PRESS STATEMENT

RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 27 NOVEMBER 2026

The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe met on 27 November 2026 to deliberate on recent macroeconomic and financial developments and assess the outlook for the economy.

The MPC noted that the global economy has remained resilient, despite geopolitical tensions and elevated oil prices, supported by the AI-driven investment boom, which has moderated the impact of supply disruptions from the Middle East conflict. High oil and food prices have lifted global headline inflation, projected at 4.7% in 2026 before easing to 4.1% in 2027. This has prompted some major central banks to tighten monetary policy, resulting in tighter financial conditions and contributing to a fall in gold prices to around US$3,600 per ounce, from above US$5,000 per ounce in January 2026. Although the energy price outlook remains uncertain, global projections point to a gradual normalisation of energy markets. This would further anchor domestic inflation expectations and limit the second-round effects of oil price shocks.

On the domestic front, the MPC commended the continued price, currency and exchange rate stability, which has kept inflation low and expectations anchored. Annual ZiG inflation averaged 4% over the first 11 months of 2026, well within the Southern African Development Community (SADC) Macroeconomic Convergence target range of 3% to 7%. In November 2026, annual ZiG inflation was 4.25%, unchanged from October 2026. The Reserve Bank's Inflation and Business Expectations Survey shows that expectations have become more anchored, with about 80% of respondents expecting inflation to remain below 5% in the first quarter of 2027.

This stability is underpinned by prudent money supply management, with reserve money contained within the 2026 targets agreed with the IMF under the 10-month Staff Monitored Programme (SMP). The IMF will conduct the final review of the SMP in December 2026. The Reserve Bank is confident that all targets and structural benchmarks will be met, building a strong track record that is critical for consolidating central bank credibility and confidence in the economy.

Macroeconomic stability has supported strong growth in the first three quarters of 2026, with the economy remaining on course to grow by 5% in 2026. Reflecting El Niño weather effects, growth is expected to moderate to 3.5% in 2027. The MPC took note of the targeted measures by Government, as announced in the 2027 National Budget, to mitigate the impact of the Super El Niño.

The exchange rate has remained stable, trading between ZiG25 and ZiG27 per US dollar, supported by strong foreign currency inflows. Foreign currency receipts rose by 29.4% to US$17.2 billion between January and October 2026, from US$13.3 billion in the same period last year. This supported a build-up of reserves to about US$2 billion, equivalent to about two months of import cover by end November 2026. As a result, the Reserve Bank has been able to meet all *bona fide* foreign payment requirements, and the market has cleared at all times.

The MPC commended the progress made in developing the new electronic FX trading platform, the Foreign Exchange Interbank Market Enhanced Trading System (FEXIMETS). The Reserve Bank has also satisfactorily conducted User Acceptance Tests (UAT) with Authorised Dealers and established the market's state of readiness to implement the new FX trading system. The MPC noted the postponement of the launch by another 3 months to allow more banks to be adequately prepared and put the necessary systems in place to ensure the smooth implementation of FEXIMETS in the first quarter of 2027.

The MPC welcomed the proposed reduction of the Intermediated Money Transfer Tax (IMTT) in the 2027 National Budget of 0.25 percentage points on both US$ and ZiG transfers to 1.75% and 1.25%, respectively, to boost ZiG demand and formal banking flows. The MPC also commended the Government's proposal to amend the Reserve Bank of Zimbabwe Act [Chapter 22:15] to reduce the statutory borrowing limit for Government from 20% to 5% of the previous year's revenue, which is critical for ensuring non-inflationary budget financing.

The MPC further welcomed the proposed resumption of Government securities auctions, which will support a local currency yield curve and the transition to indirect, market-based monetary policy instruments. This transition has already started with the ZiG Denominated Term Deposit Facility (ZiGDTDF), introduced by the Reserve Bank in May 2026.

Looking ahead, the MPC is of the view that exchange rate stability, well-anchored inflation expectations and a stronger foreign currency reserves position will cushion the domestic economy against external price shocks. As a result, inflation is expected to average 4.0% in 2026 and about 5% in 2027.

Given the current and projected low and stable inflation, well-anchored inflation expectations, and the need to support economic activity at affordable real interest rates, the MPC concluded that there is scope to continue aligning the Bank policy rate with inflation developments. Accordingly, the MPC resolved:

i. To reduce the Bank policy rate by 2.5 percentage points from 27.5% to 25% with immediate effect. This brings the cumulative reduction since June 2026 to 10 percentage points;
ii. To reduce the interest rate on the Targeted Finance Facility (TFF) in line with the reduction in the Bank policy rate, from 12.5% to 10%, with a cap on banks on lending to the productive sectors at an all-inclusive 20%;
iii. To maintain the current differential statutory reserve requirements at 30% for demand deposits and at 15% for savings and time deposits;
iv. To maintain the minimum interest rates on savings and time deposits at the current levels; and
v. To continue using the ZiGDTDF to support monetary policy implementation, the development of a yield curve, and the deepening of domestic debt and capital markets.

The MPC re-emphasised that the reduction in the Bank policy rate is part of the monetary policy normalisation cycle that started in June 2026, aimed at gradually bringing the country's real interest rate towards its neutral level, a rate that keeps the economy at its growth potential, while preserving price, currency and exchange rate stability. The pace and magnitude of further policy adjustments will be decided at successive MPC meetings, guided by incoming data on inflation, economic activity and emerging domestic and external shocks.

Going forward, the MPC will remain vigilant to global inflationary risks, tighter global financial conditions and the anticipated effects of the El Niño weather phenomenon and will thus continue to calibrate the policy stance to safeguard the low and stable inflation and support robust growth. The Reserve Bank will also continue to deepen market-based policy instruments and maintain the reserve money discipline, underpinning its commitments under the ongoing SMP.

Dr. John Mushayavanhu
Governor
27 November 2026