



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 22 June 2016

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 24 th June 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-5,837	4,128
Estimated Excess Reserves before OMO	986	11,683
Estimated Excess Reserves after OMO	0.00	0.00
Required Reserves	50,622	50,622

Known Projected Transactions

	Week ending 24 June 2016	Week ending 01 July 2016	Week ending 08 July 2016	June 2016	July 2017
Maturity of normal TBs/TNs/PNs	2,199	12,786	9,164	59,251	54,885
Maturity of OMO	30,014	14,576	3,685	56,390	14,539

Commentary:

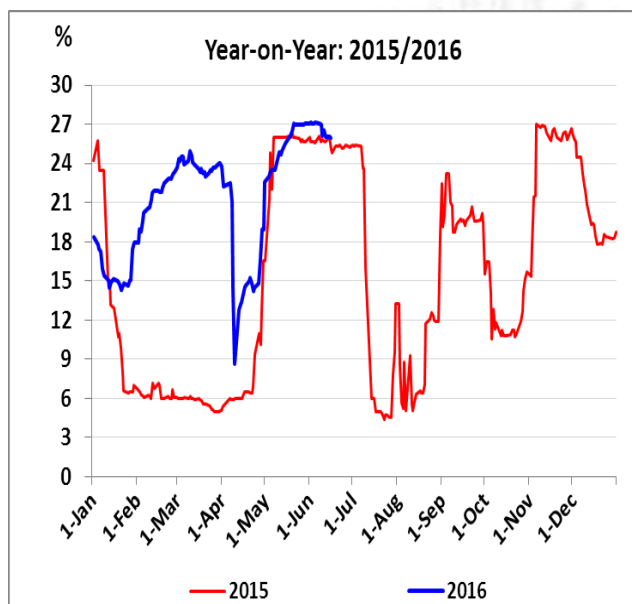
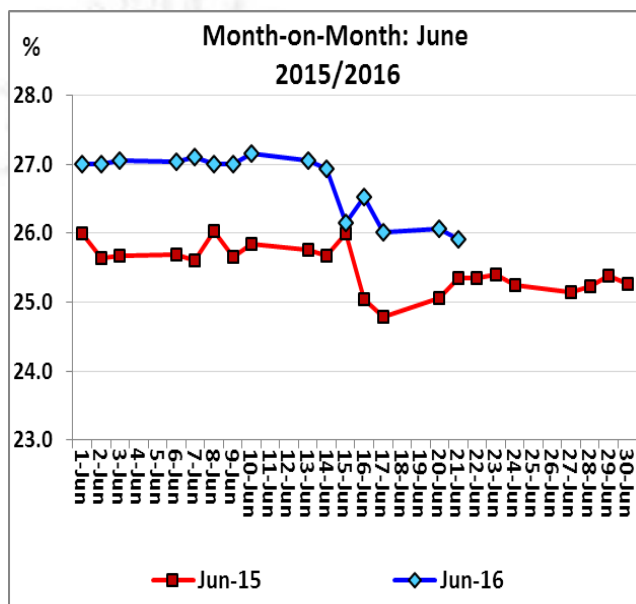
- Excess reserves increased yesterday to K7.32 billion from K5.70 billion that was recorded on Monday, 20th June 2016. Required reserves to be observed during the fortnight ending 03rd July 2016 stands at K50.62 billion compared to K48.47 billion that was applicable during the preceding fortnight.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,000	25.92
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
30 days	-	-
60 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(iii) Deposits on Overnight Deposit Facility	-	-
(c) Access on the Lombard Facility	200	29.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased yesterday to K8.0 billion from K6.25 billion recorded on Monday, 20th June 2016
- The overnight interbank market rate (IBR) dropped to 25.92 percent from 26.06 percent observed on Monday, 20th June 2016
- A total of K200 million was accessed on the Lombard Facility yesterday

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

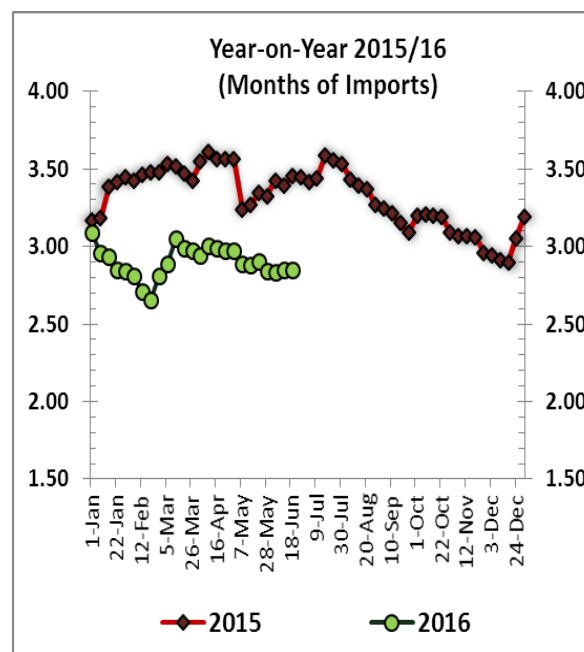
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
27 th May 2016	606.79	2.90
03 rd June 2016	593.40	2.84
10 th June 2016	592.99	2.84
17 th June 2016	595.85	2.85
20 th June 2016	596.14	2.85

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

Commentary:

- Gross official reserves marginally increased during the week ending 17th June 2016 compared to the previous week. As at 20th June 2016, the gross official reserves stood at US\$596.14 million (2.85 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)
10 th June 2016	3.42	315.60	319.02	1.53
17 th June 2016	-3.93	342.39	338.47	1.62
20 th June 2016	-3.28	349.72	346.44	1.66

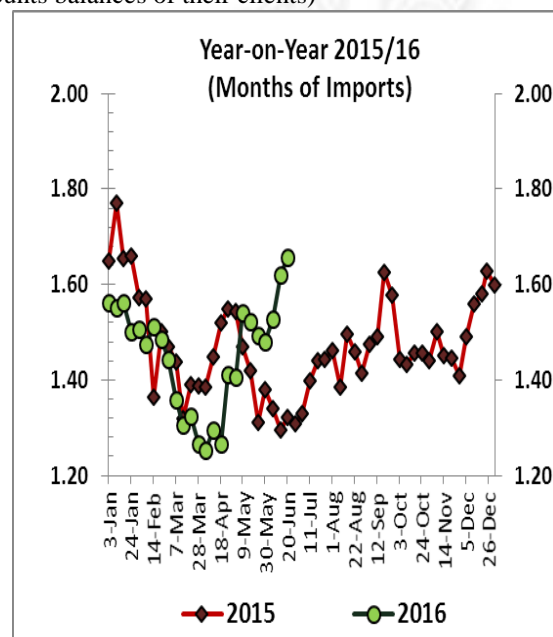
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
10 th June 2016	31.12	34.14
17 th June 2016	39.29	49.14
On 21 st June 2016	10.97	12.65

Commentary:

- Traded volume increased during the week ending 17th June 2016 compared to the preceding week. On aggregate, ADBs purchased US\$39.29 million from the market and sold US\$49.14 million. Yesterday on 21st June 2016, ADBs purchased US\$10.97 million from the market against sales at US\$12.65 million.

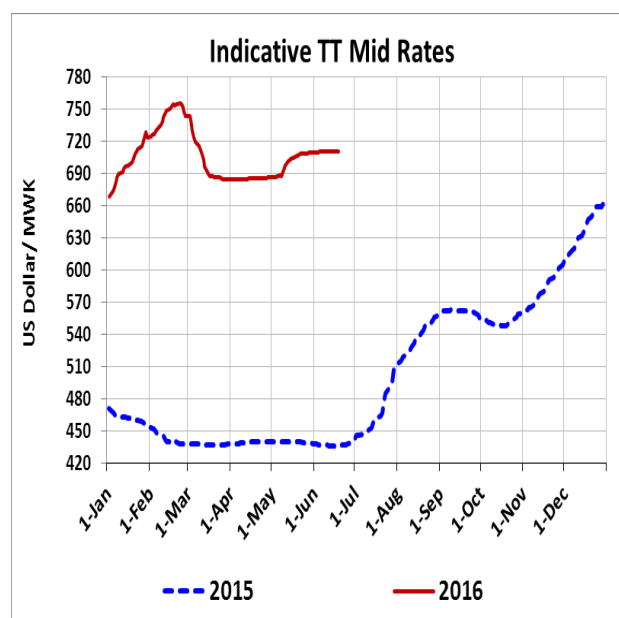
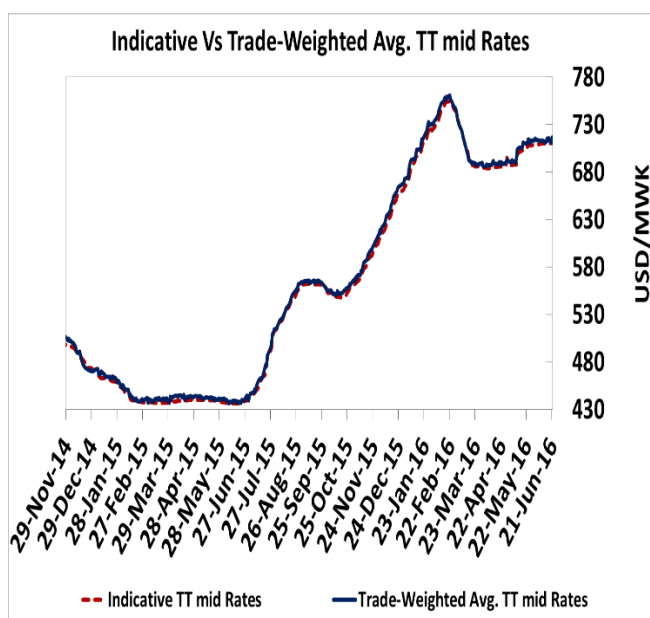


iii. Exchange Rate Developments

	14 June 2016	15 June 2016	16 June 2016	17 June 2016	20 June 2016	21 June 2016	Today Indicative
MWK/USD	711.6643	715.1420	713.4578	715.5080	710.8225	716.4484	710.5959
MWK/GBP	1,008.7122	1,007.3322	1,008.2894	1,016.0116	1,043.1450	1,049.5320	1,041.1651
MWK/EUR	803.3480	796.3573	798.2351	801.6140	811.8767	807.3930	798.8519
MWK/ZAR	46.8564	46.6132	46.6060	46.9791	47.2943	48.3504	48.2929

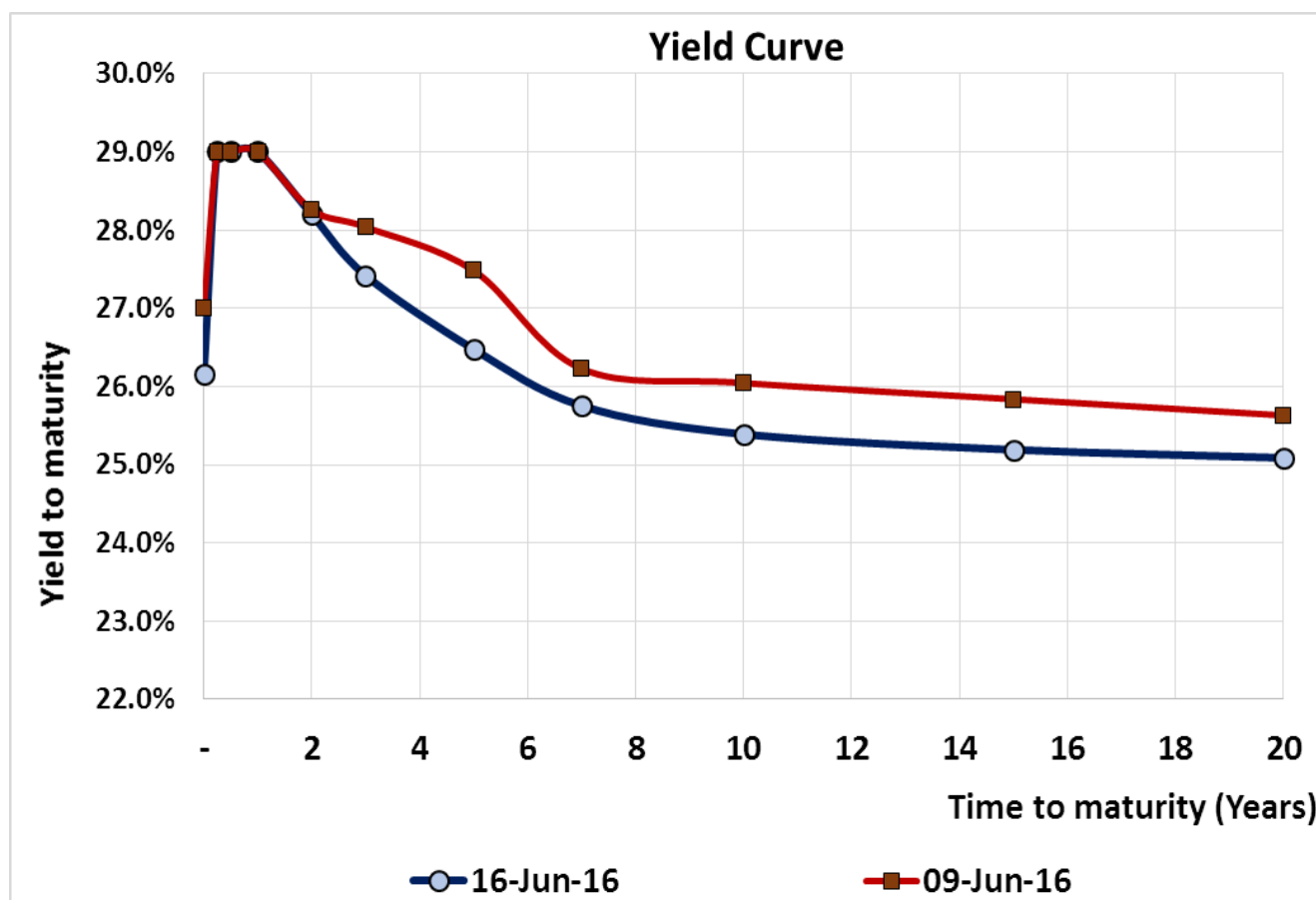
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 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 K710.5959 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
25 th 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 th 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 th 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 th 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 st 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 th 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 th April 2016	8.67%	28.00%	28.59%	28.43%	27.03%	27.27%	28.09%	27.79%	28.70%	29.02%	29.28%
19 th May 2016	25.54%	28.00%	28.59%	28.43%	27.03%	27.27%	28.09%	27.79%	28.70%	29.02%	29.28%
26 th May 2016	27.01%	28.97%	29.00%	29.00%	30.82%	31.13%	34.82%	33.67%	35.23%	35.75%	37.08%
09 th June 2016	27.01%	29.00%	29.00%	29.00%	28.26%	28.04%	27.48%	26.23%	26.04%	25.84%	25.63%
16 th June 2016	26.15%	29.00%	29.00%	29.00%	28.20%	27.42%	26.48%	25.75%	25.39%	25.19%	25.09%
16 Jun–09 Jun 2016 Change in Yield (Bp)	-86	0	0	0	-6	-62	-101	-47	-65	-65	-54



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