



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 19 April 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 22 <sup>nd</sup> April 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	449	9,232
Estimated Excess Reserves before OMO	4,971	13,807
Estimated Excess Reserves after OMO	5,000	5,000
Required Reserves	47,890	47,890

#### Known Projected Transactions

	Week ending 22 <sup>nd</sup> Apr 2016	Week ending 29 <sup>th</sup> Apr 2016	Week ending 6 <sup>th</sup> May 2016	May 2016	June 2016
Maturity of normal TBs/TNs/PNs	13,730	3,513	8,551	27,519	39,531
Maturity of OMO	2,459	4,347	1,377	32,877	22,522

#### Commentary:

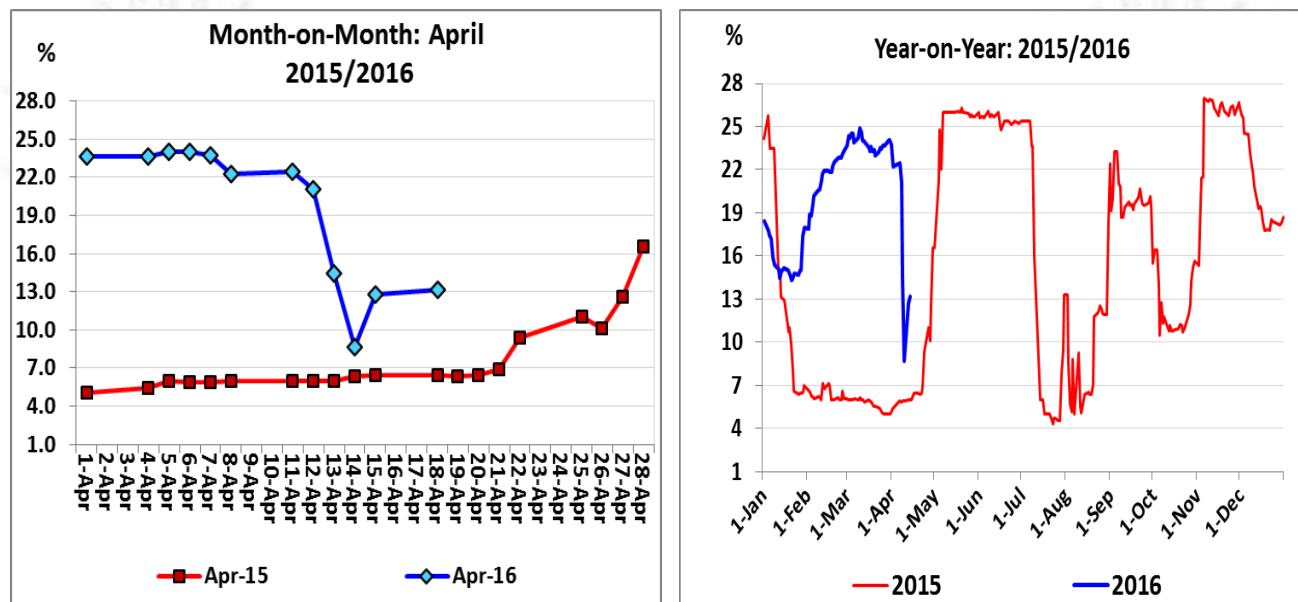
- Yesterday, excess reserves closed at K4.31 billion from K3.47 billion observed on Friday, 15<sup>th</sup> April 2016.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,160	13.19
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>	-	-

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the overnight interbank market dropped to K6.16 billion yesterday from K9.45 billion recorded on Friday, 15<sup>th</sup> April 2016
- The overnight interbank market rate (IBR) gained 44 basis points on and closed the day at 13.19 percent from 12.76 percent that was observed on 15<sup>th</sup> April 2016
- No access on the Lombard Facility was recorded yesterday

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

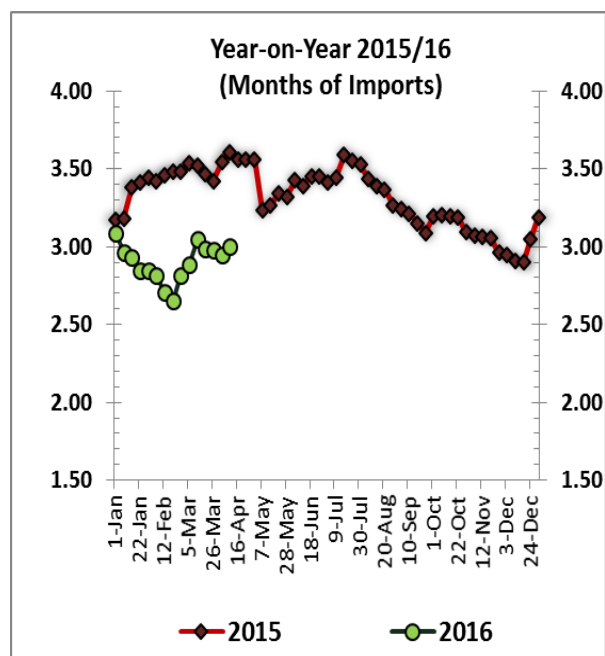
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
01 <sup>st</sup> April 2016	621.77	2.97
08 <sup>th</sup> April 2016	615.59	2.95
15 <sup>th</sup> April 2016	627.82	3.00
18 <sup>th</sup> April 2016	630.69	3.02

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

### Commentary:

- Gross official reserves increased during the week ending 15<sup>th</sup> April 2016 compared to the preceding week. As at 18<sup>th</sup> April 2016, the gross official reserves stood at US\$630.69 million (3.02 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)
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
08 <sup>th</sup> April 2016	-12.60	274.53	261.93	1.25
15 <sup>th</sup> April 2016	-7.42	274.77	267.35	1.28

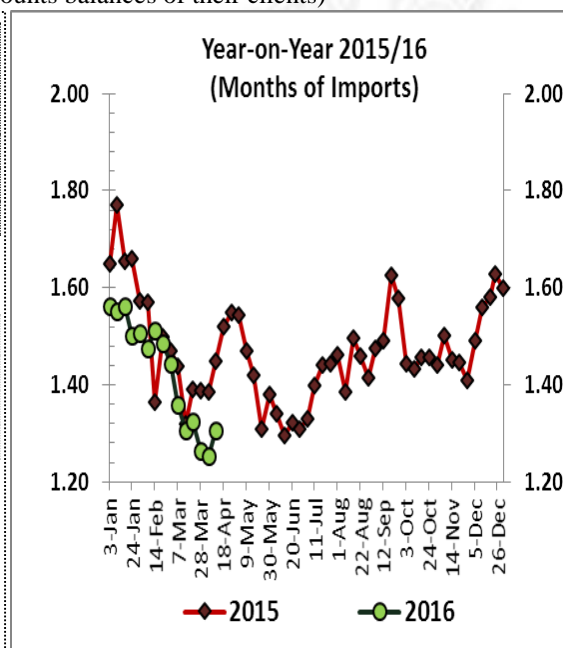
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
08 <sup>th</sup> April 2016	29.70	32.52
15 <sup>th</sup> April 2016	37.96	45.03
On 18 <sup>th</sup> April 2016	3.82	3.42

### Commentary:

- The ADBs purchased US\$37.96 million from the market during the week ending 15<sup>th</sup> April 2016 and sold US\$45.03 million. On 18<sup>th</sup> April 2016, ADBs purchased US\$3.82 million from the market and sold US\$3.42 million to the market and monetary authorities.

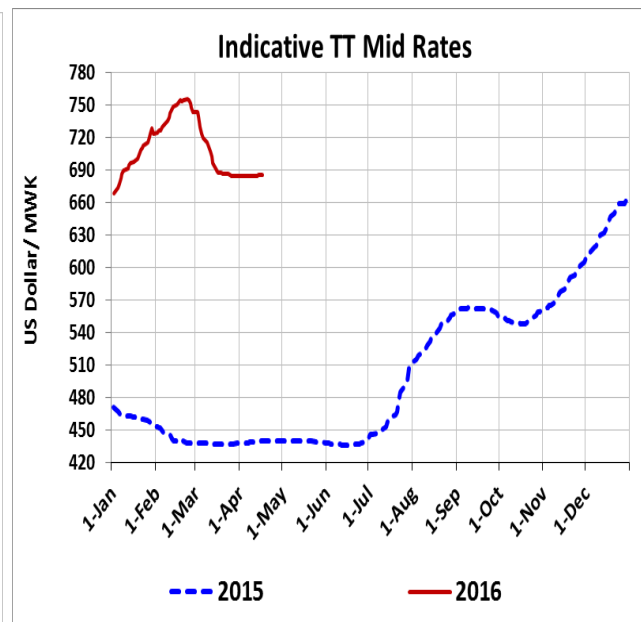
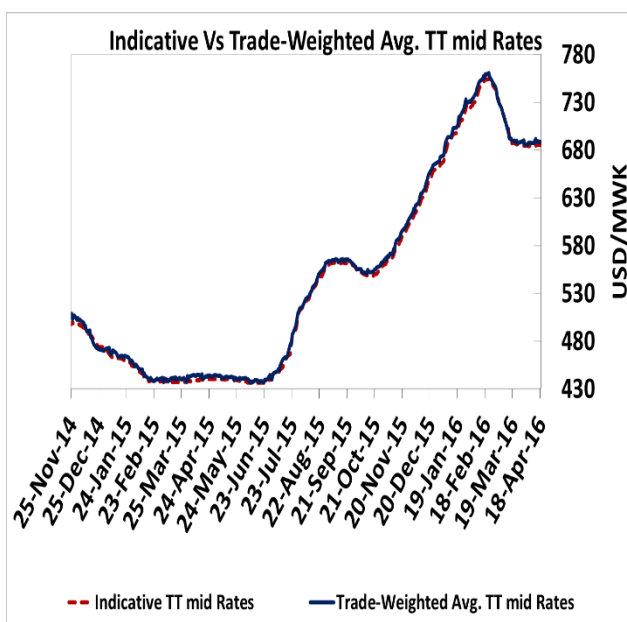


## iii. Exchange Rate Developments

	11 Apr 2016	12 Apr 2016	13 Apr 2016	14 Apr 2016	15 Apr 2016	18 Apr 2016	Today Indicative
MWK/USD	687.0827	689.5821	691.4387	688.9561	688.7842	688.4607	685.5301
MWK/GBP	973.0857	981.4753	977.5806	966.1717	968.0056	970.1904	978.7999
MWK/EUR	779.7543	777.3398	780.6402	768.9429	772.2807	775.0923	775.5402
MWK/ZAR	45.8924	46.6816	46.8171	47.1011	47.0469	47.0300	47.3024

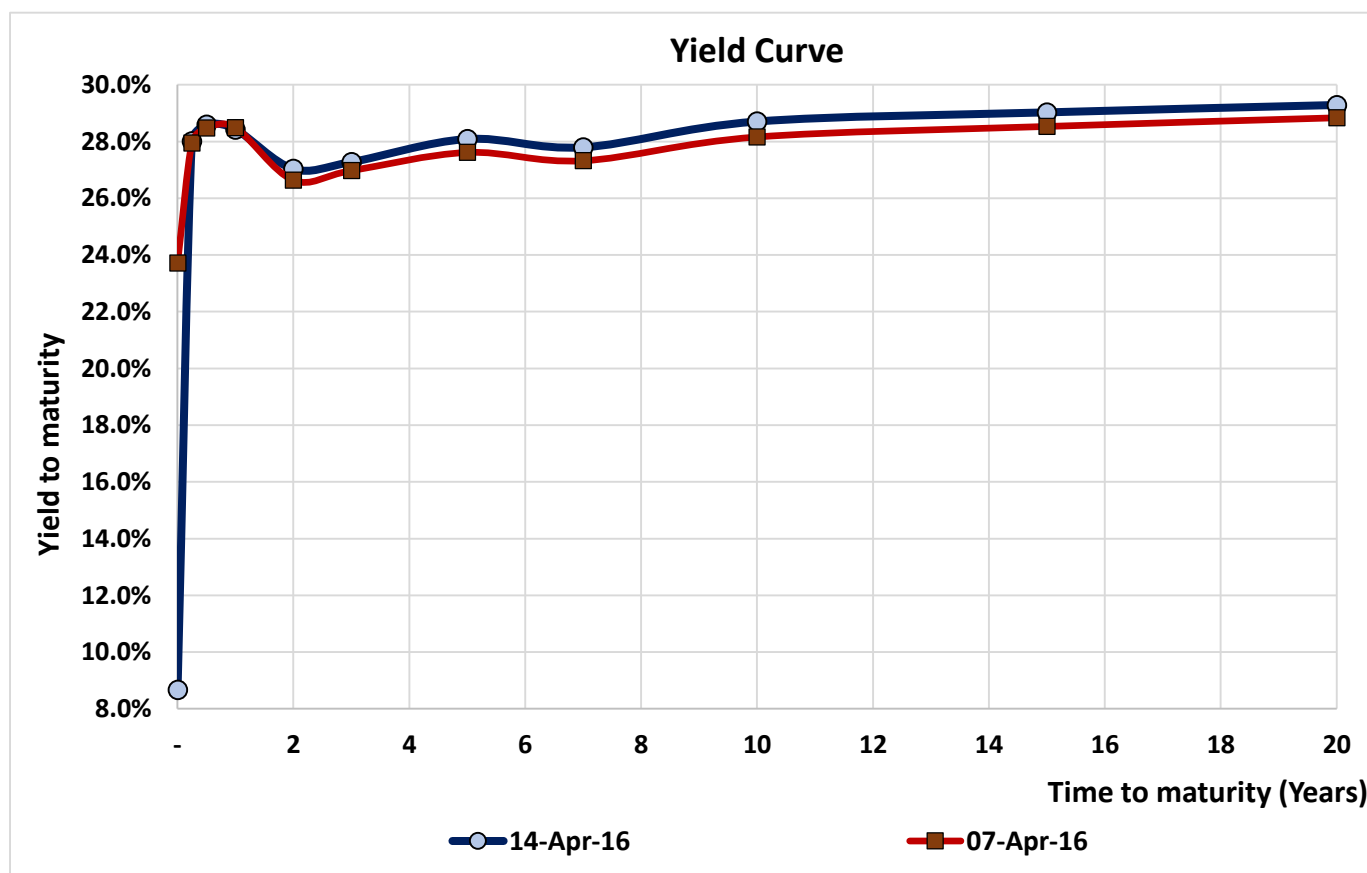
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** On Monday, 18<sup>th</sup> April 2016, the Kwacha appreciated against the USD and the ZAR and depreciated against the GBP and the Eur. Indicatively, the Malawi Kwacha is expected to trade around K685.5301 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
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%
07 <sup>th</sup> April 2016	23.72%	27.95%	28.48%	28.50%	26.64%	26.98%	27.62%	27.33%	28.16%	28.54%	28.84%
14 <sup>th</sup> April 2016	8.67%	28.00%	28.59%	28.43%	27.03%	27.27%	28.09%	27.79%	28.70%	29.02%	29.28%
14 Apr–07 April 2016 Change in Yield (Bp)	-1,505	6	11	-7	39	30	47	47	54	49	44



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