



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 12 September 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

	Today	Week ending 16 <sup>th</sup> September 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	2,069	20,986
Estimated Excess Reserves before OMO	10,254	28,142
Estimated Excess Reserves after OMO	0	0
Required Reserves	53,173	53,173

#### i. Known Projected Transactions

	Week ending 16 <sup>th</sup> Sept 2016	Week ending 23 <sup>rd</sup> Sept 2016	Week ending 30 <sup>th</sup> Sept 2016	September 2016	October 2016
Maturity of normal TBs/TNs/PNs	8,914	10,889	13,964	56,792	55,671
Maturity of OMO	19,263	12,824	3,332	43,621	6,417

#### Commentary:

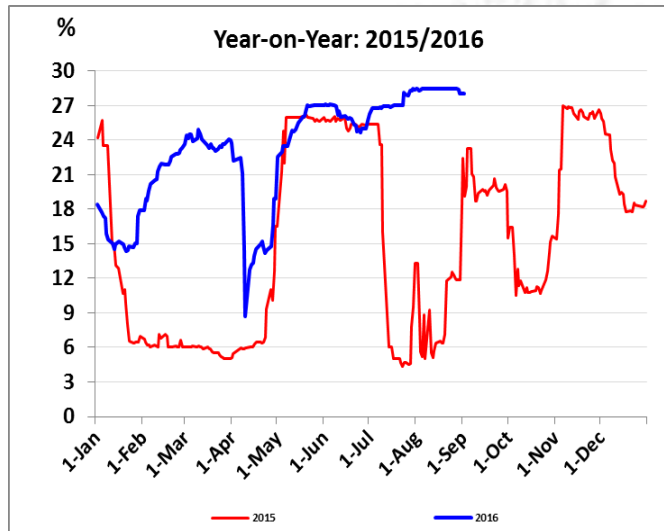
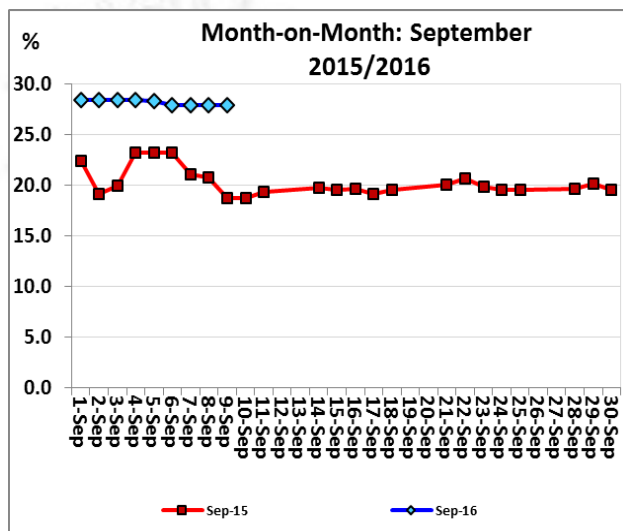
- Excess reserves dropped to K8.19 billion on Friday, 09<sup>th</sup> September 2016 from K10.12 billion recorded on Thursday, 08<sup>th</sup> September 2016.

### B. INTER-BANK MARKET DEVELOPMENTS

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

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,580	28.00
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	4,300	29.00
14 days	500	29.00
32 days	232	29.00
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	2,360	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market dropped to K2.58 billion on Friday, 09<sup>th</sup> September 2016 from K4.35 billion recorded on Thursday, 08<sup>th</sup> September 2016.
- The overnight interbank market rate (IBR) remained unchanged at 28.00 percent.
- A total of K5.03 billion was withdrawn from the banking system through repos on Friday, 09<sup>th</sup> September 2016.
- About K2.36 billion was accessed on the Lombard Facility on Friday, 09<sup>th</sup> September 2016.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

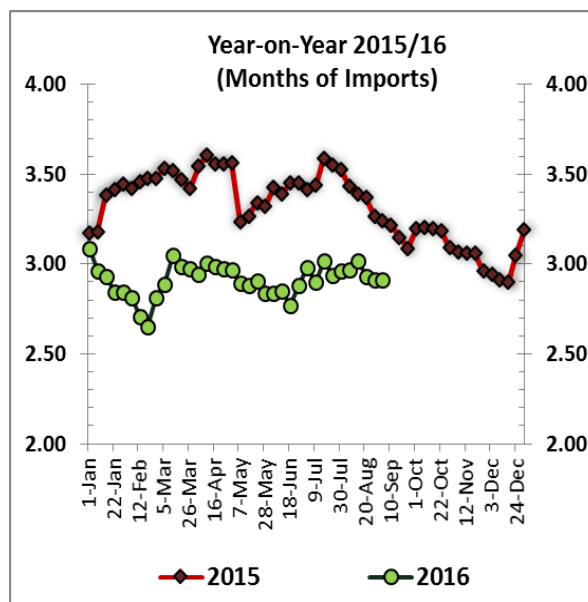
### i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
19 <sup>th</sup> August 2016	631.78	3.02
26 <sup>th</sup> August 2016	612.71	2.93
02 <sup>nd</sup> September 2016	608.68	2.91
08 <sup>th</sup> September 2016	608.87	2.91

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

### Commentary:

- Gross official reserves dropped during the week ending 02<sup>nd</sup> September 2016 compared to the previous week. As at 08<sup>th</sup> September 2016, the gross official reserves stood at US\$608.87 million (2.91 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)
19 <sup>th</sup> August 2016	3.70	339.72	343.42	1.64
26 <sup>th</sup> August 2016	6.71	329.90	336.61	1.61
02 <sup>nd</sup> September 2016	-1.71	341.48	339.76	1.63
09 <sup>th</sup> September 2016	2.91	327.27	330.18	1.58

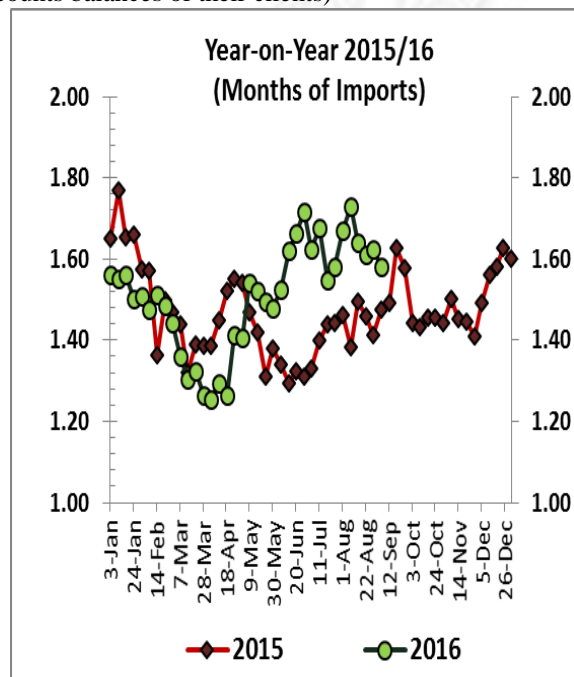
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
26 <sup>th</sup> August 2016	49.52	46.38
02 <sup>nd</sup> September 2016	49.13	58.40
09 <sup>th</sup> September 2016	41.73	45.55
On 09 <sup>th</sup> Sept 2016	6.95	7.87

### Commentary:

- ADB's purchased US\$41.73 million from the market and monetary authorities during the week ending 09<sup>th</sup> September 2016 against sales to the market at US\$45.55 million. On 09<sup>th</sup> September 2016 alone, ADB's purchased US\$6.95million from the market and sold US\$7.87 million.



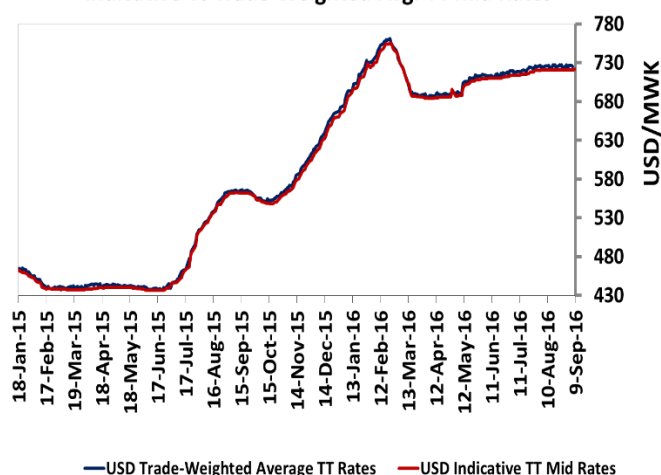
## iii. Exchange Rate Developments

	02nd Sept 2016	05 <sup>th</sup> Sept 2016	06 <sup>th</sup> Sept 2016	07 <sup>th</sup> Sept 2016	08 <sup>th</sup> Sept 2016	09 <sup>th</sup> Sept 2016	Today's indicative
MWK/USD	726.6440	726.3407	724.8596	728.0245	725.7511	726.3569	721.2136
MWK/GBP	960.1968	967.6706	963.2942	970.4562	964.6026	964.1248	957.4832
MWK/EUR	814.4769	809.1261	810.3094	815.9068	814.6536	817.4079	810.6441
MWK/ZAR	49.1392	50.2214	50.4218	52.0243	51.9402	51.5791	49.9493

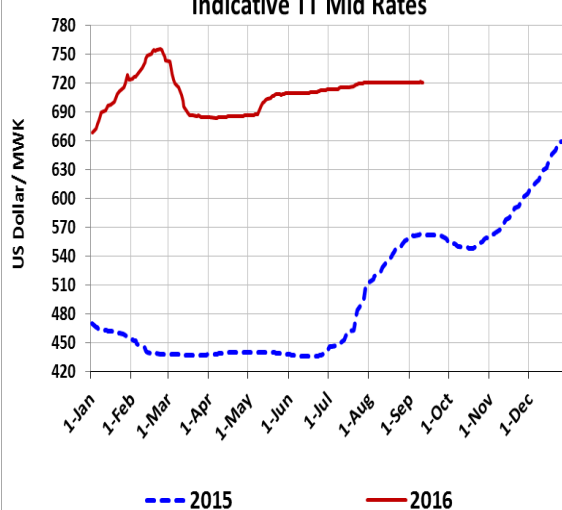
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** On Friday, 09<sup>th</sup> September 2016, the Kwacha depreciated against the USD and the EUR. The local currency, however, appreciated against the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.2136 against the USD today.

Indicative Vs Trade-Weighted Avg. TT mid Rates

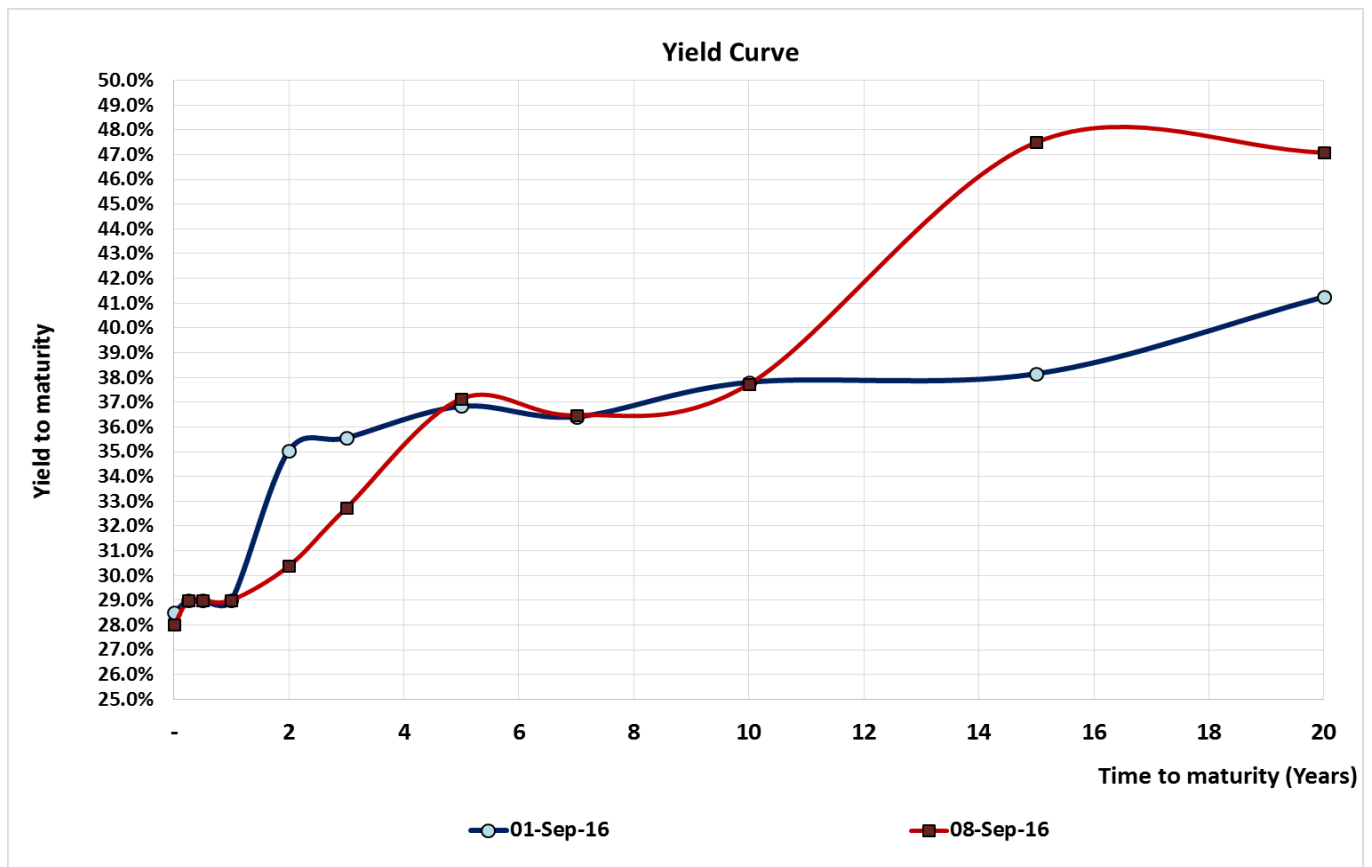


Indicative TT Mid Rates



#### 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
09 <sup>th</sup> 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 <sup>th</sup> June 2016	26.15%	29.00%	29.00%	29.00%	28.20%	27.42%	26.48%	25.75%	25.39%	25.19%	25.09%
23 <sup>rd</sup> June 2016	25.89%	28.92%	29.00%	29.00%	27.16%	26.52%	25.94%	25.37%	24.99%	24.78%	24.64%
12 <sup>th</sup> August 2016	28.29%	29.00%	29.00%	29.00%	26.16%	26.35%	26.21%	26.60%	26.43%	27.32%	28.39%
19 <sup>th</sup> August 2016	28.45%	27.84%	27.57%	27.66%	27.10%	27.24%	27.05%	27.12%	27.28%	28.69%	29.78%
01 <sup>st</sup> September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 <sup>th</sup> September 2016	28.00%	29.00%	29.00%	29.00%	30.39%	32.73%	37.14%	36.48%	37.73%	47.50%	47.08%
08 September-01 September Change in Yield (Bp)	-50	0	0	0	-466	-283	31	6	-8	935	583



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