



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 26 February 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 27 th February 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-8,415	4,000
Estimated Excess Reserves	14,924	15,036
Required Reserves	73,131	73,131

Known Projected Transactions

	Week ending 27 th Feb 2015	Week ending 6 th Mar 2015	Week ending 13 th Mar 2015	February 2015	March 2015
Maturity of normal TBs/TNs/PNs	6,070	571	3,825	28,067	45,958
Maturity of OMO	-	-	-	-	-

Commentary:

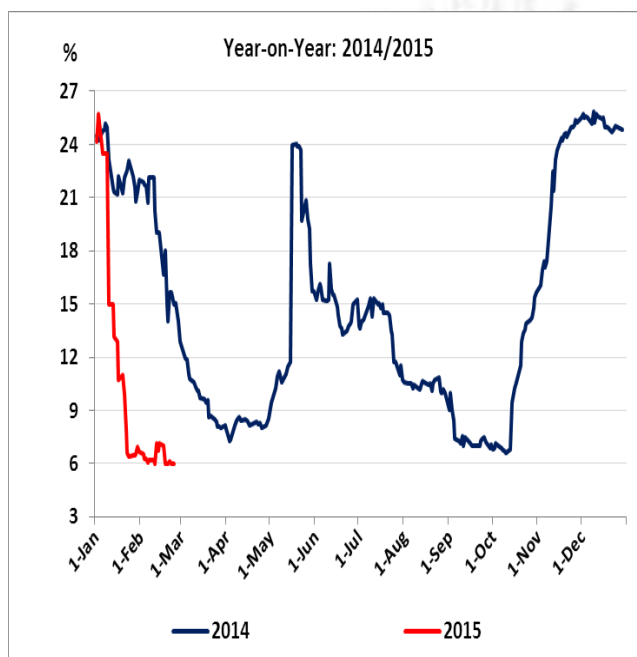
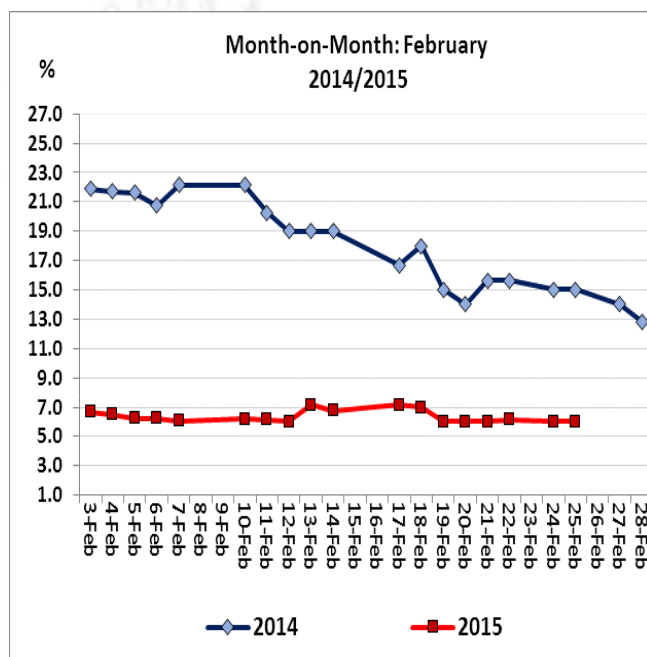
- Excess reserves are estimated to close at K14.92 billion today from K23.34 billion recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	500	6.00
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	1,000	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volumes on the interbank market went down to K500 million yesterday from K3.0 billion recorded on Tuesday, 24th February 2015.
- The overnight interbank market rate (IBR) stood at 6.00 percent, the same rate that was recorded during the preceding day.
- A total of K1.0 billion was accessed on the Lombard Facility yesterday.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

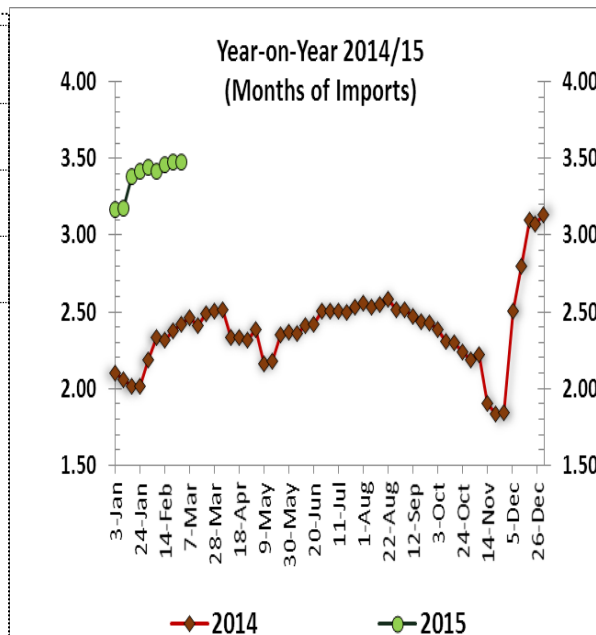
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
13 th February 2015	661.04	3.46
20 th February 2015	665.54	3.48
24 th February 2015	664.72	3.48

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

Commentary:

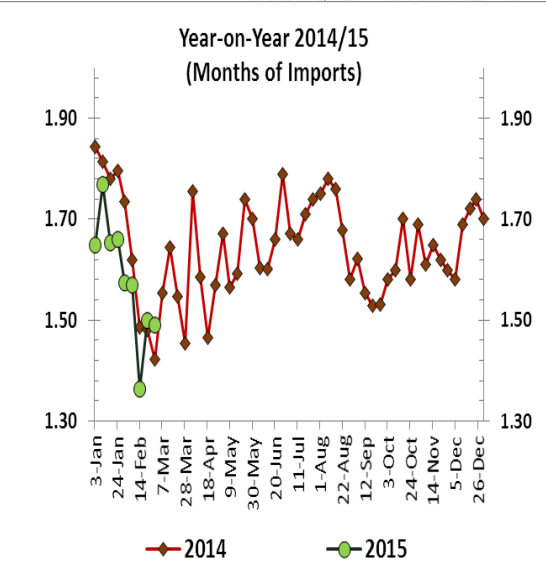
- Gross Official Reserves increased during the week ending 20th February 2015 compared to the preceding week. The gross official reserves stood at US\$664.72 million (3.48 months of imports) as of Tuesday, 24th February 2015.



ii. Private Sector Foreign Exchange Reserves

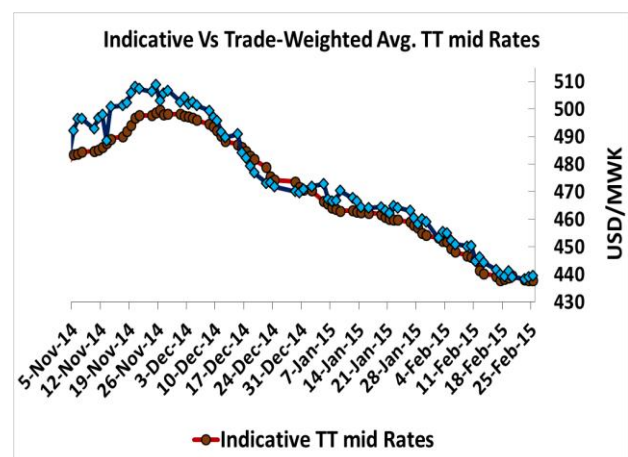
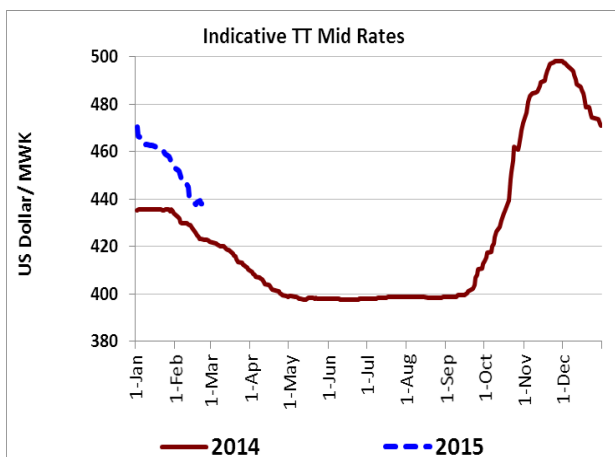
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
13 th February 2015	-6.49	266.98	260.49	1.36
20 th February 2015	-12.71	299.54	286.84	1.50
24 th February 2015	-10.43	295.60	285.17	1.49
* 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	
13 th February 2015	40.08		45.74	
20 th February 2015	36.11		40.60	
Yesterday	7.10		7.62	
Commentary:				
<ul style="list-style-type: none">ADB's sold US\$40.60 million to the market and monetary authorities against purchases of US\$36.11 million during the week ending 20th January 2015. On 25th February, 2015, ADB's bought US\$7.10 million and sold US\$7.62 million.				



iii. Exchange Rate Developments

	18 Feb 2015	19 Feb 2015	20 Feb 2015	23 Feb 2015	24 Feb 2015	25 Feb 2015	Today Indicative
USD/MWK	439.3902	441.3344	439.1396	438.3400	439.1440	439.4510	437.8525
GBP/MWK	674.0933	666.1879	691.3664	665.4119	678.8561	674.4904	679.8974
EUR/MWK	504.2919	497.3587	500.2368	498.8713	499.0788	497.0621	497.4442
ZAR/MWK	37.5217	37.6407	37.8007	37.6407	37.7097	38.3730	38.2364
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 depreciated against the USD and the ZAR yesterday and appreciated against the GBP and the EUR. Indicatively, the Malawi Kwacha is expected to trade at around MK437.8525 against the USD today.							



B. MONEY MARKET YIELD CURVE

	Overnight	07 days	14 days	30 days	91 days	182 days	364 days
17 th February 2015	7.00%	-	-	-	26.96%	26.47%	26.94%
24 th February 2015	6.00%	-	-	-	26.65%	26.99%	26.81%
Change in yield (bp)	-100	-	-	-	-31	52	-13

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.