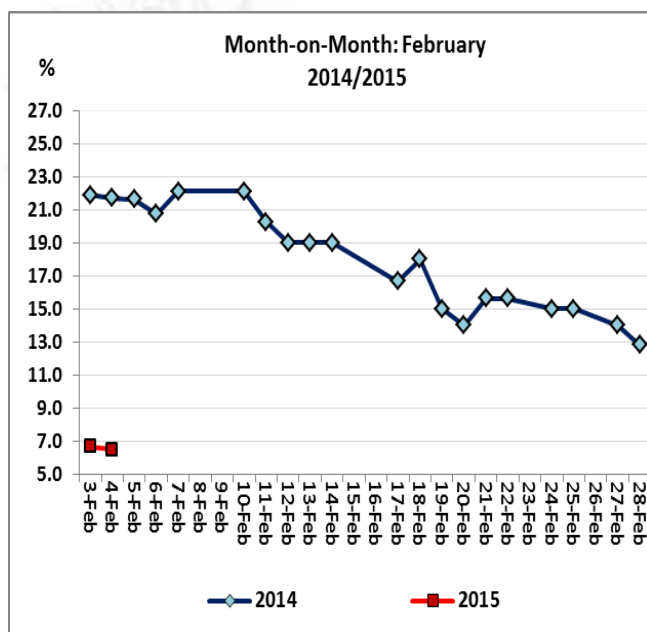
- Excess reserves are estimated to close at K11.26 billion today from K9.37 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,650	6.50
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(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	-	-
<b>(c) Access on the Lombard Facility</b>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volumes on the interbank market decreased to MK2.50 billion yesterday from MK2.80 billion recorded on Monday, 2nd February, 2015.
- The interbank market rate (IBR) dropped to 6.50 percent from 6.68 percent observed on Monday, 2nd February, 2015.
- No access on the Lombard Facility was recorded yesterday.

## A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

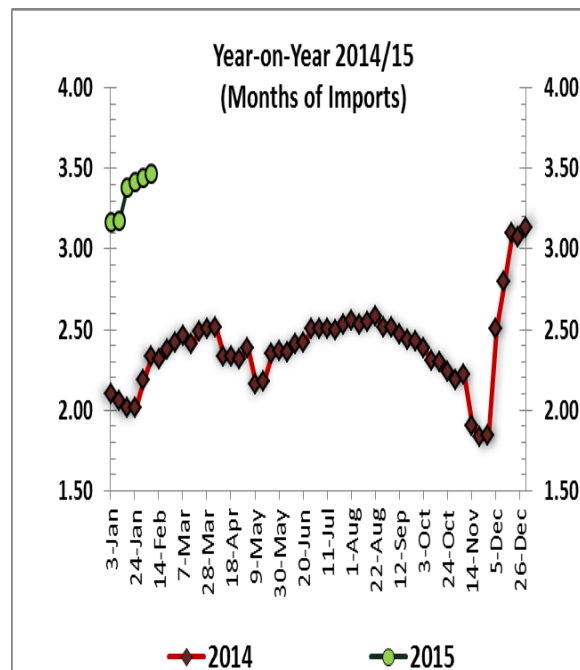
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
23 <sup>rd</sup> January 2015	652.31	3.42
30 <sup>th</sup> January 2015	658.38	3.45
2 <sup>nd</sup> February 2015	662.51	3.47

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

### Commentary:

- Gross Official Reserves increased during the week ending 30<sup>th</sup> January 2015 compared to the preceding week. The gross official reserves stood at US\$662.51 million (3.47 months of imports) as of Monday, 2nd February 2015.



## 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)
23 <sup>rd</sup> January, 2015	-1.36	317.54	316.18	1.66
30 <sup>th</sup> January, 2015	-4.53	305.04	300.51	1.57
2 <sup>nd</sup> February 2015	-5.41	309.87	304.46	1.59

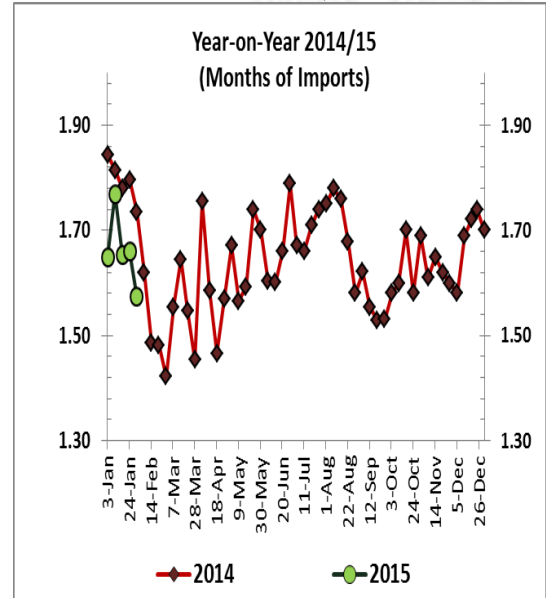
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**ADB's FOREIGN EXCHANGE TRADING ACTIVITY**

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 <sup>rd</sup> January 2015	46.86	50.71
30 <sup>th</sup> January 2015	53.00	57.29
On 3 <sup>rd</sup> February 2015	13.50	12.20

**Commentary:**

- ADB's sold US\$57.29 million to the market and monetary authorities against purchases of US\$53.00 million during the week ending 30<sup>th</sup> January 2015.
- Yesterday, ADB's bought US\$13.50 million against sales of US\$12.20 million.

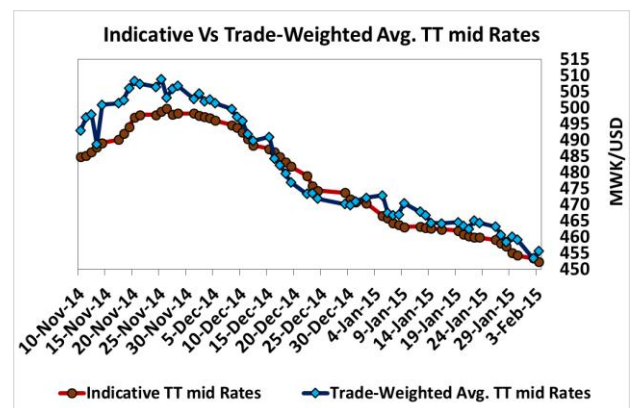
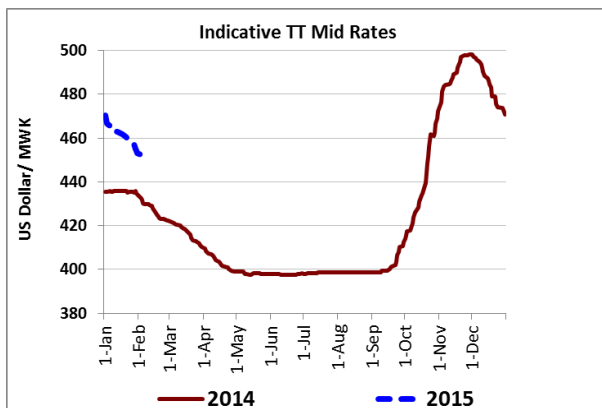


## iii. Exchange Rate Developments

	27 Jan 2015	28 Jan 2015	29 Jan 2015	30 Jan 2015	02 Feb 2015	03 Feb 2015	Today Indicative
USD/MWK	460.5900	458.3693	460.0411	459.1040	453.2797	455.5389	451.8805
GBP/MWK	704.2443	685.5671	699.9708	677.7144	686.1341	673.0178	685.3220
EUR/MWK	515.4937	520.5425	514.0058	517.7400	513.8260	508.2993	518.8040
ZAR/MWK	40.5417	40.1752	39.9328	40.1694	39.1716	39.8847	39.7066

**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 GBP and the EUR but depreciated against the USD and the ZAR yesterday. Indicatively, the Malawi Kwacha is expected to trade at around MK451.8805 against the USD today.



## B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
27 <sup>th</sup> January 2015	6.45%	-	-	-	26.77%	27.00%	26.99%
3 <sup>rd</sup> February 2015	6.50%	-	-	-	27.00%	27.00%	26.99%
Change in yield (bp)	05	-	-	-	23	0	0

**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.