



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 27th June 2014

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 27 th June 2014	Week ending 04 th July 2014
Projected Transactions (+= Net injection / - = Net withdrawal)	-2,892	4,533	96
Estimated Excess Reserves	6,209	6,209	6,305
Required Reserves	45,152	45,152	45,152

Commentary:

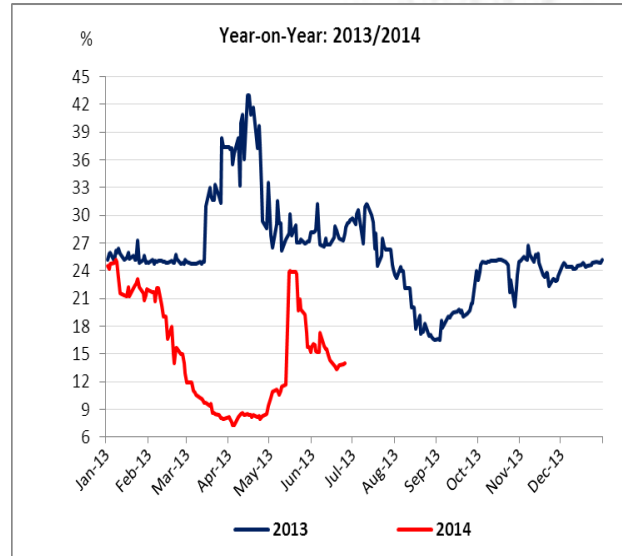
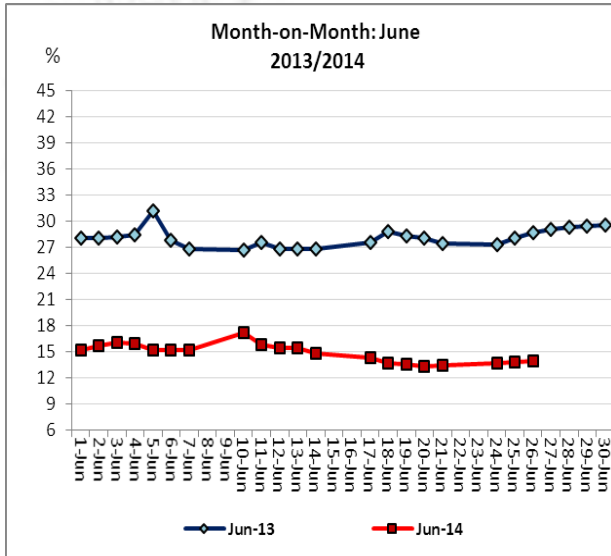
Excess reserves are estimated to close at MK6.21 billion today from MK 9.10 billion observed yesterday.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Day's Domestic Money Market Activity

	Volume	Average rate (%)
(a) Inter-bank borrowing		
O/N	5,100	14.02
7 days	600	14.50
14 days	-	-
30 days	-	-
(b) RBM Open market operations	-	-
(i) Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(ii) Reverse Repos		
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	3,050	27.00

ii. Weighted Average Interbank Rates



Commentary:

Traded volumes on the interbank market rose to Mk5.1 billion yesterday from MK4.1 billion recorded on 25 June 2014. The interbank rate moved up to 14.02 percent from 13.89 percent recorded during the preceding day.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

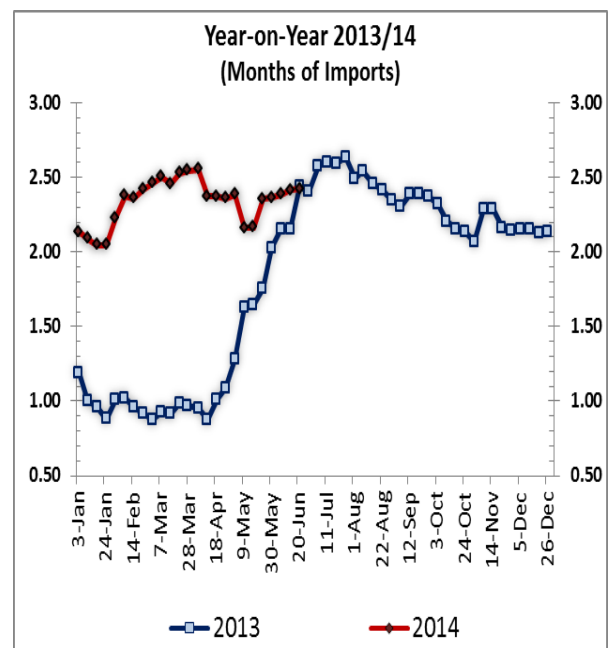
(Foreign reserves under the direct control of the Central bank)

Week ending	Reserves (US\$ million)	Import Cover * (Months)
13 th June 2014	460	2.41
20 th June 2014	462	2.42

* US\$191 million per month is used in this calculation

Commentary:

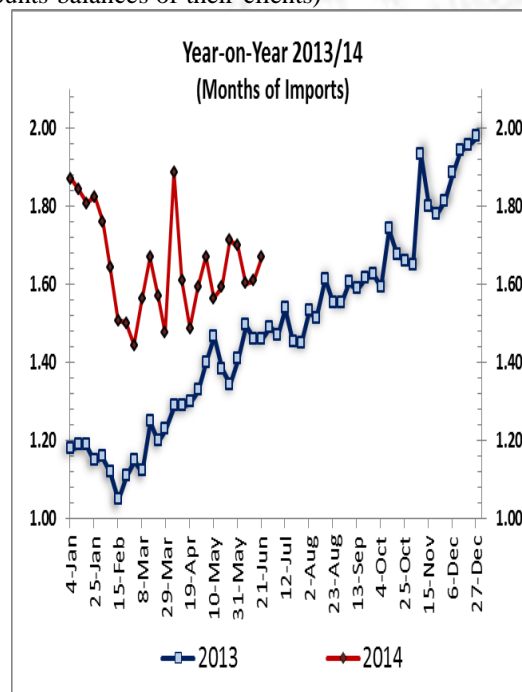
Gross official reserves increased slightly during the week under review due to purchases of foreign exchange from the ADBs.



ii. Private Sector Foreign Reserves

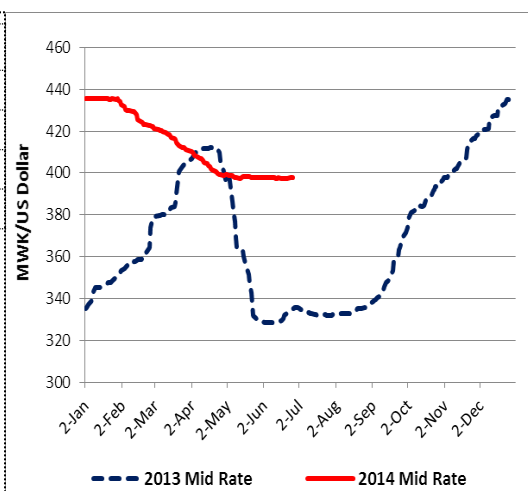
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Week Ending (US\$ m)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
13 th June 2014	3.91	302.88	306.79	1.61
20 th June 2014	-2.69	319.88	317.19	1.67
* US\$191.0 million per month is used in this calculation				
ADB's FOREIGN EXCHANGE TRADING ACTIVITY- WEEK ENDING				
Week Ending (US\$ m)	ADB's Purchases		ADB's Sales	
13 th June 2014	69.91		68.11	
20 th June 2014	80.53		86.05	
Commentary: Private sector reserves rose significantly during the week while FCDAs continue to be volatile compared to a similar period last year. Total ADBs purchases of forex from the market registered \$80.53 million against sales of \$86.05 million.				



iii. Exchange Rate Developments

Week ending	13 th June 2014	20 th June 2014	Today
MWK/USD	397.5647	397.5647	397.7871
MWK/GBP	673.0373	677.4105	677.6701
MWK/EUR	538.7797	541.0060	542.1043
MWK/ZAR	37.2475	36.9896	37.4060
Commentary: Compared to Friday, 20 June 2014, the Kwacha today has slightly depreciated against the currencies of major trading partners.			



D. MONEY MARKET YIELD CURVE

	Overnight	7 days	14 days	30 days	91days	182days	364days
17 th June 2014	14.35%	-	-	-	21.27%	26.63%	26.59%
24 th June 2014	13.75%	20.00	-	-	21.72%	26.76%	26.00%
Change in yield (bp)	-60	-	-	-	45	13	-59

DISCLAIMER: This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.