



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 26 January 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 29 th January 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	1,751	9,362
Estimated Excess Reserves	4,887	-2,533
Required Reserves	51,333	51,333

Known Projected Transactions

	Week ending 29 th Jan 2016	Week ending 05 th Feb 2016	Week ending 12 th Feb 2016	Feb 2016	Mar 2016
Maturity of normal TBs/TNs/PNs	4,785	3,804	10,715	27,695	60,504
Maturity of OMO	5,713	1,992	12,013	20,083	20,111

Commentary:

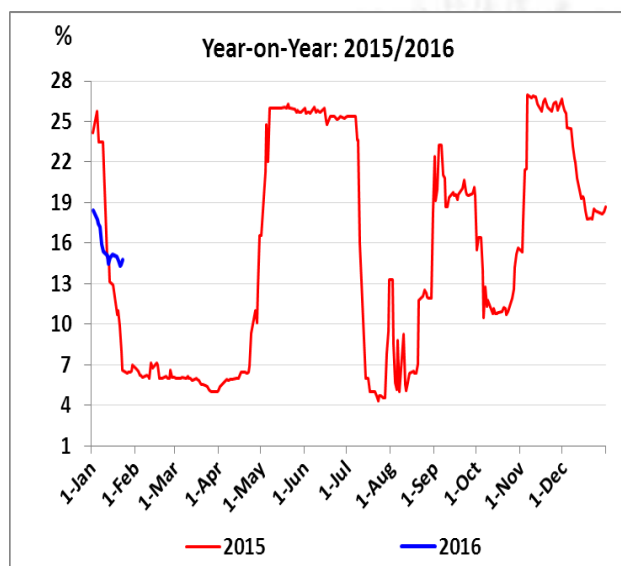
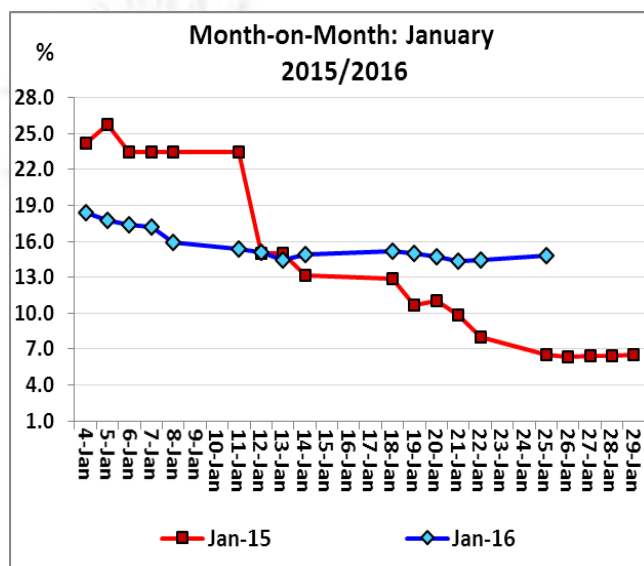
- Excess reserves are estimated to close at K4.89 billion today from K9.22 billion recorded that was recorded yesterday, 25th January 2016.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	9,210	14.80
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Outright Purchase of Securities	-	-
(c) Access on the Lombard Facility	1,800	29

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased yesterday to K9.21 billion from K3.73 billion recorded on Friday, 22nd January 2016.
- The overnight interbank market rate (IBR) increased to 14.80 percent from 14.43 percent recorded on 22nd January 2016.
- K1.80 billion was accessed from the Lombard Facility on 25th January 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

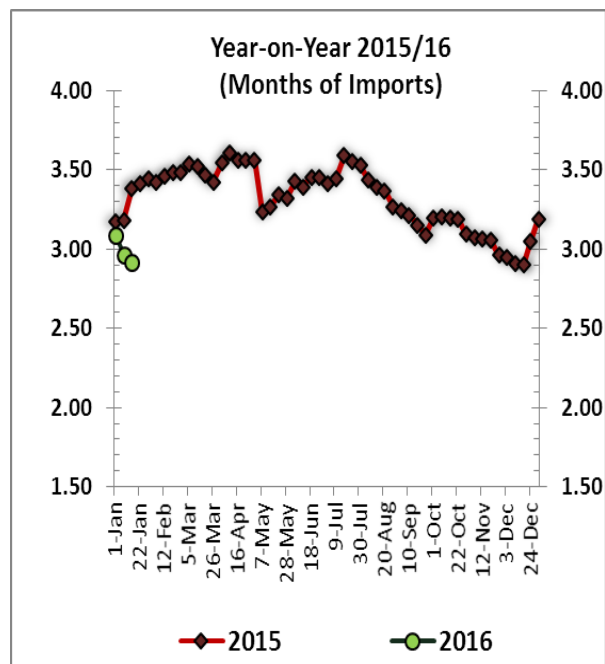
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
08 th January 2016	645.24	3.09
14 th January 2016	618.53	2.96
22 nd January 2016	610.19	2.92
25 th January 2016	612.74	2.93

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

Commentary:

- Gross official reserves declined during the week ending 22nd January 2016 compared to the preceding week mainly on account of sales to the market. The gross official reserves increased slightly to US\$612.74 million (2.93 months of imports) as at 25th January 2016.



ii. Private Sector Foreign Exchange Reserves

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

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
08 th January 2016	3.35	323.04	326.38	1.56
14 th January 2016	1.78	322.68	324.46	1.55
22 nd January 2016	2.23	324.09	326.32	1.56

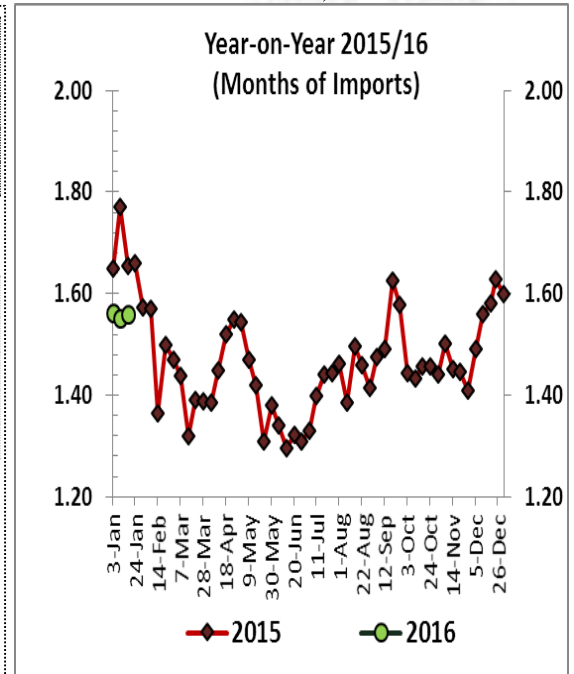
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
08 th January 2016	42.69	43.47
14 th January 2016	32.07	33.80
22 nd January 2016	26.93	28.96
On 25 th January 2016	4.95	4.04

Commentary:

- During the week ending 22nd January 2016, ADB's purchased a total of US\$26.93 million from the market and sold US\$28.96 million. On 25th January 2016, ADB's purchased US\$4.95 million from the market and sold US\$4.04 million.

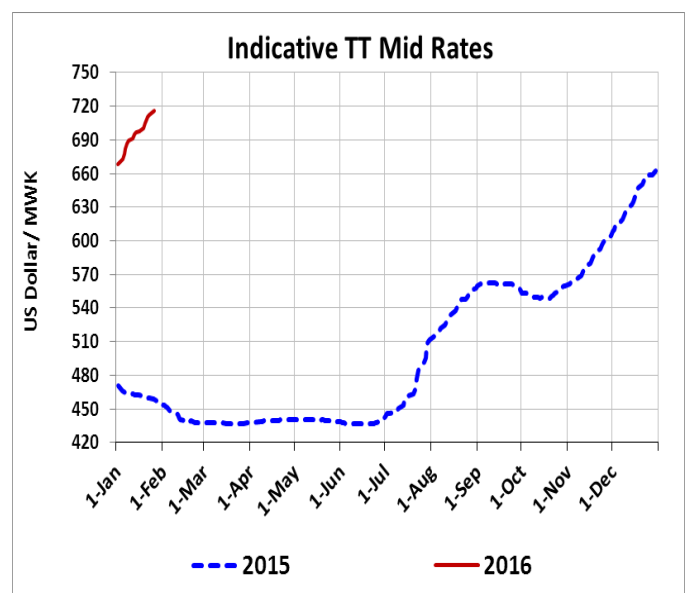
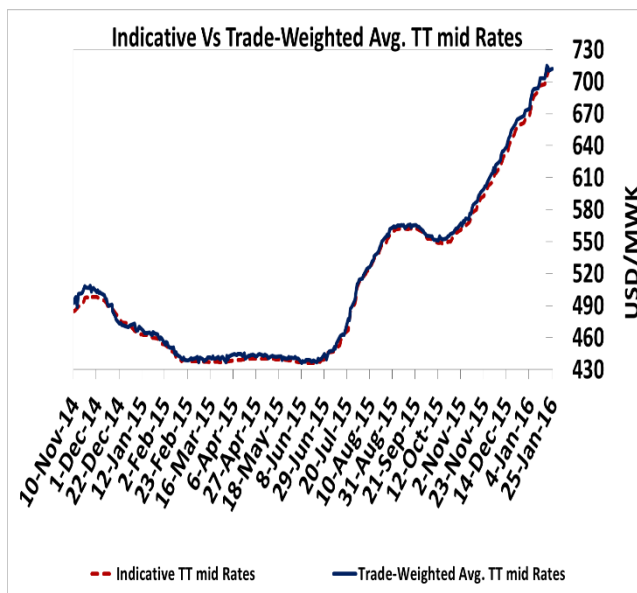


iii. Exchange Rate Developments

	18 Jan 2016	19 Jan 2016	20 Jan 2016	21 Jan 2016	22 Jan 2016	25 Jan 2016	Today Indicative
MWK/USD	703.2752	706.8649	714.7828	713.0785	715.7311	721.9608	715.9792
MWK/GBP	1,003.8208	1,002.7982	993.1369	1,018.6182	1,015.9175	1,031.5985	1,020.1988
MWK/EUR	764.0616	766.5964	776.6255	773.2573	765.0303	774.7292	776.7658
MWK/ZAR	42.2671	42.6771	42.5672	42.6225	43.6048	43.8406	43.2841

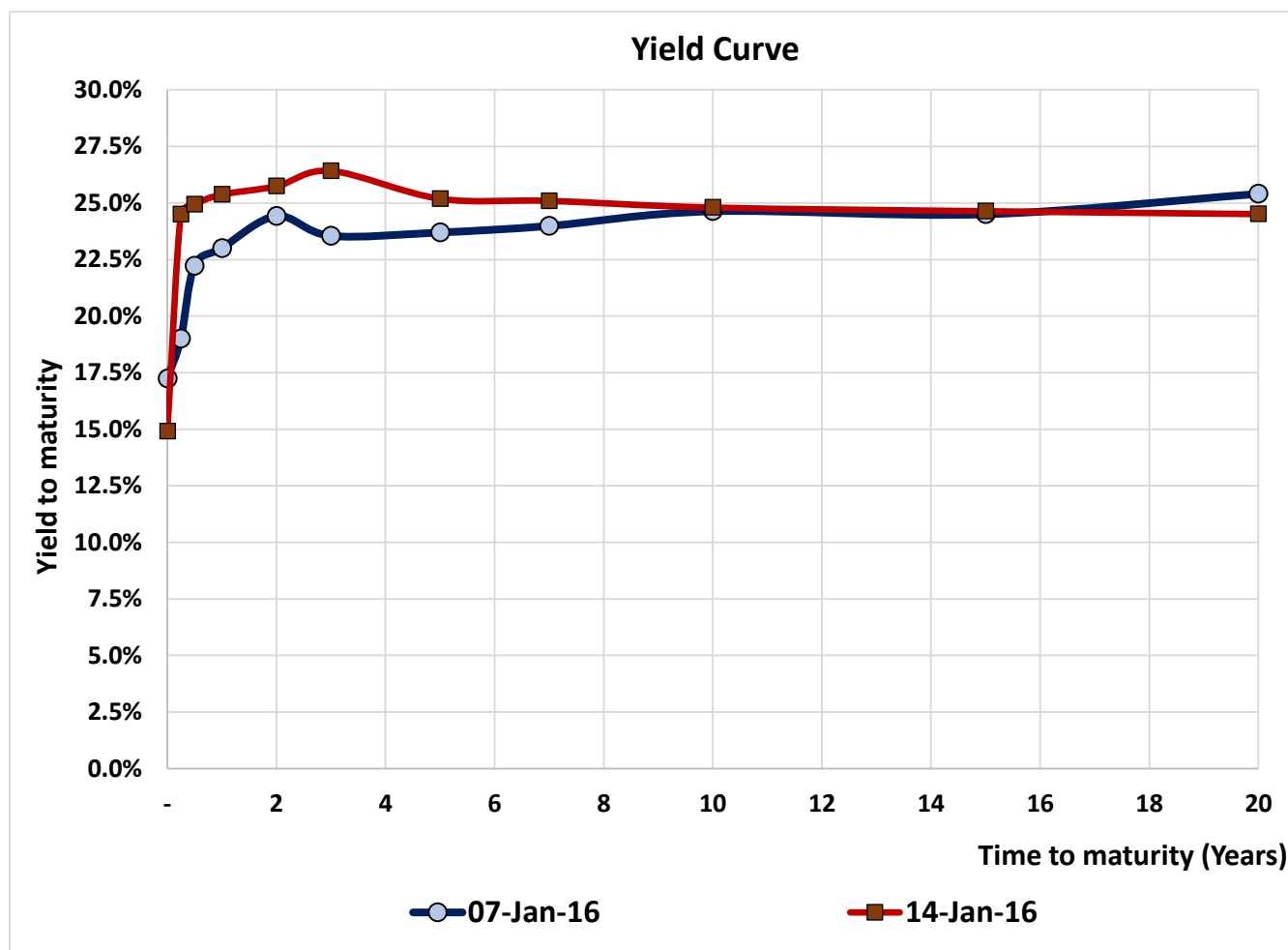
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates which are indicative and based on market consensus

Commentary: On Monday, 25th January 2016, the Kwacha depreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K715.9792 against the USD today, 26th January 2016.



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
12 th November 2015	26.83%	21.17%	22.64%	24.10%	24.98%	25.10%	25.45%	25.72%	25.87%	26.13%	26.31%
19 th November 2015	26.42%	24.85%	25.72%	25.80%	25.82%	25.17%	27.74%	25.39%	27.74%	28.52%	29.01%
26 th November 2015	26.44%	25.67%	25.80%	26.84%	25.22%	25.65%	27.97%	25.53%	27.73%	28.34%	28.77%
03 rd December 2015	25.64%	23.87%	24.95%	26.04%	24.02%	24.60%	26.74%	25.25%	26.79%	27.36%	27.78%
10 th December 2015	21.96%	23.47%	24.63%	26.00%	25.72%	25.50%	26.20%	26.11%	25.93%	25.93%	25.98%
17 th December 2015	18.42%	24.50%	26.65%	26.24%	26.12%	25.87%	26.42%	26.63%	26.61%	26.62%	26.44%
24 th December 2015	18.40%	27.00%	26.00%	25.23%	25.53%	24.98%	26.23%	26.50%	26.29%	26.42%	26.49%
31 st December 2015	18.69%	22.17%	23.18%	24.10%	25.00%	25.13%	25.47%	25.74%	25.89%	26.15%	26.32%
07 th January 2016	17.24%	19.00%	22.22%	23.00%	24.42%	23.55%	23.70%	23.99%	24.64%	24.51%	25.41%
14 th January 2016	14.91%	24.50%	24.95%	25.38%	25.74%	26.42%	25.19%	25.10%	24.80%	24.64%	24.51%
14 – 07 Jan 2016 Change in Yield (Bp)	-233	550	273	238	132	287	149	111	16	13	-90



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