



## PRESS STATEMENT

### RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 16 JUNE 2025

The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe met on 16 June 2025 to deliberate on recent macroeconomic and financial developments and the outlook. The MPC noted the broad-based deceleration of global growth occasioned by escalating trade tensions, geo-economic fragmentation, regional and international conflicts and policy uncertainty. Against this background, global growth forecasts for 2025 have been downgraded from 3.3% to 2.8%. These global developments may affect the country through subdued trade, weak commodity prices, higher borrowing costs, and cuts in foreign aid. Nevertheless, the continued deceleration in global inflation will benefit the country through lower imported inflation, especially on energy prices.

Despite the uncertain external environment, the domestic economy continues to be resilient and is projected to grow by 6% in 2025. This is underpinned by recovery in the agriculture sector, with significant improvement in key crops, such as maize, tobacco and cotton. Other sectors are also expected to record positive growth performance, benefiting from the prevailing price and exchange rate stability.

The MPC also noted the important supplementary role played by the Targeted Finance Facility (TFF) in providing market liquidity to support the productive sectors of the economy. As of 13 June 2025, the total amount disbursed under the TFF stood at ZiG392 million. The Reserve Bank encourages all the productive sectors, including agriculture, to take advantage of the Facility.

The MPC noted the sustained stability in the exchange rate and inflation during the second quarter of 2025. The Committee further noted the continued deepening of the Willing-Buyer Willing-Seller (WBWS) foreign exchange interbank market, benefiting from greater interplay of market forces in the determination of the exchange rate. The foreign exchange market has been clearing with all bonafide and legitimate demand for foreign currency being met. As a result, the parallel market exchange rate premium has remained stable at around 20%.

Reflecting the tight monetary conditions and the stable exchange rate, monthly ZiG inflation has remained below 1%, registering 0.6% in April 2025 and 0.9% in May 2025. Annual inflation stood at 92.1% in May 2025, up from 85.7% in April 2025, reflecting the base effects following the once-off depreciation of the exchange rate in September 2024. However, in line with improved monetary and financial conditions, annual inflation is expected to decline during the last quarter of 2025 to end the year at below 30%.

In order to ensure Monetary Policy effectiveness in liquidity management, the Reserve Bank enhanced its open market operations by re-calibrating the tenors and redeemability of the Non-Negotiable Certificates of Deposit (NNCDs). Effective 27 May 2025, maturity buckets of 7, 14 and 21 days were discontinued and any excess balances now have a fixed tenor of 30 days. Early terminations of NNCDs are only permissible for settling Government tax pay-overs and purchasing foreign exchange from the Reserve Bank.

The MPC welcomed improvements in the wider usage of ZiG in the economy as a result of the prevailing stability in macroeconomic conditions. The proportion of local currency transactions on the National Payments System increased from ZiG7.9 billion (26%) in April 2024 to ZiG56.8 billion (43%) as at 31 May 2025. The MPC also noted the continued full coverage of ZiG reserve money (ZiG4.7 billion) and the entire local currency deposits (ZiG15.5 billion) by foreign currency reserves (US\$701 million equivalent to ZiG18.9 billion) as at 13 June 2025. This was observed as important to support the stability of ZiG.

Against the background of the positive domestic macroeconomic developments and the need to sustain price and exchange rate stability, the MPC resolved to continue to stay the course on the current monetary policy stance as follows: -

- To maintain the Bank Policy rate at 35%.
- To maintain the current statutory reserve requirements for savings and time deposits in ZiG for both local and foreign currency at 15%, and for demand and call deposits for both local and foreign currency deposits at 30%.

The MPC commended the use of clear communication by the Reserve Bank as an effective monetary policy tool to build confidence and enhance its credibility. Considering the challenging and rapidly evolving risks to the global growth outlook, the MPC advised the Reserve Bank to maintain a sufficiently tight monetary policy stance. The Reserve Bank is committed to keeping the market informed of any policy refinements consistent with the evolution of risks and the need to balance inflation and growth objectives.



**Dr. John Mushayavanhu**  
**Governor**

16 June 2025