



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 04 March 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 6 th March 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-1,389	-5,257
Estimated Excess Reserves	9,444	5,760
Required Reserves	73,131	73,131

Known Projected Transactions

	Week ending 6 th Mar 2015	Week ending 13 th Mar 2015	Week ending 20 th Mar 2015	March 2015	April 2015
Maturity of normal TBs/TNs/PNs	8,907	4,082	15,953	45,958	39,610
Maturity of OMO	-	-	-	-	-

Commentary:

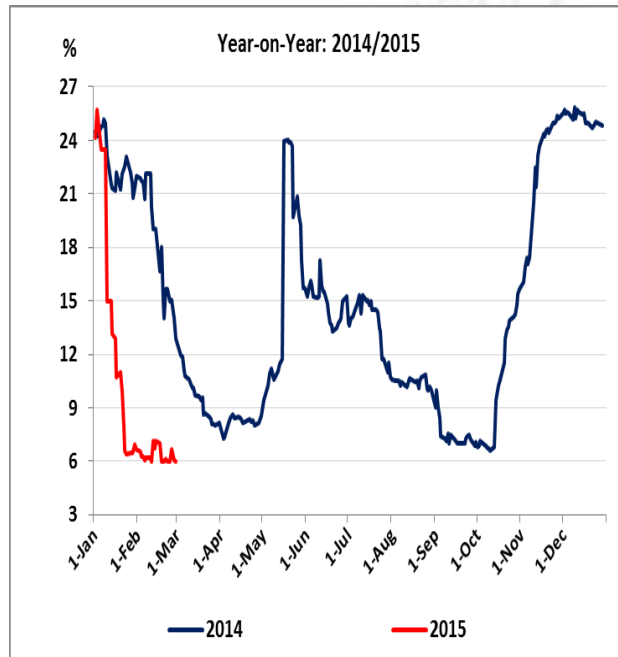
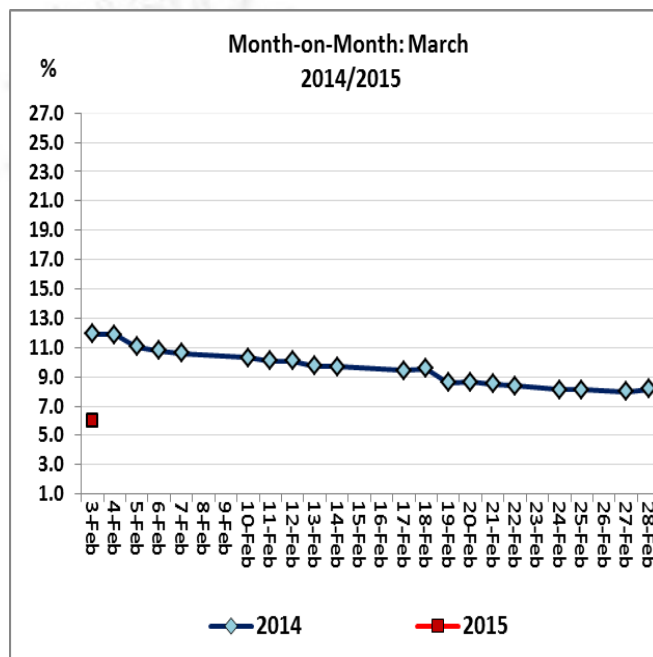
- Excess reserves are estimated to close at K9.44 billion today from K10.83 billion recorded on Monday, 2nd March 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	3,900	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	2,500	27.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market rose to K3.90 billion on Monday, 2nd March 2015 from K750 million recorded on Friday, 27th February 2015.
- The overnight interbank market rate (IBR) dropped 8 basis points and closed at 6.00 percent on Monday, 2nd March 2015.
- A total of K2.5 billion was accessed on the Lombard Facility on Monday, 2nd March 2015.

A. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

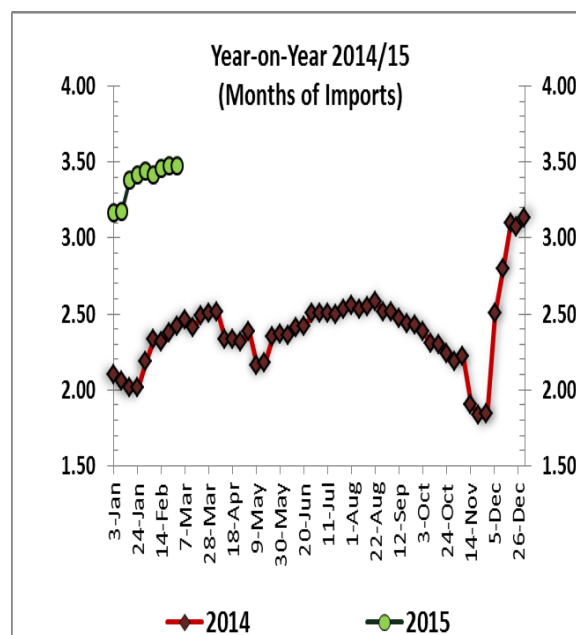
(Foreign reserves under the direct control of the Central Bank)

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
27 th February 2015	665.39	3.48

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

Commentary:

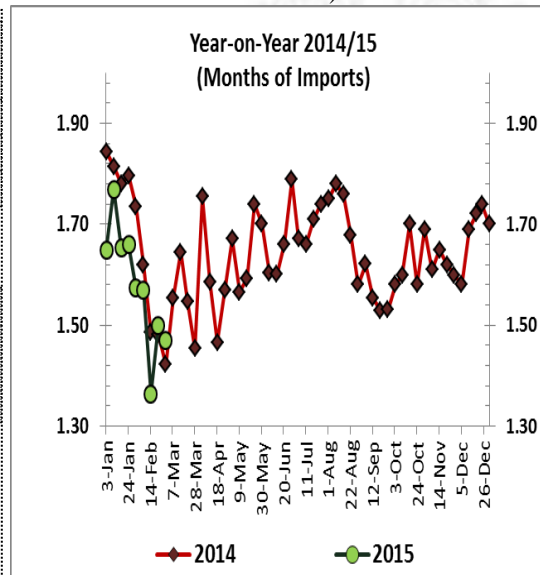
- Gross Official Reserves were almost unchanged during the week ending 27th February 2015 compared to the preceding week. The gross official reserves stood at US\$665.39 million (3.48 months of imports) as of Friday, 27th February 2015.



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
27 th February 2015	-10.24	291.94	281.70	1.47
* 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	
20 th February 2015	36.11		40.60	
27 th February 2015	53.86		51.01	
As at 2 nd March 2015	6.45		5.70	
Commentary:				
• ADBs sold US\$51.01 million to the market and monetary authorities against purchases of US\$53.86 million during the week ending 27 th January 2015. On 2 nd March, 2015, ADBs bought US\$6.45 million and sold US\$5.70 million.				

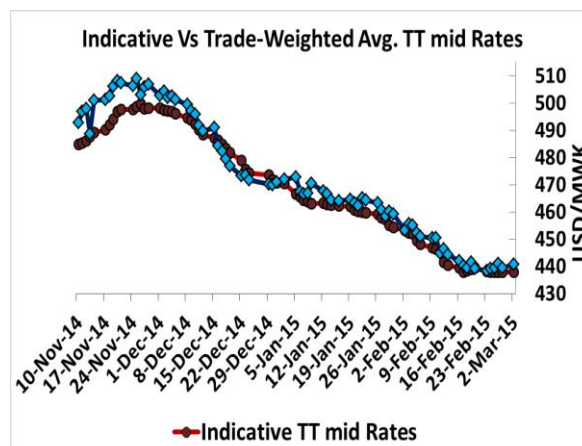
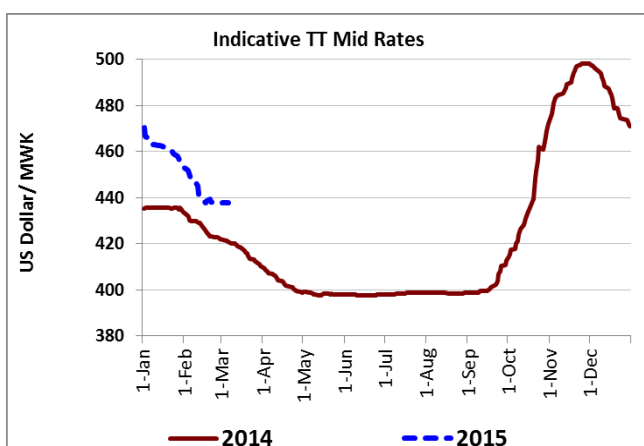


iii. Exchange Rate Developments

	23 Feb 2015	24 Feb 2015	25 Feb 2015	26 Feb 2015	27 Feb 2015	02 Mar 2015	Today Indicative
USD/MWK	438.3400	439.1440	439.4510	440.8157	439.4153	440.6404	437.8525
GBP/MWK	665.4119	678.8561	674.4904	679.8187	679.4602	667.2161	672.5852
EUR/MWK	498.8713	499.0788	497.0621	501.5305	490.0537	493.5499	489.3440
ZAR/MWK	37.6407	37.7097	38.3730	38.8575	38.3090	38.2482	37.2409

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 ZAR and depreciated against the USD and the EUR on Monday, 2nd March 2015. 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
24th February 2015	6.00%	-	-	-	26.65%	26.99%	26.81%
2nd March 2015	6.00%	-	-	-	26.88%	27.00%	27.00%
Change in yield (bp)	0	-	-	-	23	01	19

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.