



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 16 February 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 19 th February 2016
Projected Transactions (+= Net injection / - = Net withdrawal)	-2,858	2,722
Estimated Excess Reserves	2,757	5,431
Required Reserves	51,746	51,746

Known Projected Transactions

	Week ending 19 th Feb 2016	Week ending 26 th Feb 2016	Week ending 04 th Mar 2016	Feb 2016	Mar 2016
Maturity of normal TBs/TNs/PNs	6,509	6,667	6,509	27,695	60,504
Maturity of OMO	27,785	7,893	6,857	43,899	40,297

Commentary:

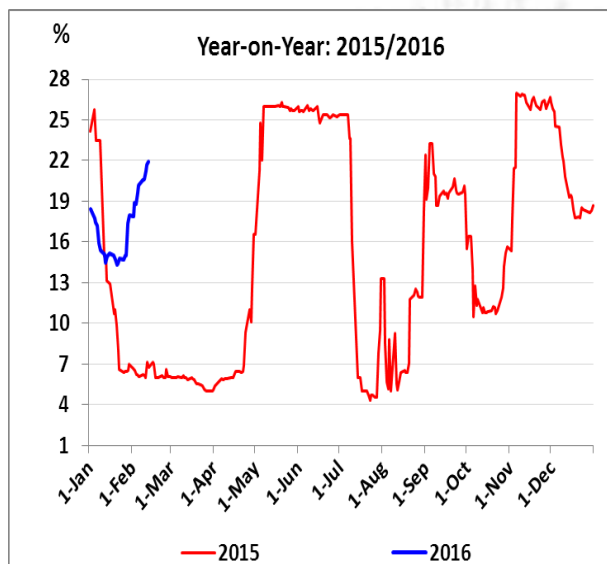
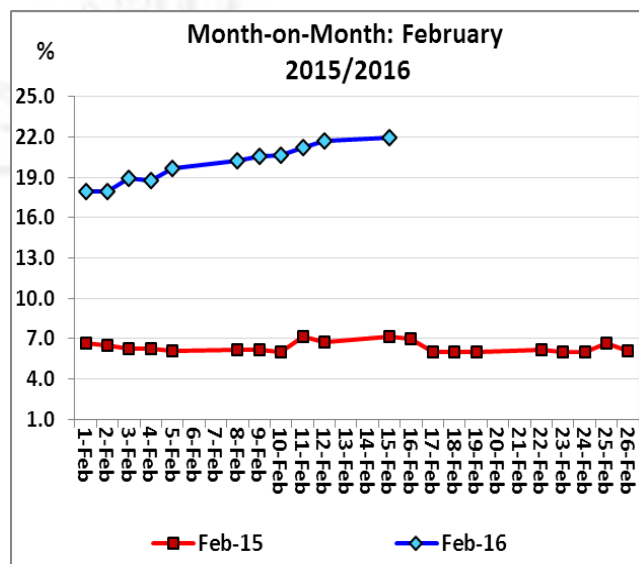
- Excess reserves are estimated to close at K2.76 billion today from K5.62 billion that was recorded yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	7,850	21.92
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
31 days	96	27.00
60 days	4,278	26.00
273 days	1,049	27.00
364 days	160	27.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Deposits on Overnight Deposit Facility	4,000	25.00
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market remained steady at K7.85 billion yesterday compared to the preceding working day.
- The overnight interbank market rate (IBR) increased to 21.92 percent on 15th February 2016 from 21.71 percent that was observed last Friday.
- A total of K9.58 billion was withdrawn from the banking system through repos and the Deposit Facility on Monday, 15th February 2016.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

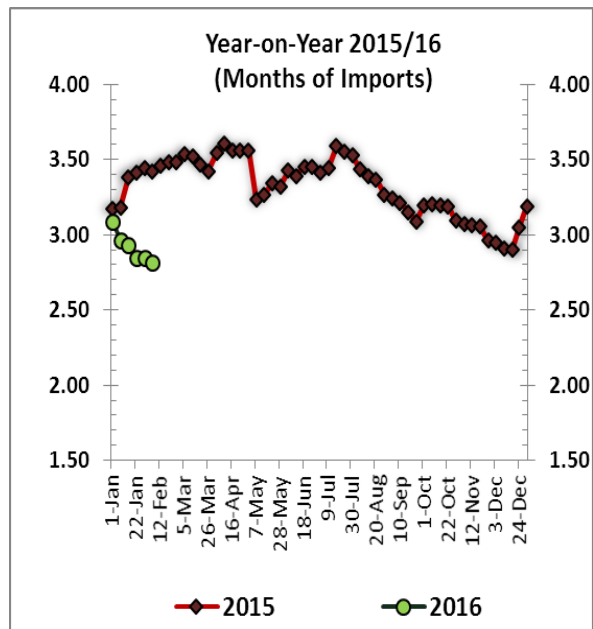
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
22 nd January 2016	610.19	2.92
29 th January 2016	594.92	2.85
05 th February 2016	594.24	2.84
12 th February 2016	588.20	2.81

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

Commentary:

- Gross official reserves declined during the week ending 12th February 2016 compared to the preceding week. The gross official reserves stood at US\$588.20 million (2.81 months of imports) on 12th February 2016.



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)
29 th January 2016	5.10	308.75	313.85	1.50
05 th February 2016	-0.68	315.66	314.98	1.51
12 th February 2016	0.35	307.89	308.24	1.47

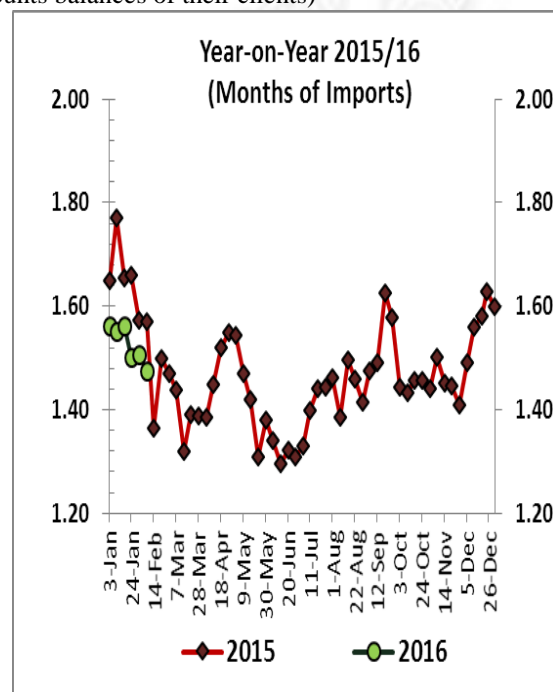
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
29 th January 2016	36.62	37.99
05 th February 2016	22.65	39.37
12 th February 2016	46.67	53.23
On 15 th February 2016	3.33	3.54

Commentary:

- ADB's transactions with the market during the week ending 12th February 2016 increased. The ADBs purchased US\$46.67 million from the market and sold US\$53.23 million. On 15th February 2016, ADBs purchased US\$3.33 million from the market and sold US\$3.54 million.

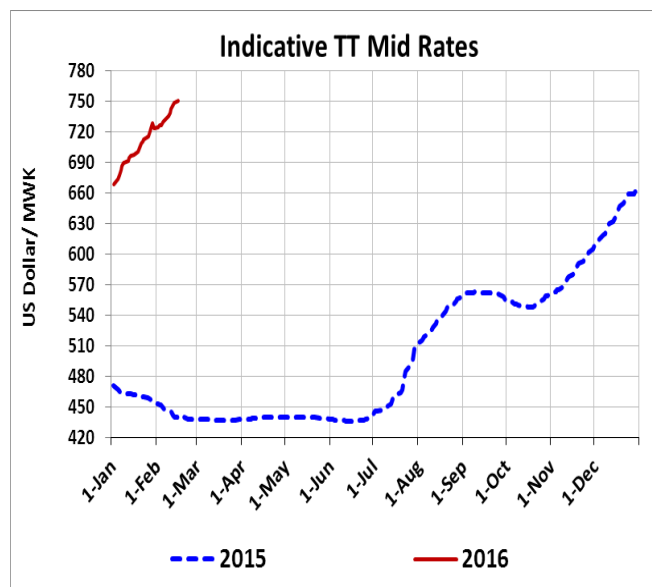
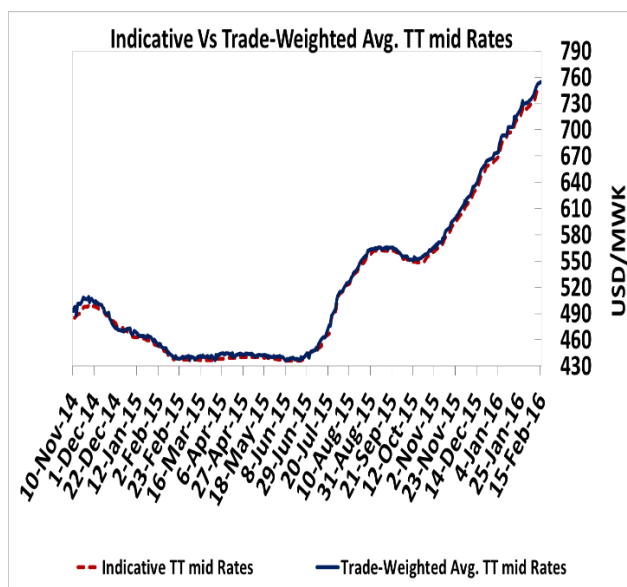


iii. Exchange Rate Developments

	08 Feb 2016	09 Feb 2016	10 Feb 2016	11 Feb 2016	12 Feb 2016	15 Feb 2016	Today Indicative
MWK/USD	739.6526	744.3233	747.0737	749.7149	752.1146	754.5979	750.5952
MWK/GBP	1,068.9654	1,067.4387	1,086.4173	1,097.2359	1,082.6105	1,097.8775	1,083.4842
MWK/EUR	812.2686	813.0670	839.2367	844.6834	848.7599	847.1482	837.3640
MWK/ZAR	46.3395	46.1229	46.7103	47.6235	47.4556	47.8833	47.7308

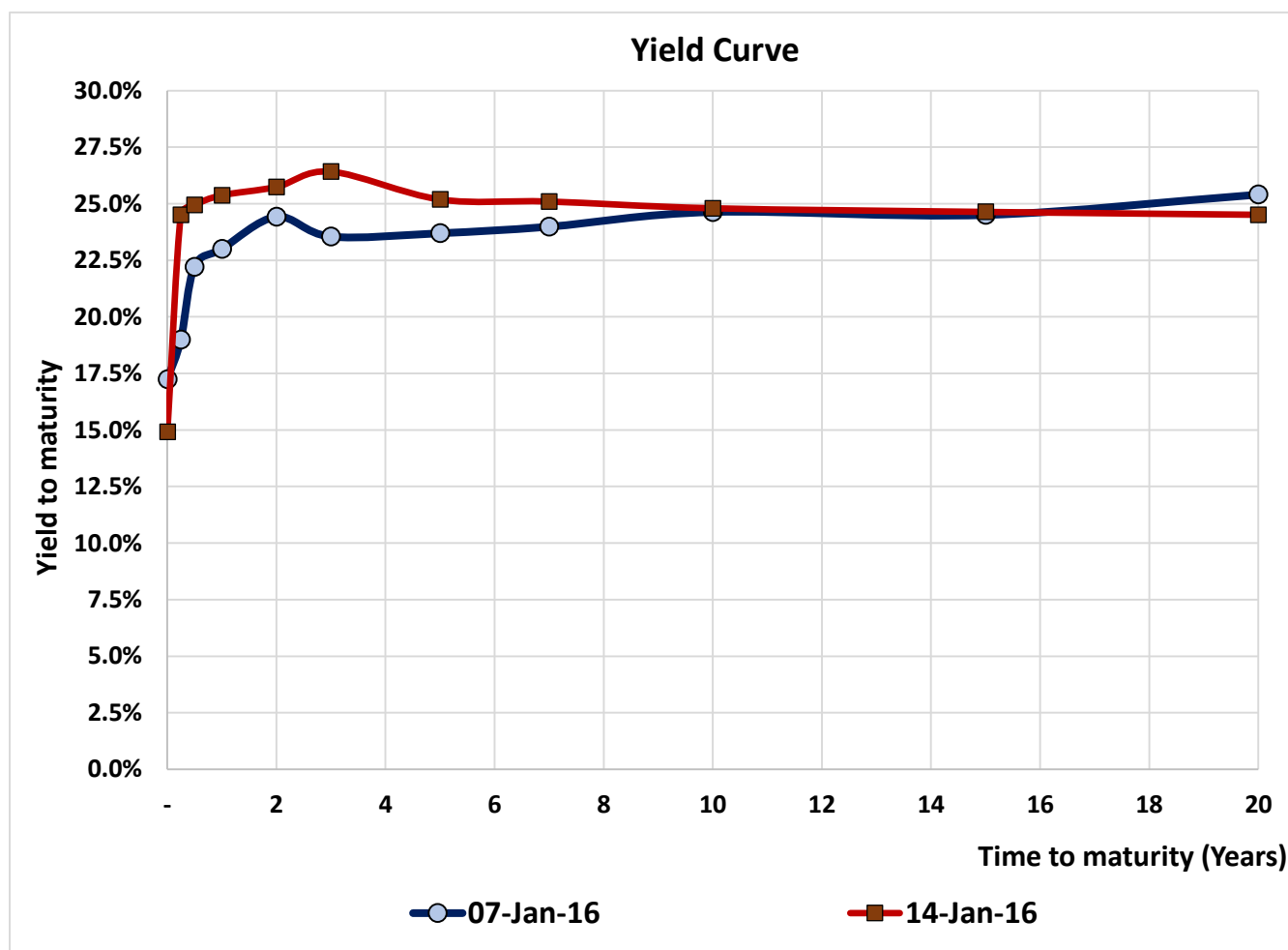
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Monday, 15th February 2016, the Kwacha depreciated against the USD, the GBP and the ZAR, and appreciated against the EUR. Indicatively, the Malawi Kwacha is expected to trade around K750.5952 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
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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