



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 23 April 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 24 <sup>th</sup> April 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-5,833	-8,177
Estimated Excess Reserves	1,312	939
Required Reserves	72,463	72,463

#### Known Projected Transactions

	Week ending 24 <sup>th</sup> Apr 2015	Week ending 01 <sup>st</sup> May 2015	Week ending 8 <sup>st</sup> May 2015	April 2015	May 2015
Maturity of normal TBs/TNs/PNs	11,715	5,980	6,690	45,201	23,016
Maturity of OMO	-	-	367	-	-

#### Commentary:

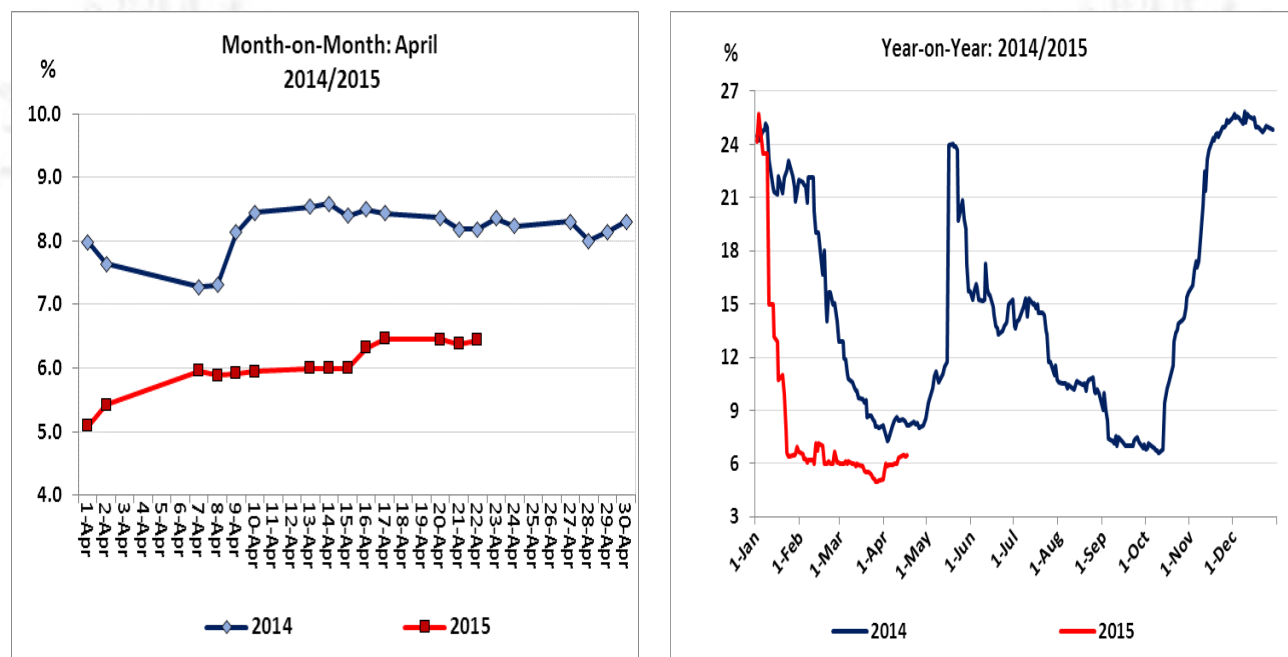
- Excess reserves are estimated to close at K1.31 billion today from K6.97 billion recorded yesterday, 22<sup>nd</sup> April 2015.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,200	6.44
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>	1,500	27.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market declined to K4.20 billion on Wednesday, 22<sup>nd</sup> April 2015, from K4.40 billion recorded during the preceding day.
- The overnight interbank market rate (IBR) gained 08 basis point and settled at 6.44 percent.
- K1.5 billion was accessed on the Lombard Facility yesterday, 22<sup>nd</sup> April 2015.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

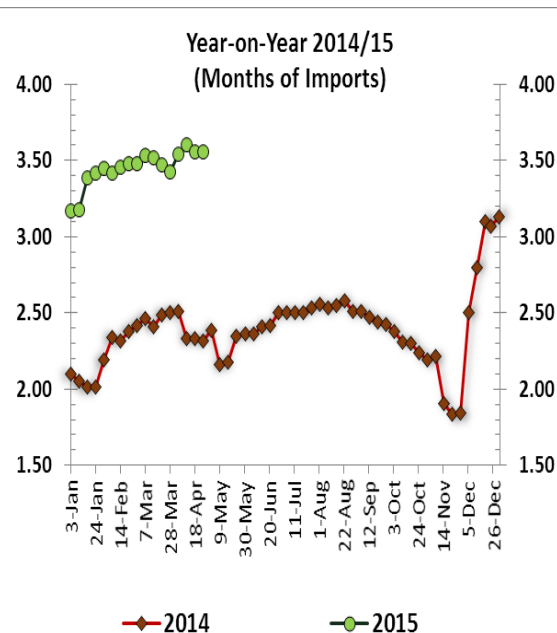
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
10 <sup>th</sup> April 2015	688.95	3.61
17 <sup>th</sup> April 2015	680.18	3.56
21 <sup>st</sup> April 2015	679.12	3.56

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

### Commentary:

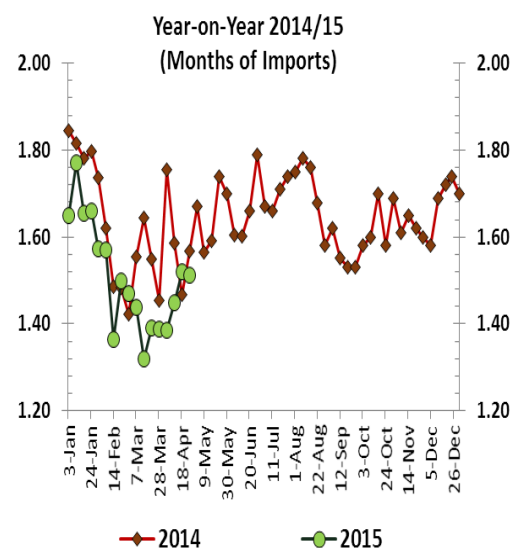
- Gross Official Reserves decreased during the week ending 17<sup>th</sup> April 2015 compared to the preceding week. The gross official reserves stood at US\$679.12 million (3.56 months of imports) as of 21<sup>st</sup> April 2015.



## 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)
10 <sup>th</sup> April 2015	-14.07	290.55	276.48	1.45
17 <sup>th</sup> April 2015	-13.15	303.60	290.44	1.52
21 <sup>st</sup> April 2015	-16.35	305.23	288.88	1.51
* 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		
10 <sup>th</sup> April 2015	28.27	28.49		
17 <sup>th</sup> April 2015	30.89	39.15		
On 22 <sup>nd</sup> April 2015	8.21	6.07		
Commentary:				
• ADBs bought US\$30.89 million from the market against sales of US\$39.15 million during the week ending 17 <sup>th</sup> April 2015. On Wednesday, 22 <sup>nd</sup> April 2015, ADBs bought US\$8.21 million and sold US\$6.07 million.				

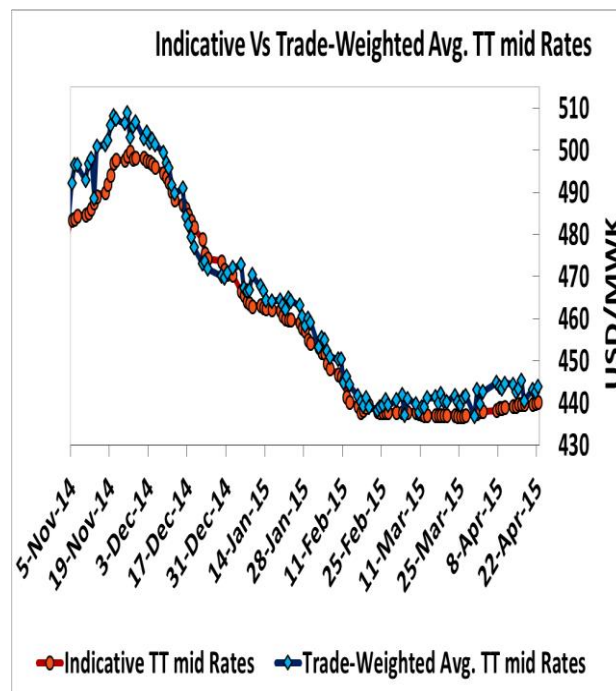
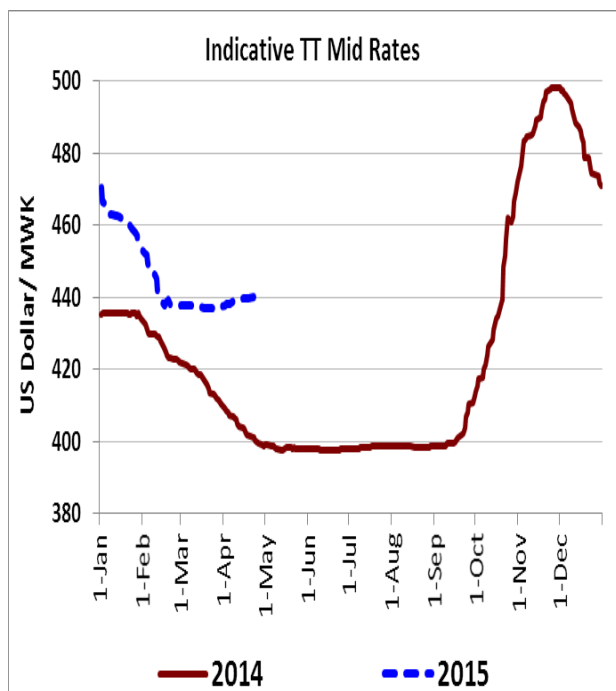


## iii. Exchange Rate Developments

	15 Apr 2015	16 Apr 2015	17 Apr 2015	20 Apr 2015	21 Apr 2015	22 Apr 2015	Today Indicative
MWK/USD	443.4027	445.2177	440.3948	443.2004	442.6964	443.7599	440.2204
MWK/GBP	654.6758	649.9277	655.0125	657.1132	660.9313	666.2951	661.9594
MWK/EUR	467.3052	472.1207	473.2286	474.2040	475.3737	475.0354	472.1364
MWK/ZAR	37.8146	37.3272	37.5366	37.6558	37.6580	36.9344	36.0231

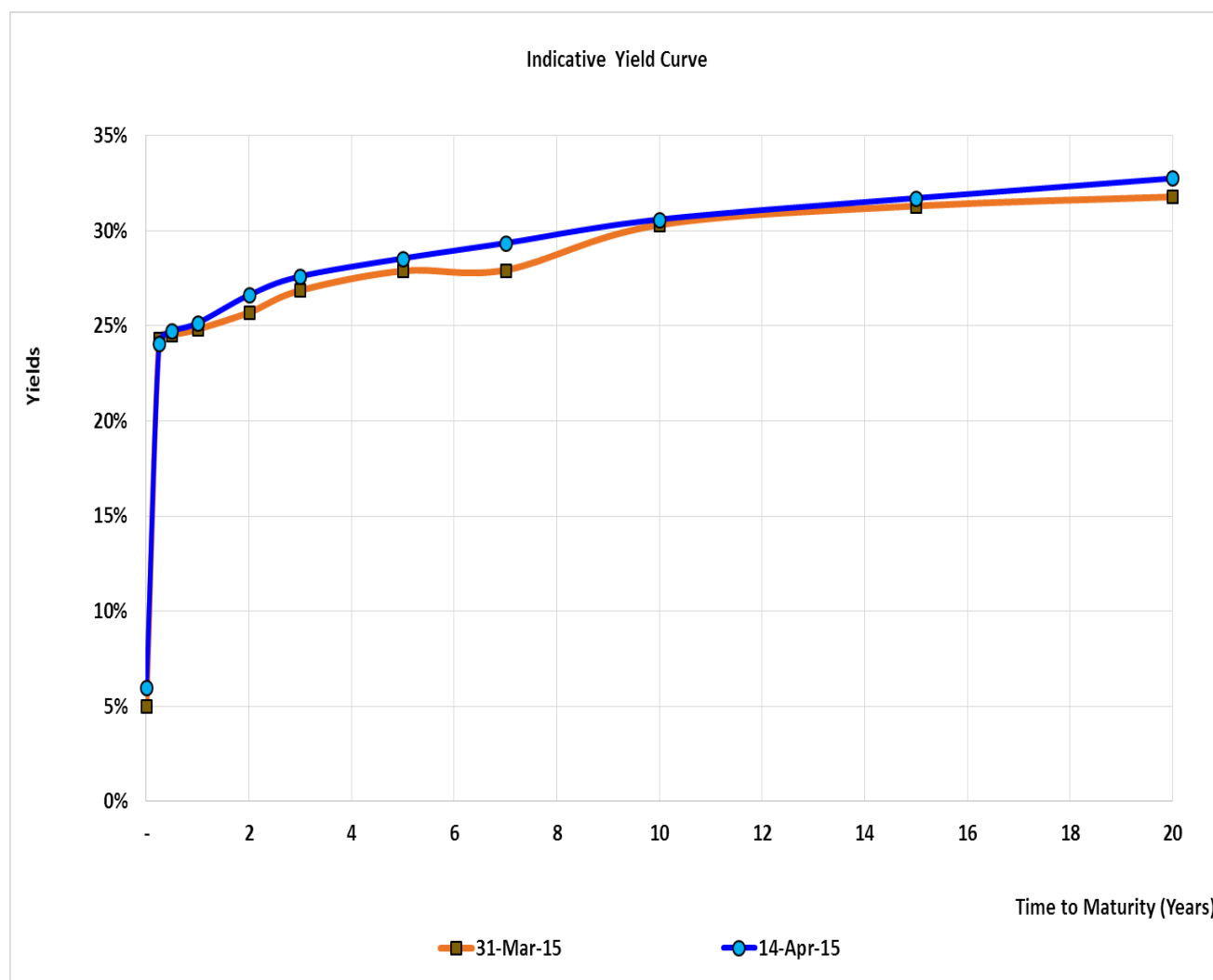
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative based on market consensus

**Commentary:** The Kwacha depreciated against the USD, and the GBP on Wednesday, 22<sup>nd</sup> April 2015 and appreciated against the EUR, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around MK440.2204 against the USD today.



#### D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

	Overnight	91 days	182 days	364 days	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
<b>31<sup>st</sup> March 2015</b>	5.03%	24.30%	24.52%	24.82%	25.70%	26.86%	27.89%	27.93%	30.31%	31.30%	31.78%
<b>07<sup>th</sup> April 2015</b>	5.96%	24.22%	24.85%	25.15%	-	-	-	-	-	-	-
<b>14<sup>th</sup> April 2015</b>	6.00%	24.06%	24.72%	25.15%	26.61%	27.60%	28.54%	29.35%	30.59%	31.72%	32.75%
<b>21<sup>st</sup> April 2015</b>	6.38%	24.18%	24.25%	25.17%	-	-	-	-	-	-	-
<b>31 Mar - 14 Apr 2015 Change in yield (bp)</b>	97	-24	20	33	91	74	65	142	28	42	97



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