



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 28 September 2015

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 02 October 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	55	15,977
Estimated Excess Reserves	9,315	25,237
Required Reserves	44,883	44,883

Known Projected Transactions

	Week ending 02 nd Oct 2015	Week ending 09 th Oct 2015	Week ending 16 th Oct 2015	Sept 2015	Oct 2015
Maturity of normal TBs/TNs/PNs	22,943	9,444	1,662	32,399	47,929
Maturity of OMO	1,237	-	-	38,269	1,237

Commentary:

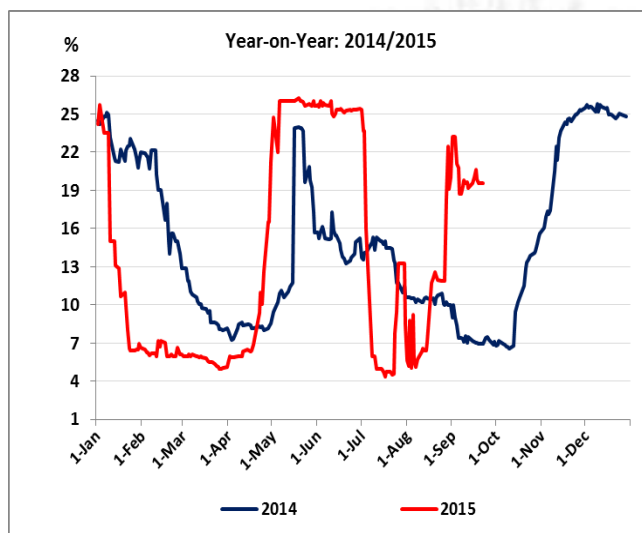
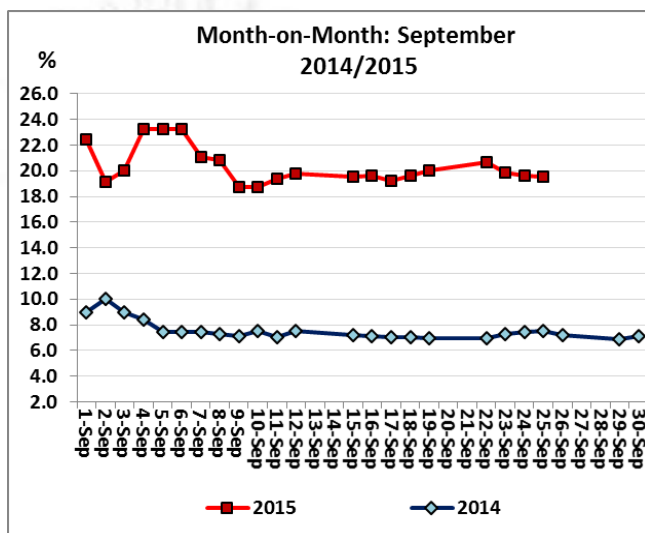
- Excess reserves are estimated to close at K9.32 billion today from K9.26 billion recorded on Friday, 25th September 2015.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,010	19.54
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 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 volume on the interbank market increased to K8.01 billion on Friday, 25th September 2015 from K6.24 billion recorded on Thursday, 24th September 2015.
- The (overnight) interbank market rate (IBR) dropped by 06 basis points and closed at 19.54 percent.
- No access on the Lombard Facility was recorded last Friday.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

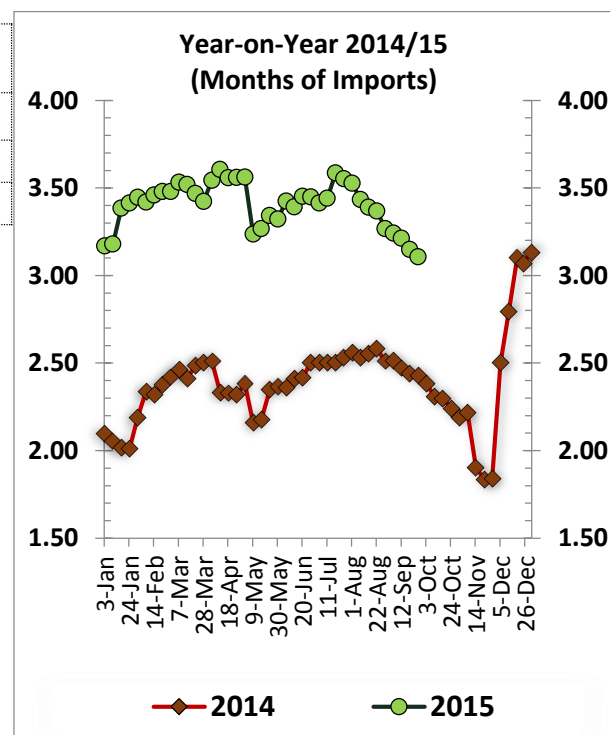
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
11 th September 2015	671.17	3.21
18 th September 2015	658.30	3.15
24 th September 2015	649.47	3.11

* US\$209.0 million per month is used in this calculation

Commentary:

- Gross official reserves dropped during the week ending 18th September 2015 compared to the preceding weeks this month as monetary authorities continue the sale of foreign exchange to the market in support of importation of strategic commodities. As at 24th September 2015, gross official reserves stood at US\$649.47 million (3.11 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)
11 th September 2015	6.09	305.68	311.77	1.49
18 th September 2015	3.94	335.93	339.87	1.63
24 th September 2015	10.34	327.98	338.32	1.62

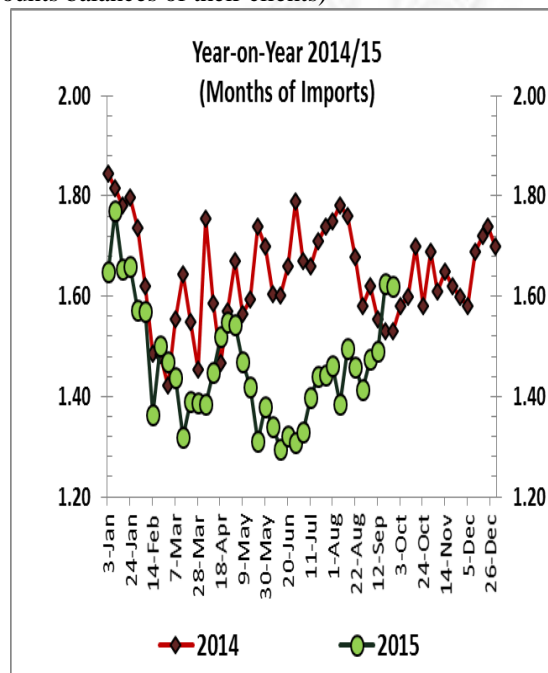
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 th September 2015	33.26	37.19
25 th September 2015	47.78	48.82
On 25 th September 2015	8.02	12.06

Commentary:

- During the week ending 25th September 2015, ADBs purchased US\$47.78 million from the market and sold US\$48.82 million. On 25th September 2015 alone, ADBs purchased US\$8.02 million and sold US\$12.06 million.

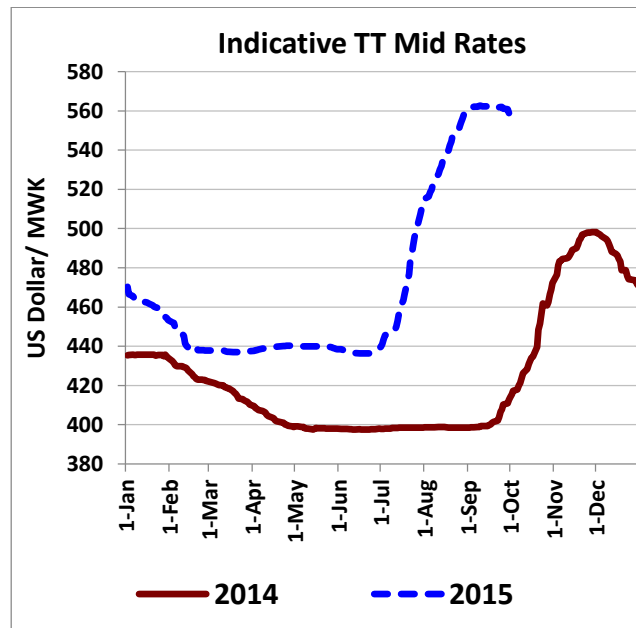
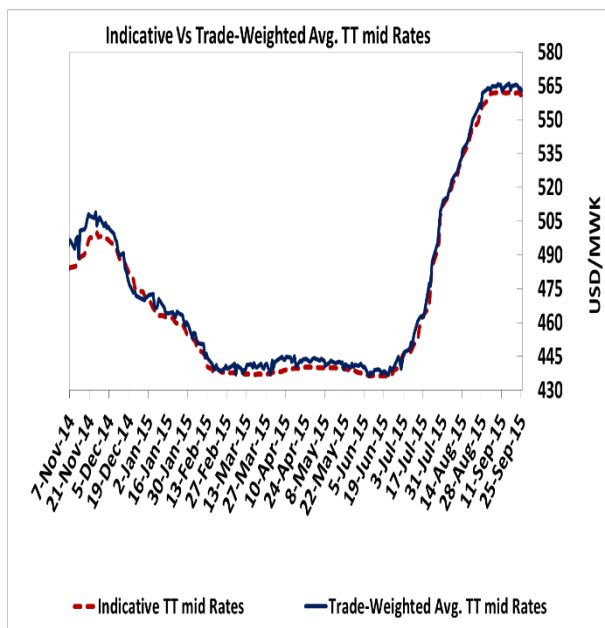


iii. Exchange Rate Developments

	18 Sept 2015	21 Sept 2015	22 Sept 2015	23 Sept 2015	24 Sept 2015	25 Sept 2015	Today Indicative
MWK/USD	564.9815	565.3611	565.1924	563.9228	563.9111	563.0140	558.8934
MWK/GBP	880.6527	877.6731	879.2408	866.4406	866.5599	856.9376	848.9032
MWK/EUR	646.9342	640.5676	630.6417	628.4459	631.2846	627.7862	625.7371
MWK/ZAR	42.1910	42.6420	42.3569	41.2246	41.3585	41.0456	40.3422

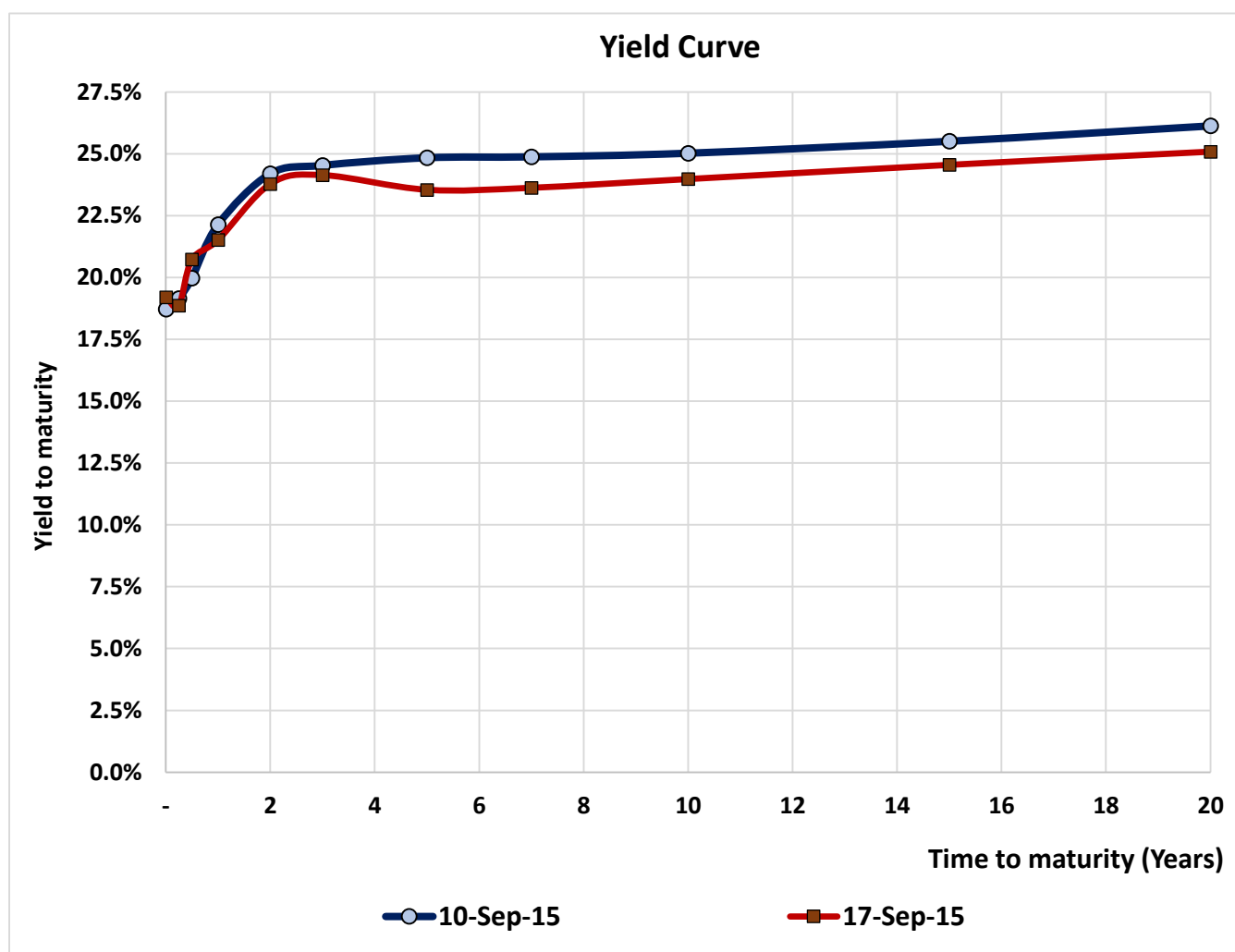
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: The Kwacha appreciated against the USD, the GBP, the EUR and the ZAR on Friday, 25th September 2015. Indicatively, the Malawi Kwacha is expected to trade around K558.8934 against the USD today.



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

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
06 th August 2015	9.53%	20.22%	22.00%	23.02%	23.62%	21.80%	24.12%	22.41%	24.55%	25.17%	25.65%
13 th August 2015	5.72%	18.55%	19.73%	23.07%	23.49%	20.97%	20.64%	20.81%	21.51%	22.16%	22.55%
20 th August 2015	7.10%	17.21%	18.57%	20.81%	21.80%	21.22%	20.31%	19.85%	20.74%	21.76%	21.87%
27 th August 2015	11.98%	17.66%	19.25%	20.76%	22.75%	24.26%	21.85%	22.01%	22.92%	23.97%	24.62%
03 rd September 2015	20.00%	19.20%	20.18%	21.48%	23.11%	24.46%	23.32%	23.46%	24.10%	24.70%	25.24%
10 th September 2015	18.72%	19.15%	19.98%	22.14%	24.20%	24.54%	24.84%	24.88%	25.03%	25.51%	26.13%
17 th September 2015	19.20%	18.86%	20.72%	21.52%	23.78%	24.14%	23.54%	23.62%	23.98%	24.55%	25.08%
17 Sep-10 Sept 2015 Change in Yield (Bp)	48	-29	75	-63	-42	-40	-130	-126	-105	-96	-105



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