



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 10 November 2015

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 13 November 2015
Projected Transactions (+= Net injection / - = Net withdrawal)	-11,784	-12,213
Estimated Excess Reserves	-4,383	-2,059
Required Reserves	45,563	45,563

#### Known Projected Transactions

	Week ending 13 <sup>th</sup> Nov 2015	Week ending 20 <sup>th</sup> Nov 2015	Week ending 27 <sup>th</sup> Nov 2015	Nov 2015	Dec 2015
Maturity of normal TBs/TNs/PNs	1,807	1,491	1,126	11,335	37,482
Maturity of OMO	886	13,741	5,293	30,265	33,255

#### Commentary:

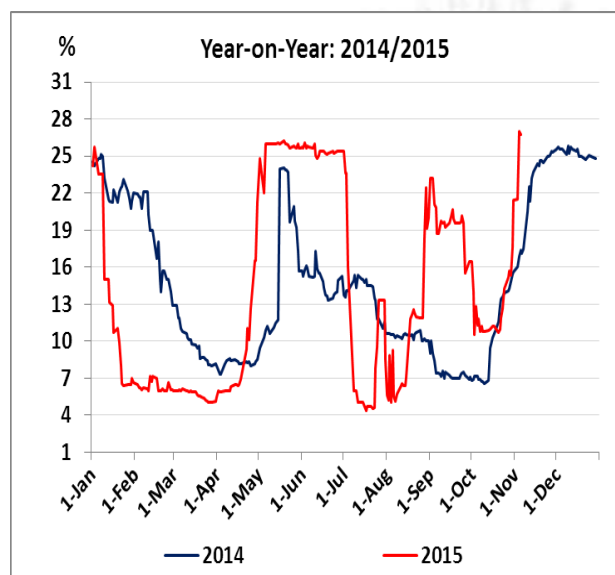
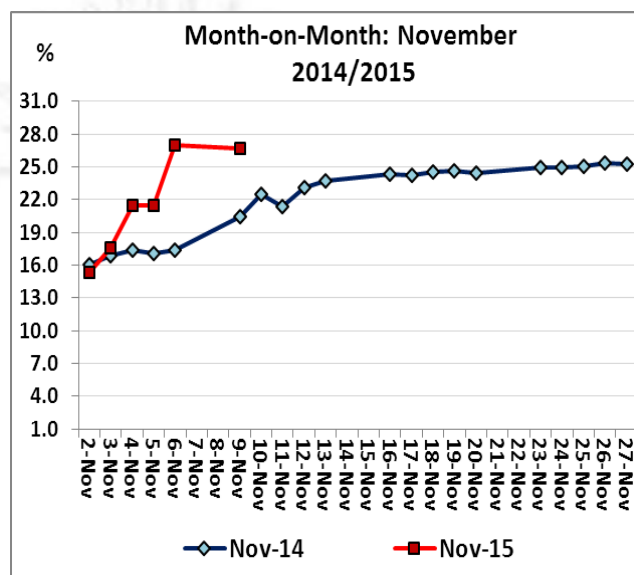
- Excess reserves are estimated to close at negative K4.38 billion today from K7.40 billion recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,130	26.73
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
6 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	11,830	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market stood at K1.13 billion yesterday compared to K300 million recorded on Friday, 06<sup>th</sup> November 2015.
- The (overnight) interbank market rate (IBR) declined to 26.73 percent from 27.00 percent observed last week on Friday.
- K11.83 billion was accessed on the Lombard Facility on Monday, 09<sup>th</sup> November 2015.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

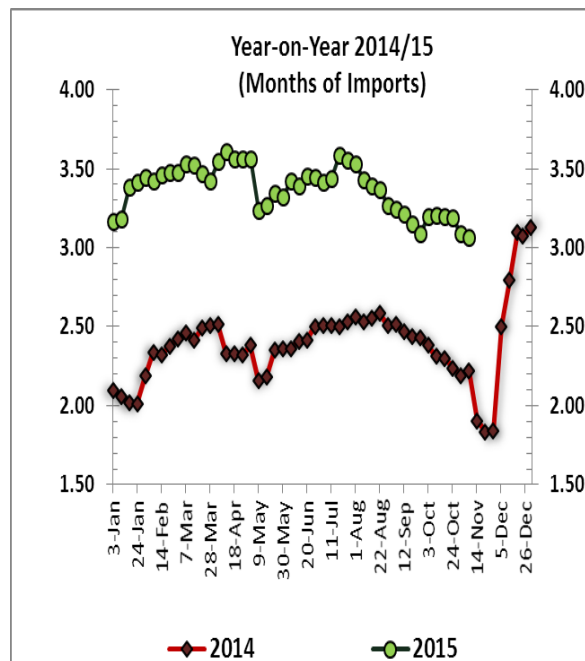
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
23 <sup>rd</sup> October 2015	666.36	3.19
30 <sup>th</sup> October 2015	646.14	3.09
06 <sup>th</sup> November 2015	641.60	3.07

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

### Commentary:

- Gross official reserves declined during the week ending 06<sup>th</sup> November 2015 compared to the preceding week. The gross official reserves stood at US\$641.60 million (3.07 months of imports) on 06<sup>th</sup> November 2015 from US\$646.14 million (3.09 months of imports) that was recorded by the end of October 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> October 2015	0.25	303.93	304.18	1.46
30 <sup>th</sup> October 2015	1.30	299.96	301.26	1.44
06 <sup>th</sup> November 2015	3.72	310.28	314.01	1.50

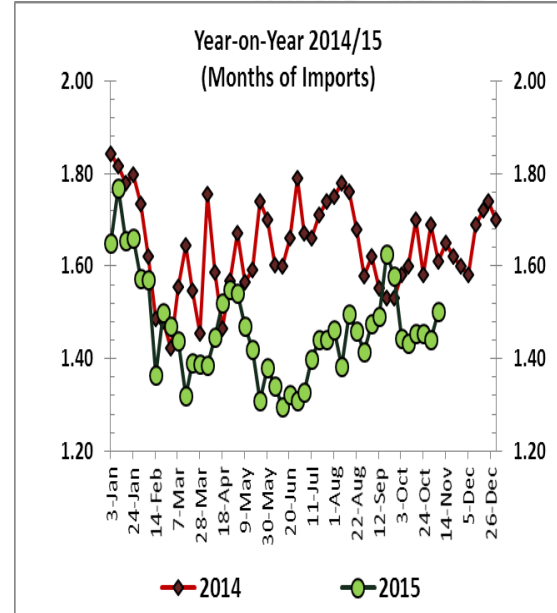
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**ADB's FOREIGN EXCHANGE TRADING ACTIVITY**

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
30 <sup>th</sup> October 2015	37.83	37.53
06 <sup>th</sup> November 2015	24.95	23.54
On 09 <sup>th</sup> November 2015	1.91	2.62

**Commentary:**

- During the week ending 06<sup>th</sup> November 2015, ADBs purchased US\$24.95 million from the market and sold US\$23.54 million. On 09<sup>th</sup> November 2015, ADBs purchased US\$1.91 million and sold US\$2.62 million.

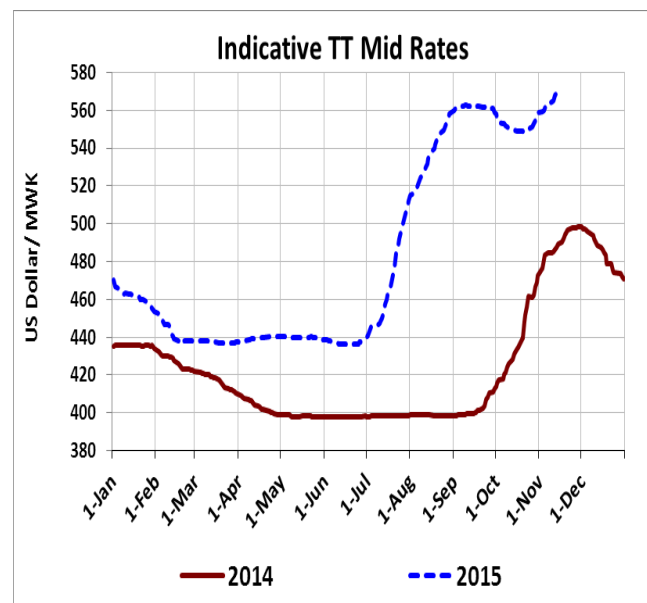
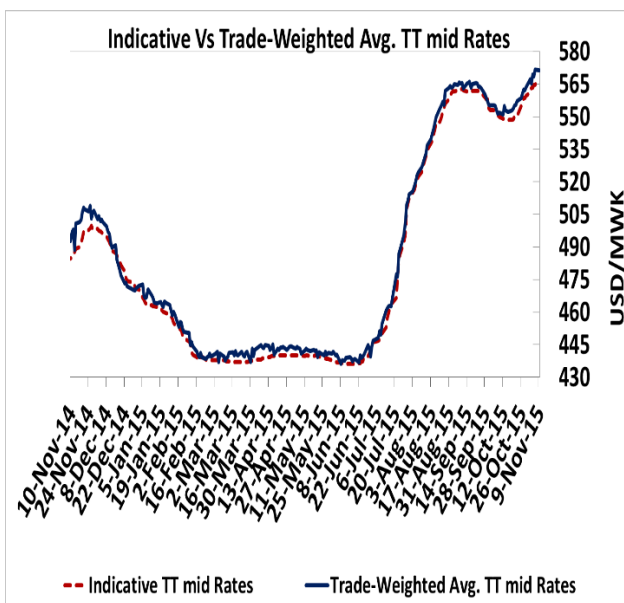


## iii. Exchange Rate Developments

	02 Nov 2015	03 Nov 2015	04 Nov 2015	05 Nov 2015	06 Nov 2015	09 Nov 2015	Today Indicative
<b>MWK/USD</b>	567.0851	565.2053	569.2354	568.3992	571.4880	571.2169	569.1422
<b>MWK/GBP</b>	872.8359	870.7159	876.6792	872.9374	863.9957	859.7139	860.2584
<b>MWK/EUR</b>	623.9676	621.5301	621.0117	618.8566	620.8001	613.7401	611.9417
<b>MWK/ZAR</b>	41.0149	41.1463	41.3220	40.9872	40.9806	40.7682	39.7996

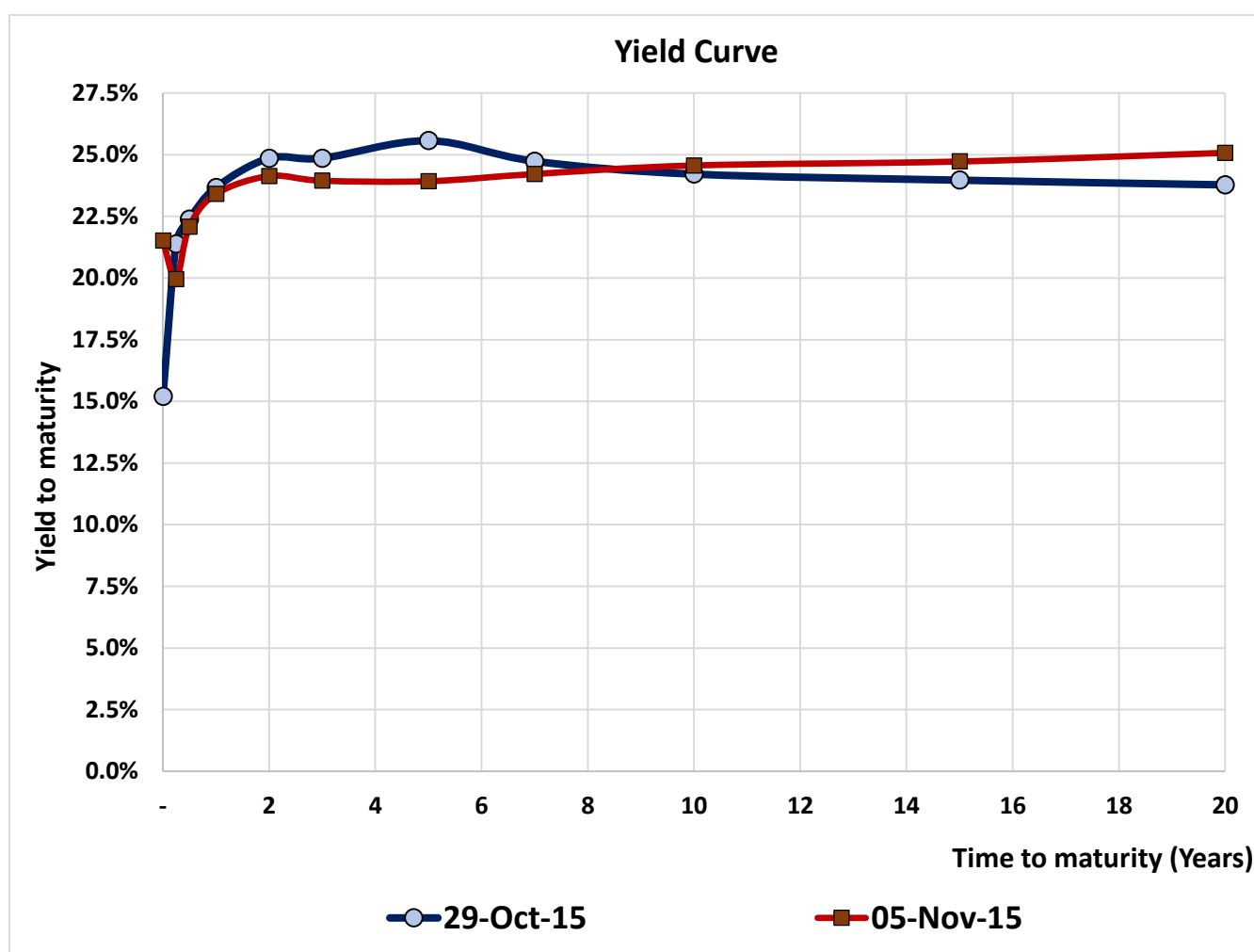
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

**Commentary:** On Monday, 09<sup>th</sup> November 2015, the Kwacha appreciated against the USD, the EUR, the GBP, and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K569.1422 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
03 <sup>rd</sup> 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 <sup>th</sup> 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 <sup>th</sup> September 2015	19.20%	18.86%	20.72%	21.52%	23.78%	24.14%	23.54%	23.62%	23.98%	24.55%	25.08%
24 <sup>th</sup> September 2015	19.60%	19.19%	20.34%	22.98%	23.85%	24.60%	24.29%	24.53%	25.00%	25.49%	26.09%
01 <sup>st</sup> October 2015	15.50%	19.52%	21.09%	22.75%	24.16%	24.41%	25.00%	24.60%	24.38%	24.35%	24.43%
08 <sup>th</sup> October 2015	11.32%	20.21%	20.51%	22.27%	23.39%	22.61%	22.72%	22.80%	23.41%	24.66%	25.43%
15 <sup>th</sup> October 2015	10.76%	19.88%	21.59%	21.78%	23.66%	24.24%	23.31%	23.60%	24.53%	25.38%	26.00%
22 <sup>nd</sup> October 2015	10.68%	21.32%	23.38%	23.61%	23.82%	22.36%	22.54%	22.43%	22.75%	23.17%	23.47%
29 <sup>th</sup> October 2015	15.20%	21.38%	22.38%	23.67%	24.85%	24.86%	25.57%	24.73%	24.21%	23.97%	23.78%
05 <sup>th</sup> November 2015	21.51%	19.95%	22.07%	23.41%	24.13%	23.94%	23.93%	24.22%	24.56%	24.72%	25.08%
05 Nov-29 Oct 2015 Change in Yield (Bp)	631	-143	-31	-26	-72	-92	-164	-51	35	75	130



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