



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 06 April 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 08 <sup>th</sup> April 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	2,513	5,294
Estimated Excess Reserves before OMO	5,067	16,557
Estimated Excess Reserves after OMO	5,067	5,000
Required Reserves	48,064	48,064

#### Known Projected Transactions

	Week ending 08 <sup>th</sup> Apr 2016	Week ending 15 <sup>th</sup> Apr 2016	Week ending 22 <sup>nd</sup> Apr 2016	Apr 2016	May 2016
Maturity of normal TBs/TNs/PNs	20,015	7,485	13,730	44,743	27,519
Maturity of OMO	1,063	34,727	2,459	42,955	32,877

#### Commentary:

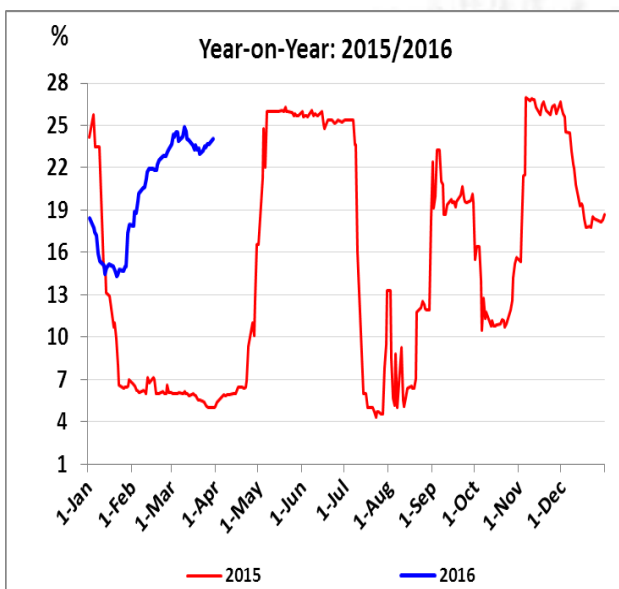
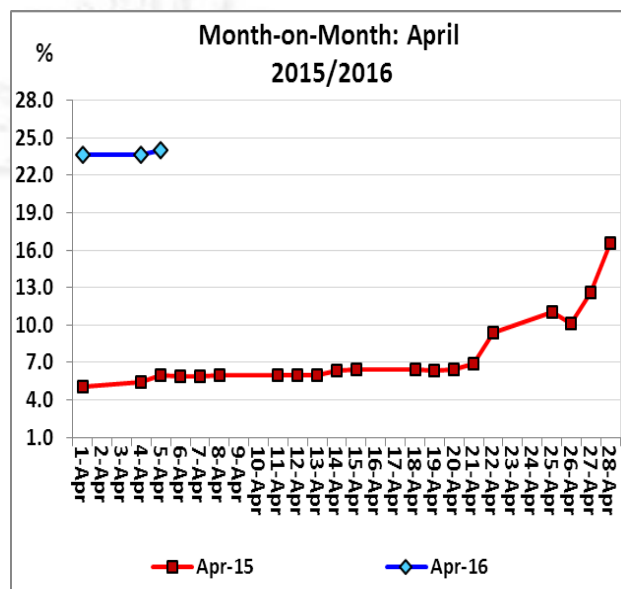
- Excess reserves are estimated to close today at K5.07 billion from K7.58 billion that was recorded yesterday.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,730	24.04
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos	-	-
07 days	-	-
30 days	-	-
60 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos	-	-
7 days	-	-
30 days	-	-
60 days	-	-
90 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
<b>(c) Access on the Lombard Facility</b>	2,722	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the overnight interbank market declined to K2.73 billion on Tuesday, 05<sup>th</sup> April 2016, from K5.48 billion that was recorded on Monday, 04<sup>th</sup> April 2016.
- The overnight interbank market rate (IBR) gained 35 basis points and closed yesterday at 24.04 percent from 23.69 percent observed last Monday.
- A total of K2.72 billion was accessed on the Lombard Facility yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

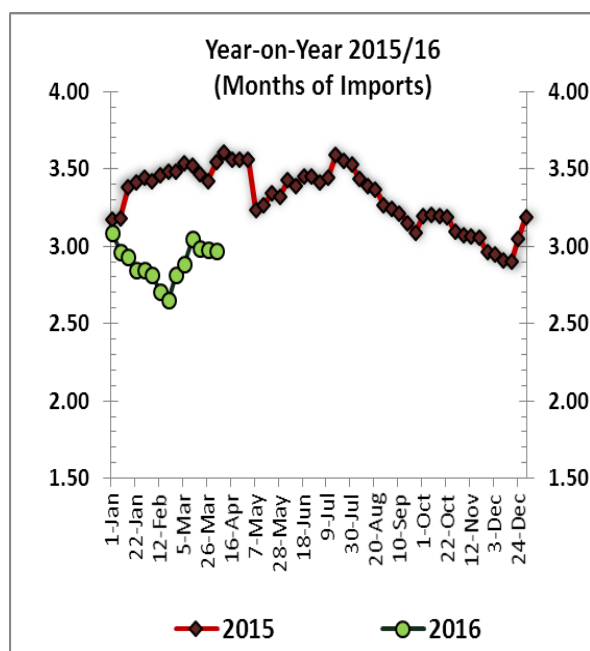
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
18 <sup>th</sup> March 2016	637.19	3.05
25 <sup>th</sup> March 2016	624.82	2.99
01 <sup>st</sup> April 2016	621.77	2.97
05 <sup>th</sup> April 2016	620.66	2.97

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

### Commentary:

- Gross official reserves decreased during the week ending 01<sup>st</sup> April 2016 compared to the preceding week. As at 05<sup>th</sup> April 2016, the gross official reserves stood at US\$620.66 million (2.97 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)
18 <sup>th</sup> March 2016	-13.36	286.17	272.80	1.31
24 <sup>th</sup> March 2016	-13.83	290.64	276.81	1.32
01 <sup>st</sup> April 2016	-16.12	280.54	264.42	1.27
04 <sup>th</sup> April 2016	-14.08	286.17	272.09	1.30

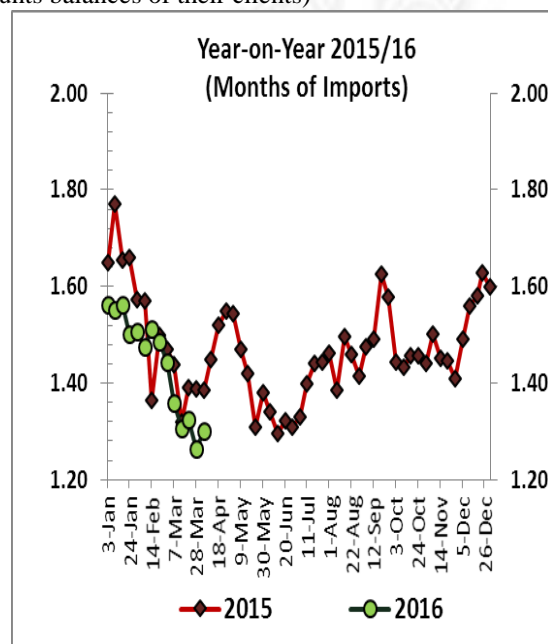
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
25 <sup>th</sup> March 2016	29.27	33.69
01 <sup>st</sup> April 2016	35.80	38.89
On 05 <sup>th</sup> April 2016	10.68	10.53

### Commentary:

- The ADBs purchased US\$35.80 million from the market during the week ending 01<sup>st</sup> April 2016 and sold US\$38.89 million. On 05<sup>th</sup> April 2016, ADBs purchased US\$10.68 million and sold US\$10.53 million to the market.

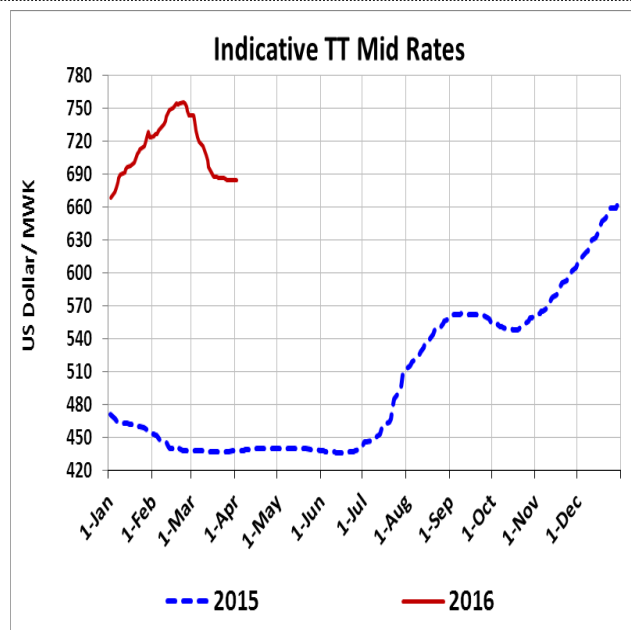
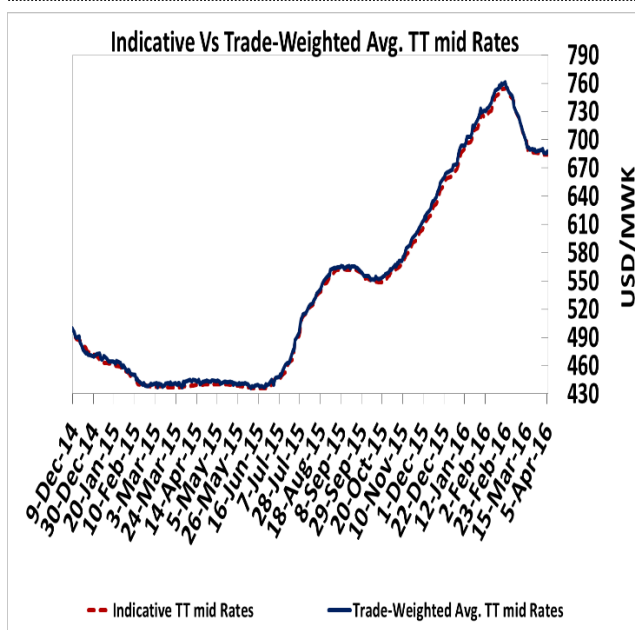


## iii. Exchange Rate Developments

	29 Mar 2016	30 Mar 2016	31 Mar 2016	01 Apr 2016	04 Apr 2016	05 Apr 2016	Today Indicative
MWK/USD	689.1961	688.6683	689.9919	685.9570	685.5776	687.8990	684.3454
MWK/GBP	973.4060	989.2896	985.2109	978.5833	971.4102	973.1238	969.1015
MWK/EUR	769.9577	775.4930	780.1776	775.7026	783.2388	779.7787	779.0588
MWK/ZAR	44.2051	44.8752	45.7850	46.2060	46.6749	46.2984	45.3230

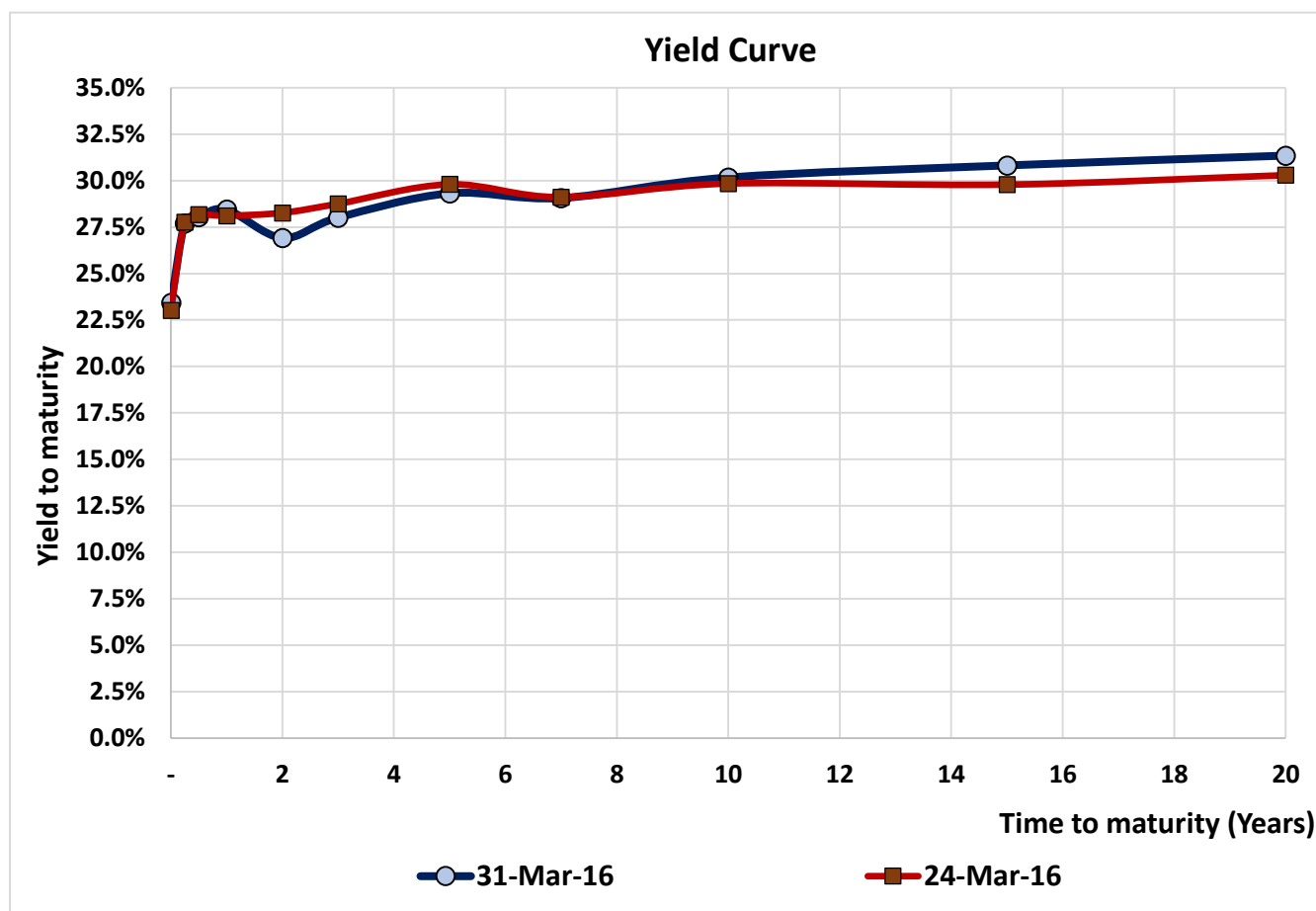
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** On Tuesday, 05<sup>th</sup> April 2016, the Kwacha appreciated against the EUR, and the ZAR, and depreciated against the USD, and the GBP. Indicatively, the Malawi Kwacha is expected to trade around K684.3454 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
17 <sup>th</sup> 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 <sup>th</sup> 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 <sup>st</sup> 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 <sup>th</sup> 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 <sup>th</sup> January 2016	14.91%	24.50%	24.95%	25.38%	25.74%	26.42%	25.19%	25.10%	24.80%	24.64%	24.51%
28 <sup>th</sup> January 2016	15.02%	23.97%	25.43%	26.50%	26.05%	26.66%	26.20%	25.90%	25.63%	25.48%	25.31%
25 <sup>th</sup> February 2016	22.85%	26.88%	26.91%	27.00%	26.45%	27.03%	26.85%	26.73%	26.58%	26.48%	26.36%
10 <sup>th</sup> March 2016	24.17%	26.99%	27.00%	27.50%	27.45%	28.25%	28.45%	28.91%	29.24%	29.68%	30.05%
17 <sup>th</sup> March 2016	23.58%	26.72%	27.18%	28.48%	27.77%	27.99%	28.66%	28.23%	28.89%	29.33%	29.62%
24 <sup>th</sup> March 2016	23.02%	27.77%	28.17%	28.11%	28.26%	28.75%	29.80%	29.11%	29.84%	29.78%	30.29%
31 <sup>st</sup> March 2016	23.43%	27.69%	28.04%	28.44%	26.91%	28.01%	29.32%	29.06%	30.17%	30.82%	31.35%
31 – 24 Mar 2016 Change in Yield (Bp)	41	-08	-14	33	-135	-75	-48	-05	32	103	105



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