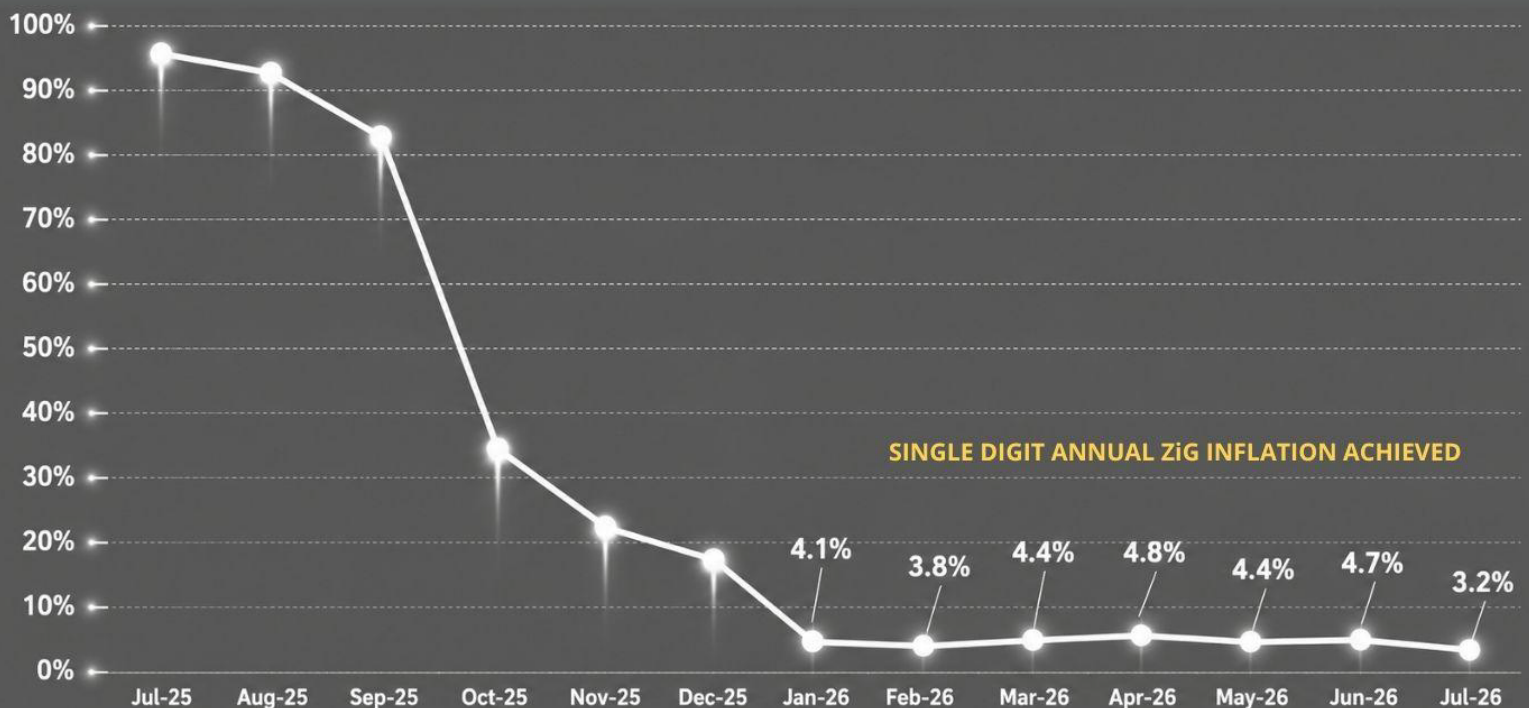




2026 MID-TERM MONETARY POLICY REVIEW STATEMENT *AT A GLANCE*

Sustaining Single-digit Inflation and Monetary
Stability to Foster Economic Resilience

20 AUGUST 2026



RESERVE BANK'S MANDATE AND COMMITMENT TO PRUDENT MONETARY POLICY

In line with the Government of Zimbabwe's Vision 2030, "Towards a Prosperous & Empowered Upper Middle-Income Society by 2030" and the National Development Strategy 2 (NDS 2), the role of the Reserve Bank of Zimbabwe (the Reserve Bank) shall be to ensure monetary and financial system stability supportive of the macroeconomic framework of the NDS 2. This is in line with the key functions of the Reserve Bank as defined in Section 6 of the Reserve Bank of Zimbabwe Act [Chapter 22:15] as follows:

- i) to regulate Zimbabwe's monetary system;
- ii) to achieve and maintain the stability of the Zimbabwe dollar (now Zimbabwe Gold, ZiG, currency with effect from April 2024);
- iii) to foster the liquidity, solvency, stability and proper functioning of Zimbabwe's financial system;
- iv) to supervise banking institutions and to promote the smooth operation of the payment system;
- v) to formulate and execute the monetary policy of Zimbabwe; and
- vi) to act as banker and financial adviser to, and fiscal agent of, the State; among others.

"Consistent with its core mandate, the Reserve Bank's strong commitment to prudent monetary policy has delivered the desired price stability in the economy, as evidenced by the attainment of single-digit inflation in January 2026, which has persisted for seven consecutive months through July 2026. This stability has enabled the country to mitigate the impact of the oil price shock arising from the conflict in the Middle East. **Sustaining low single-digit inflation and monetary stability are essential to foster economic resilience** in the face of global geopolitical tensions and climatic shocks. The anchoring of inflation expectations has also reinforced confidence in the local currency and strengthened monetary policy effectiveness, thereby laying the foundation for sustainable investment and economic growth".



Dr. J. Mushayavanhu
Governor



KEY MONETARY POLICY HIGHLIGHTS

FIRST HALF-2026

The country experienced relative price, currency and exchange rate stability in the first half of 2026, benefiting from prudent monetary and fiscal policy management which helped to anchor inflation expectations. The current monetary policy stance has in turn mitigated the impact of the oil price shock stemming from the conflict in the Middle East. As a result, inflation has been contained, averaging 4.2% for the period January to July 2026, thus supporting robust economic performance.

1 The Upgraded BiG 5 ZiG Banknote Series Introduced

Official launch and introduction of the upgraded BiG 5 ZiG Banknote Series with new designs, improved durability and enhanced security features.

2 Progress in Implementation of the IMF Staff Monitored Program (SMP)

The Reserve Bank satisfactorily met all the agreed quantitative targets (QTs) and structural benchmarks under the first SMP Review Mission completed for 31 March 2026. The specific QTs under the purview of the Reserve Bank included reserve money, net international reserves and zero lending to Government. These achievements, including those from the fiscus, are reflected in the recently published IMF communique.

3 Single Digit Annual Inflation Sustained

The Reserve Bank has sustained a single digit local currency inflation, which declined to 3.2% in July 2026 from 4.7% in June 2026, and averaged 4.2% for the seven months to July 2026.

4 Low and Stable Monthly Inflation Sustained

ZiG monthly inflation remained low and stable, averaging 0.37% from Feb-Dec 2025 and 0.42% for the period January to July 2026.

5 Exchange Rate Stability Sustained

The exchange rate remained stable during the first seven months of 2026, oscillating between ZiG25-27 per US\$, and the parallel market premium further narrowed to about 15%.

6 Prudent Money Supply Management

Reserve money growth contained within the agreed IMF SMP quantitative target in the first half of 2026.

7 Prudent Liquidity Management

Liquidity levels were consistently maintained within the Optimal Liquidity Levels (OLL), throughout the first half of 2026.

8 Sustained Foreign Currency Receipts

Foreign currency receipts increased by 47.8% to US\$10.7 billion in the first half of 2026, from US\$7.3 billion in the same period in 2025. The improvement in foreign currency inflows contributed to the build-up of foreign reserves to 1.7 months of import cover, thereby supporting a smooth interbank market.

9 Adequate Foreign Reserve Cover for ZiG

The available foreign currency reserves of US\$1.7 billion adequately cover the local reserve money of ZiG6.6 billion by about 6 times and about 1.5 times the entire stock of ZiG deposits of ZiG28.9 billion as at 31 July 2026.

10 Financial Sector Stability

The financial sector was stable during the first half of 2026, characterised by a safe, sound and inclusive banking sector, with adequate capital buffers and sufficient liquidity. The level of non-performing loans also remained low, at 3.19% against the international benchmark of 5%.

11 Robust National Payments System (NPS)

The NPS remained robust and resilient with an average uptime of about 99% for both RTGS and retail payment systems during the first half of 2026.

12 Foreign Exchange Market Trading System Development

The Reserve Bank has developed a new foreign exchange trading platform for Authorised Dealers, to enhance market efficiency and price discovery. The new FX trading system is currently receiving World Bank technical validation.

13 Bank Policy Rate Reduced

The Bank Policy Rate was reduced from 35% to 30% per annum, to align with the structural shift in inflation dynamics, from high to low sustainable single-digit levels

14 Targeted Finance Facility (TFF) Retained

The Reserve Bank retained the TFF at ZiG1.2 billion to support productive sectors of the economy. The interest rate on the TFF was reduced from 20% to 15% for on-lending to the productive sectors of the economy.

15 Statutory Reserve Requirements Maintained

Statutory reserve requirements have been maintained at 15% for savings and time deposits and 30% for demand and call deposits for both local and foreign currency.

16 Minimum Deposit Interest Rates Maintained

The Reserve Bank has maintained the current minimum interest rates for ZiG savings deposits at 5% and 2.5% for US\$ denominated savings accounts. Likewise, interest rates for ZiG denominated time deposits were maintained at 7.5% and 4% for US\$ denominated time deposits.

17 ZiG Denominated Term Deposit Facility (ZiGDTDF) Operationalised

To complement NNCDs in managing ZiG liquidity and move towards indirect monetary policy instruments, the Reserve Bank operationalised the ZiG Denominated Term Deposit Facility (ZiGDTDF). This enabled the development of a short-term yield curve with an interest rate of 8% for 30 days and 11% for 90 days.

18 Progress on Conditions Precedent for the Transition to Mono-Currency

Significant progress has been made in meeting the Conditions Precedent in the first half of 2026, for a smooth, market-led transition to mono-currency.

OVERVIEW

1. This Mid-term Monetary Policy Statement is issued in terms of Section 46 of the Reserve Bank of Zimbabwe Act [*Chapter 22:15*]. The Statement comes at a time when the country has sustained single-digit inflation since January 2026 and has achieved currency and exchange rate stability for almost 2 years, since October 2024. The prudent monetary policy stance pursued by the Reserve Bank has anchored inflation expectations, which assisted the country to weather the impact of the oil price shock, triggered by the conflict in the Middle East.
2. Globally, rising energy prices, tighter financial conditions, and heightened uncertainty are negatively impacting consumption, investment, trade and inflation developments. Consequently, global growth has become more fragile, tilting the balance of risks to the downside.
3. The domestic economy has, however, remained resilient and is projected to grow by 5% in 2026, from 8.3% in 2025, despite the heightened geopolitical tensions which disrupted global supply chains and raised energy prices. The country has continued to experience greater price, currency and exchange rate stability, which supported increased activity across all sectors of the economy.
4. The robust growth momentum for the country has supported a 47.8% increase in foreign currency inflows during the first half of the year, which amounted to US\$10.72 billion as of 30 June 2026, compared to US\$7.25 billion recorded over the same period in 2025. The higher foreign currency inflows exceeded the cumulative foreign currency payments of US\$7.30 billion, recorded between January and June 2026.
5. Reflecting the increased foreign exchange inflows, reserves increased to US\$1.7 billion by the end of July 2026, equivalent to approximately 1.7 months of import cover. The foreign currency reserves supported the Reserve Bank's strategic intervention in the interbank foreign exchange market, ensuring that all *bona-fide* foreign payments are met. The intervention supported stable exchange rate

dynamics, with the ZiG/US\$ exchange rate oscillating between ZiG25 and ZiG27 per US dollar and the parallel market premium contained at levels of 15%, on average, during the first half of 2026

6. The continued implementation of prudent monetary policy and a supportive fiscal policy resulted in a structural shift in ZiG inflation dynamics from double-digits to low single-digit levels of less than 5% from January to July 2026. In response to the structural shift in inflation dynamics, the Reserve Bank reduced the Bank Policy Rate from 35% to 30% per annum. In addition, the interest rate on the Targeted Finance Facility (TFF) was reduced from 20% to 15% per annum, in line with the downward revision of the Bank Policy Rate.
7. The Reserve Bank enhanced its monetary policy operations through the operationalisation of the ZiG-Denominated Term Deposit Facility (ZiGDTDF), whose uptake has been strong. The facility is designed to absorb excess liquidity from the market and provide an alternative interest-bearing investment instrument.
8. Demand for the local currency increased during the review period, benefiting from the prevailing price and exchange rate stability, as well as the nationwide BiG5ZiG awareness campaign conducted by the Bank from 1-31 March 2026. Reflecting the overall increased use of ZiG in the economy, National Payment System statistics show that the proportion of electronic transactions remained robust at above 40% since May 2026.
9. The banking sector remained safe, sound, well-capitalised, and inclusive, with non-performing loans remaining low within the internationally accepted threshold of 5 percent. The stable macroeconomic conditions also enabled the financial sector to effectively support economic activity. In addition, the National Payment System remained safe, stable and efficient with an uptime of 99%.
10. To support greater macroeconomic stability, engender confidence and support re-engagement, Government has made significant progress under the Staff Monitored

Programme (SMP). Following the first review of Q1 performance in June 2026, the Reserve Bank successfully met all the Quantitative Targets (QTs) and made significant progress on meeting the SMP structural benchmarks (SBs). The agreed SMP QTs and SBs are aligned with the Reserve Bank's back-to-basics strategy 2026-2030, whose emphasis is on modernizing the monetary policy framework and improving the Bank's operational effectiveness and efficiency.

11. The IMF will conduct its second SMP Review Mission in September 2026 and self-assessment indicates that the Reserve Bank's programme performance remains strong and on course.
12. Regarding the SB on Foreign Exchange Market reforms, the Reserve Bank has developed an electronic trading platform which is expected to be rolled out in the fourth quarter of 2026. The electronic foreign exchange trading platform is designed to improve trading in the foreign exchange market by enhancing efficiency, transparency, price discovery and functionality.
13. During the first half of 2026, significant progress has also been made in meeting the Conditions Precedent (CPs) for the transition to mono-currency. It should be noted that the CPs are at various stages of achievement and that the transition to mono-currency will continue to be market driven, ensuring that all the pre-requisites are sustainably met. Going forward, the Reserve Bank will continue to communicate progress made on each of the eight CPs.
14. Looking ahead, the Reserve Bank and Government remain committed to sustain the prevailing price and exchange rate stability to anchor monetary stability and support economic transformation under National Development Strategy 2 (NDS 2).
15. In this regard, the policies contained in this Mid-term Monetary Policy Review Statement are aimed at sustaining single-digit inflation and promoting the wider use of local currency, in line with the transition to mono-currency.

16. The measures are a product of the Reserve Bank’s policy calibration which also benefited from extensive stakeholder consultations conducted from 20-31 July 2026. Earlier in March 2026, the Reserve Bank conducted the ZiG Education and Awareness Campaigns to gather valuable feedback from the public to inform policy. Consistent with the Reserve Bank’s commitment to use “communication” as a monetary policy tool, the Bank continues to deepen its stakeholder consultative engagements. In this regard, the ***RBZConsults***, which is attached to this Statement, outlines indications from Stakeholder engagements and provides feedback from the Reserve Bank.

Table 1: Key Monetary Policy Indicators

	Apr-24	Dec-24	Mar-25	June-25	Sep-25	Dec-25	Mar-26	June-26
ZiG Month-on-Month Inflation (%)	--	3.67	-0.06	0.28	-0.25	0.20	0.52	0.6
ZiG Annual Inflation (%)	--	--	--	92.5	82.7	15	4.4	4.7
Total ZiG Deposits (million)	4,098	11,958	14,593	16,387	16,763	18,310	21,541	26,872
Non-performing Loans (%)	---	3.37	3.34	2.90	3.07	3.47	3.64	3.19
Reserve Money (ZiG million)	1,239	3,516	3,785	4,658	4,732	5,307	5,732	6,607
Reserve Money Cover (ZiG million)	2,203	12,164	16,871	19,697	23,175	31,408	34,821	38,482
Market Position + NNCDs (ZiG million)	1,597	1,445	2,401	1,877	1,721	3,824	4,751	6,397
Cash and Nostro (USD million)	151	192	296	309	359	574	690	944
Gold Holdings (Kgs)	1,500	2,626	2,779	3,439	3,577	4,030	4,382	4,525
Gold Holdings Value (USD Million)	113	220	275	361	440	566	638	586
Total Reserve Covering ZiG (USD Million)	276	472	630	731	870	1,209	1,434	1,603
Uncovered Demand for Foreign Currency	--	12.27	14.84	17.52	10.22	29.74	36.17	16.08
WBWS Exchange Rate	13.43	25.7985	26.7654	26.9457	26.6439	25.9807	25.3209	26.7698
Implied Exchange Rate	--	24.7374	22.5598	22.6416	19.2724	15.1464	15.2599	18.6933

Global Economic Developments

17. The global economy has demonstrated resilience to overlapping shocks from trade policy shifts and the Middle East conflict. The countervailing effects of growing investments in Artificial Intelligence (AI), easing trade tensions, and supportive policies in major economies, have moderated the global economic fallout from the war. Against this background, global growth is projected to decelerate from 3.5% in 2025 to 3.0% in 2026, with a rebound to 3.4% in 2027.
18. Global inflation is projected to rise from 4.1% in 2025 to 4.7% in 2026, representing an interruption to the disinflation process realized in 2025. The projected rise in global inflation mainly reflects increases in energy, fertilizer and food prices. Moreover, the increase in shipping and insurance costs is also expected to generate inflation pressures in import dependent economies. Inflation trends are, however, expected to remain uneven across countries. The inflation outlook for Sub-Saharan Africa (SSA) remains broadly favourable, with inflation projected to moderate from 13.1% in 2025 to 8.8% in 2026.
19. Global commodity markets have shifted into a phase of heightened volatility, following the outbreak of conflict in the Middle East, which has triggered significant disruptions to energy, fertilizer, and industrial supply chains. The shock constrained flows through key Gulf export routes culminating in sharp upward revisions in the 2026 outlook. As a result, the July 2026 World Bank Commodity Markets Outlook Report, forecasts global commodity prices to rise by about 16% in 2026, marking the first annual increase since 2022. In the outlook period, energy prices expected to increase by around 24%.

Domestic Real and External Sector Developments

Real Sector Developments

20. A review of real sector developments during the first half of the year shows that the country is on course to achieve the 5% growth projection for 2026, underpinned by the continued favourable performance in the agriculture, mining, manufacturing and services sectors.
21. The estimated GDP figures for Q1 2026 show strong performance with year-on-year growth at 6.8%, compared to 4.4% realised in the first quarter of 2025. The growth benefited from improved availability of foreign exchange in the Willing-Buyer Willing-Seller interbank market, as well as reliable power supply that has supported increased productivity across all sectors of the economy.

Balance of Payments Developments

22. Foreign currency receipts increased from US\$7.25 billion in the first six months of 2025 to US\$10.72 billion over the same period in 2026. The close to 50% increase in foreign currency receipts was mainly driven by higher export receipts and diaspora remittances.
23. During the first six months of 2026, foreign payments through Authorized Dealers amounted to US\$7.3 billion, up by 44.9% from US\$5.0 billion recorded in the same period in 2025.
24. The current account position strengthened to an estimated US\$1.3 billion during the first half of 2026, from US\$248 million recorded during the corresponding period in 2025. The country's external position benefited from strong remittance inflows and favourable terms of trade, driven by higher international prices for key mineral exports, particularly gold and platinum group metals (PGMs).

MONETARY POLICY PERFORMANCE ASSESSMENT

25. The Reserve Bank's prudent money supply and liquidity management has delivered price and exchange rate stability in the economy, reflecting the effectiveness of the monetary policy framework. The effectiveness of the framework was evidenced by the attainment of single-digit inflation, a stable exchange rate, progressive accumulation of foreign currency reserves and an efficient foreign exchange market.

Inflation Developments

26. Reflecting the Reserve Bank's prudent monetary policy, ZiG annual inflation was sustained below 5% during the first half of 2026. The prevailing low and stable inflation environment has supported greater predictability and certainty critical for business planning, investment and inclusive growth.
27. Annual ZiG inflation increased from 4.1% in January 2026 to 4.8% in April 2026, mainly driven by the increase in fuel prices, before reverting to its pre-shock path in May 2026. The moderate increase in annual inflation in April 2026 reflected well-anchored inflation expectations.
28. Annual inflation stood at 3.2% in July 2026, on account of the decline in fuel prices in June 2026 and stability of the ZiG/US\$ exchange rate. The significant decline in annual inflation from 4.7% in June 2026 to 3.2% in July was also explained by the favourable base effect, reflected in the slowdown in monthly inflation in July 2026 to 0.1%, compared to 1.6% recorded in the same month in 2025.

Exchange Rate Developments

29. The Willing-Buyer Willing-Seller (WBWS) interbank market exchange rate remained stable, averaging around ZiG25.93 per US\$ from January to July 2026. In addition, the parallel market exchange rate premium continued to narrow to levels of about 15% during the first seven months of 2026.

30. The exchange rate stability continued to be supported by improved foreign exchange inflows, accumulation of foreign currency reserves backing ZiG and strategic intervention in the foreign exchange market to ensure that all *bona-fide* foreign obligations are settled.

Foreign Currency Reserve Cover

31. Foreign currency reserves stood at US\$1.7 billion as at end July 2026, equivalent to 1.7 months of import cover. The growth in foreign currency reserves was supported by royalties in-kind from precious minerals and the channelling of the 5% portion, from the 30% export surrender requirements towards reserves build-up.
32. At 1.7 months import cover, the foreign currency reserves adequately covered the entire ZiG deposit base by almost 1.5 times as at end of July 2026 and the stock of reserve money by 6 times.

Monetary Developments

33. Money supply developments in the six months to June 2026 remained consistent with targeted inflation, economic growth and the need to increase the wider usage of the domestic currency.
34. During the first half of 2026, reserve money growth was kept within targets, amid a steady expansion in broad money supply supported by effective liquidity management. Total reserve money stood at ZiG34.69 billion as at June 2026, of which about 20% was in local currency. Annual growth in aggregate reserve money (ZiG and foreign currency) decelerated to 39.35% in June 2026, compared to 243.94% in June 2025. Over the same period, annual growth in the ZiG component of reserve money slowed down significantly, from 279.74% to 41.93%.

35. As a result, reserve money levels for Q1/2026 and Q2/2026 stood at ZiG5.73 billion and ZiG6.60 billion, respectively, within SMP Targets agreed between the Reserve Bank and the IMF of ZiG5.95 billion and ZiG7.33 billion, respectively.
36. Total broad money supply (M3) increased by 31.4% from ZiG108.09 billion in December 2025 to ZiG142.01 billion in June 2026, on the back of increases in both local and foreign currency deposits. On a year-on-year basis, total broad money grew by 45.9% in June 2026, compared to 127.8% during the same period in 2025.
37. The local currency component of M3 increased from ZiG20.17 billion in December 2025 to ZiG27.95 billion in June 2026, consistent with the increased use of local currency in the economy. On an annual basis, the local currency component increased by 62.5% in June 2026, compared to 87.2% in June 2025.

Liquidity Management

38. Liquidity dynamics in the economy were largely driven by Government and foreign exchange operations. The major injections of liquidity into the market between 2 January 2026 and 4 August 2026 were Government expenditure (ZiG42.3 billion) and Reserve Bank purchase of export surrender proceeds (ZiG32.8 billion).
39. During the same period, the major liquidity withdrawals were through Government revenue collections (ZiG46.1 billion) and Reserve Bank foreign currency sales (ZiG26.9 billion). Other items (Including Statutory Reserve transfers and Treasury Bills issuances and maturities) had a net injection of ZiG1.9 billion. These gross movements in market liquidity culminated in overall net injection of ZiG4.0 billion.
40. For effective liquidity management and to complement NNCDs which amounted to ZiG7.7 billion as of 4 August 2026, the Reserve Bank operationalised the ZiGDTDF during the first half of 2026, to enhance monetary policy operations. In

addition to being an indirect monetary policy instrument¹, the ZiGDTDF is designed to ensure a positive real return on local currency savings. In this regard, the instrument is expected to serve as a benchmark for interest rates in the economy.

41. Two issuances were undertaken in June 2026, attracting ZiG466.6 million against an offer of ZiG500 million, demonstrating a strong market uptake. As at 17 July the outstanding ZiGDTDF balance stood at ZiG356.6 million. As such, ZiG liquidity was maintained within the Optimal Liquidity Level (OLL) at ZiG600.5 million.

Statutory Reserves Requirements

42. The statutory reserve requirement ratios remained at 30% for demand/call deposits and 15% on savings and time deposits, for both local and foreign currency.
43. Consistent with the increase in local currency deposits, local currency statutory reserve balances increased by 44.4%, from ZiG4.69 billion on 2 January 2026 to ZiG6.77 billion as of 4 August 2026. Similarly, foreign currency statutory reserve balances increased, reflecting an increase in foreign currency deposits due to improved export performance

Interest Rate Policy

44. The Reserve Bank pursued a prudent monetary policy stance, appropriately calibrated to balance growth and inflation objectives. The Reserve Bank reviewed the Bank Policy Rate downward from 35% to 30% per annum in June 2026, reflecting the structural shift to low inflation dynamics.
45. The Reserve Bank expects banking institutions to align their lending rates with the movement in the Bank Policy Rate and cost of funds.

¹ The instrument is available to Banks, Building Societies, Deposit-Taking Microfinance institutions (DTMFIs), POSB, Insurance and Pension Funds, Corporates and Individuals – to everyone with surplus investable funds on a voluntary basis, with maturities of 30, 60 and 90 days.

Targeted Finance Facility (TFF)

46. In line with the reduction in the Bank Policy Rate, the interest rate on the TFF was reduced from 20% to 15% for banks and capped at a maximum all-in rate of 25% for on lending to the productive sectors of the economy.
47. The reduced interest rate on TFF is expected to support increased lending to the productive sectors of the economy, with the facility limit currently set at ZiG1.2 billion. The uptake on TFF loans has been slow owing to the relatively high real interest rates that prevailed before the adjustment in the policy rate.

The BiG5ZiG Banknote Series

48. Leveraging on improved price, currency and exchange rate stability, the Reserve Bank successfully introduced the upgraded **BiG5ZiG Banknote Series**, with a modern “*look and feel*”, as well as enhanced durability and quality on 7 April 2026. Reflecting the positive uptake of the upgraded BiG5ZiG Banknote Series, a total of about ZiG600 million was issued into circulation during the first half of 2026.
49. The increased use and uptake of ZiG in the economy was also shown by an increase in the proportion of ZiG-based transactions on the National Payment System. The value of ZiG transactions processed through the RTGS system steadily increased during the first half of 2026 to above 40% in May and June 2026.

Staff Monitored Programme

50. The IMF conducted its first SMP Review Mission for Q1/2026 (end-March) in June 2026. Following the first Review Mission, the IMF confirmed that the Reserve Bank had successfully met all Quantitative Targets (QTs) and made significant progress on meeting the Structural Benchmarks (SBs) for Q1/2026. The second IMF SMP Review Mission for Q2/2026 (end-June) is scheduled for September 2026, and the Reserve Bank self-assessment indicates that Programme performance targets are on course to be met.

51. The QTs under the Reserve Bank's purview are shown in Table 2.

Table 2: Zimbabwe Quantitative Targets (March and June 2026)

Quantitative Target	Program Q1	End March 2026 Actual	Program Q2	End June 2026 (Provisional)
Ceiling on changes in credit to the nonfinancial public sector from the RBZ (US\$ million)	0	0 (Met)	0	0
Floor on changes in net official international reserves (US\$ million)	74	139 (Met)	195	215
Ceiling on changes in ZiG monetary base of the RBZ (ZiG million)	602	425 (Met)	1598	875

Source: Reserve Bank of Zimbabwe

Regional Macroeconomic Convergence (MEC)

52. During the first half of 2026, the country's overall macroeconomic performance showed steady progress towards meeting the Southern African Development Community (SADC) MEC benchmarks/targets. Specifically, Zimbabwe is on track to achieve three of the four primary convergence indicators in 2026, namely inflation, the budget balance, and public debt. On secondary indicators, Zimbabwe has converged with the benchmark on current account and central bank credit to Government.
53. The SADC benchmark for economic growth is 7%, but the region is projected to grow by 3.6% on average in 2026. In this regard, the projected growth rate for Zimbabwe at 5% for 2026 exceeds the regional average of 3.6%. Table 3 shows Zimbabwe's Performance against SADC MEC targets.

Table 3: SADC Macroeconomic Convergence Criteria

Indicators	Target	Zimbabwe (June 2026)	SADC Average (Proj. 2026)
Primary Indicators			
Inflation (Annual Rate)	3-7%	3.2%*	6.7%
Budget Deficit/ GDP (%)	< 3%	1.7% (surplus)	-4.0% (deficit)
Public Debt/ GDP (%)	< 60%	50.4%	55%
Economic Growth (Real GDP annual Rate) (%)	> 7%	5.0%	3.6%
Secondary Indicators			
Current Account Deficit/GDP (%)	< 3%	4.1% (surplus)	-3.4% (deficit)
Central Bank Credit to Government	5%	0.0%	3.2%
External Reserves (Months of Import Cover)	6 Months	1.7 months*	4.5 months
* For Zimbabwe Inflation outturn and FX Reserves position are as at July 2026.			

FINANCIAL SECTOR

Banking Sector

54. The banking sector remains safe, sound, resilient and inclusive benefiting from the prevailing stable macroeconomic conditions. Banking institutions are well-capitalized, liquid and profitable, with credit risk remaining low.
55. As at 30 June 2026, the condition and performance of the banking sector was underpinned by satisfactory outcomes across the key financial soundness indicators as presented in Table 4.

Table 4: Financial Soundness Indicators (Jun 2025 – Jun 2026)

Key Indicators	Benchmark	Jun-25	Sep-25	Dec-25	Mar-26	June-26
 Total Assets (ZiG)	-	191.82bn	200.66bn	208.93bn	215.78bn	247.86bn
 Total Loans & Advances (ZiG)	-	67.51bn	71.05bn	75.59bn	79.30bn	94.61bn
 Net Capital Base (ZiG)	-	39.99bn	42.38bn	42.33bn	41.92bn	43.30bn
 Core Capital (ZiG)	-	33.08bn	35.46bn	35.72bn	35.22bn	36.80bn
 Total Deposits (ZiG)	-	112.77bn	116.95bn	123.53bn	132.16bn	158.29bn
 Net Profit (ZiG)	-	4.96bn	7.92bn	8.77bn	1.54bn	3.81bn
 Return on Assets	-	4.39%	5.69%	6.17%	1.25%	1.63%
 Return on Equity	-	12.84%	15.66%	18.56%	4.44%	9.25%
 Capital Adequacy Ratio	12%	33.81%	31.71%	29.69%	29.13%	24.13%
 Tier 1 Ratio	8%	25.28%	23.95%	23.06%	23.22%	20.51%
 Loans to Deposits Ratio (excluding lines of credit)	-	56.01%	56.46%	61.19%	60.01%	56.90%
 NPLs Ratio	5%	2.90%	3.07%	3.47%	3.64%	3.19%
 Liquidity Ratio	30%	56.76%	56.58%	57.61%	57.07%	55.85%

Source: Reserve Bank of Zimbabwe, 2026

56. The financial soundness indicators reflect the sector's resilience, prudent risk management, and continued capacity to support economic activity.

Sustainability Mainstreaming

57. There has been notable progress in the adoption of sustainable banking practices in the financial sector. The Reserve Bank continues to provide supervisory guidance to the institutions participating in the Sustainability Standards and Certification Initiative (SSCI).
58. As at 30 June 2026, a total of 19 institutions comprising the Reserve Bank, 13² banking institutions, two (2) development financial institutions, two (2) DTMFIs and one (1) bank holding company were participating under SSCI. To date, two (2) banking institutions have been SSCI certified and are implementing various activities in line with the SSCI standards.
59. On its part, the Reserve Bank has successfully completed the SSCI requirements and is due to receive certification from the European Organisation for Sustainable Development (EOSD) at the end of August 2026. This will be a key anchor to drive sustainability in the financial sector in Zimbabwe.

National Payment Systems

60. National Payment Systems remained resilient and recorded 99% up-time for the RTGS and retail payment platforms, during the first half of 2026.

² ZB Building Society and FBC Building Society which were participating surrendered their licenses as at 31 December 2025.

Monetary Policy Framework

61. The Reserve Bank's monetary policy framework remains anchored on the need to achieve and maintain low and stable inflation, which is the primary objective of monetary policy. The current monetary policy framework involves targeting reserve money as the operational target and the exchange rate as the intermediate target. This hybrid framework has served the country well and effectively delivered price, currency and exchange rate stability.
62. In this context, the Reserve Bank is committed to continue implementing a prudent monetary policy, appropriately calibrated to ensure sustenance of low single-digit inflation. The monetary policy framework also takes into consideration the exogenous shocks arising from geopolitical conflicts and climate-induced disasters, including the expected El Niño weather effects in the 2026/2027 agricultural season.
63. Going forward, the Reserve Bank will continue to advance its monetary policy modernisation programme and put in place the pre-conditions necessary for the transition to inflation targeting. Consistent with SADC macroeconomic convergence target for inflation, the Reserve Bank's monetary policy modernisation framework is aimed at anchoring inflation expectations within the 3-7% range, in the medium-term.
64. A stable macroeconomic environment is critical for the transition to mono-currency, which will be a natural market-driven process, determined by the sustained attainment of the Conditions Precedent (CPs) outlined in NDS 2.
65. Importantly, the Reserve Bank will continue to calibrate monetary policy to sustain single-digit inflation and monetary stability to foster economic resilience. Progress

on this front will fortify foundations for the attainment of the CPs for the exclusive use of ZiG in the economy.

Conditions Precedent (CPs) for Transition to Mono-currency

66. The country is currently operating in a multicurrency system where foreign currency co-circulates with the domestic currency, ZiG. The Reserve Bank reaffirms its commitment to a smooth transition to mono-currency when the CPs for migration are fully met and durably sustained. In this context, the Reserve Bank will regularly update the public on progress made towards the attainment of CPs. Table 5 details the CPs and the status of implementation.

Table 5: Conditions Precedent for Transition to Mono-Currency

No.	Condition Precedent	Measure of Success	Status
1.	Durable macroeconomic stability, characterized by low and stable inflation at single-digit levels.	▪ Inflation sustained within the SADC benchmark of 3-7%. ▪ Sustained Single-digit Inflation for 24 months. ▪ Anchored Inflation Expectations	▪ Annual ZiG inflation has averaged 4.2% for the first 7 months of 2026 and is expected to remain low and stable within single-digit levels in the medium to long term.
2.	Adequate foreign currency reserves of at least 3-6 months of imports cover in the medium to long-term.	▪ Achieve a minimum of 3 months of import cover and maintain reserves of up to 6 months of import cover in the medium to long term, consistent with the SADC convergence criteria. ▪ Restored Market Confidence	▪ Foreign currency reserves stood at US\$1.7 billion as at end July 2026, equivalent to 1.7 months of import cover. ▪ The Reserve Bank is targeting to reach between 1.8 and 2 months of import cover by end of 2026.
3.	Efficient FX management system that promotes ease of access to FX by importers.	▪ Timely clearance of <i>bona-fide</i> foreign payment requests in the WBWS. ▪ All invoices submitted for payment are met with no outstanding FX demand backlog. ▪ Completed development of an enhanced FX trading	▪ The adoption of a market-determined foreign exchange management system engendered an efficient foreign exchange trading system under the Willing-Buyer Willing-Seller (WBWS) arrangement. ▪ Economic agents with <i>bona-fide</i> foreign payment requests have ease of access to foreign currency through the WBWS.

No.	Condition Precedent	Measure of Success	Status
		- System. Roll-out in Q4/2026 - Restored Market Confidence	- All foreign payments are currently being honoured, and the Reserve Bank ensures that the market clears, at all times. - The Reserve Bank is developing an automated foreign currency trading system, with technical assistance from the World Bank, to be launched in the fourth quarter of 2026.
4.	Stable exchange rate dynamics with minimum over/undervaluation of ZiG.	- The real effective exchange rate maintained within +/- 10% over/undervaluation. - Sustained exchange rate stability for at least 24 months - Restored Market Confidence	- The exchange rate has remained relatively stable, oscillating between ZiG25-27/US\$ - moving by only 2.9%, from January to June 2026, - The real effective exchange rate is closer to its equilibrium, with the parallel market premium narrowing and averaging 15%.
5.	Increased demand for local currency (ZiG) – recalibration of the percentage of Government taxes and broadening the payment of public sector goods and services in local currency.	- Increasing the ZiG based transaction from the current 40% to achieve 60% in the medium term. - Increase in the proportion of taxes paid in ZiG to above 60% and target to achieve 100% in the medium term. - Restored Market Confidence	- To complement Government efforts, the Reserve Bank has issued attractive ZiG-denominated instruments. - In addition, effective inflation management, coupled with ongoing ZiG awareness and education campaigns on the back of high-quality BiG5ZiG Banknote Series, has enhanced confidence in ZiG. - On the fiscal side, the payment of taxes in the 50:50 proportion at the QPDs has enhanced the demand for ZiG. - The decision by Government to settle public sector supplier invoices in ZiG will broaden the use and demand for ZiG. - Government has reduced IMTT for ZiG payments to 1.5% from 2% while maintaining 2% for USD transactions to encourage the use of ZiG.
6.	Financial sector stability.	- Stable banking sector characterised by: - Non-performing loans (NPL) ratio below the international benchmark of 5%, and	- The banking sector has remained safe and sound with adequate capitalisation, satisfactory asset quality and high liquidity buffers. - NPL ratio at 3.19% as at June 2026.

No.	Condition Precedent	Measure of Success	Status
		Capital adequacy ratio (CAR) above 12%.	CAR at 24.13% as at June 2026.
7.	Efficient and secure National Payments System to promote ease of payment in ZiG locally.	Payment system uptime maintained above 95%.	- The National Payments System remained efficient with an average up-time of about 99%, catering for both ZiG and US dollar transactions. - The NPS has had no reported incidences of cybersecurity breaches and loss of value to market participants.
8.	Fiscal and monetary policy cohesion with non-monetisation of the budget.	No recourse to inflationary central bank financing of the budget.	There is enhanced monetary and fiscal complementarity, with Government having no recourse to inflationary Central Bank financing.

67. The detailed progress made on the CPs is summarised in Figure 1.

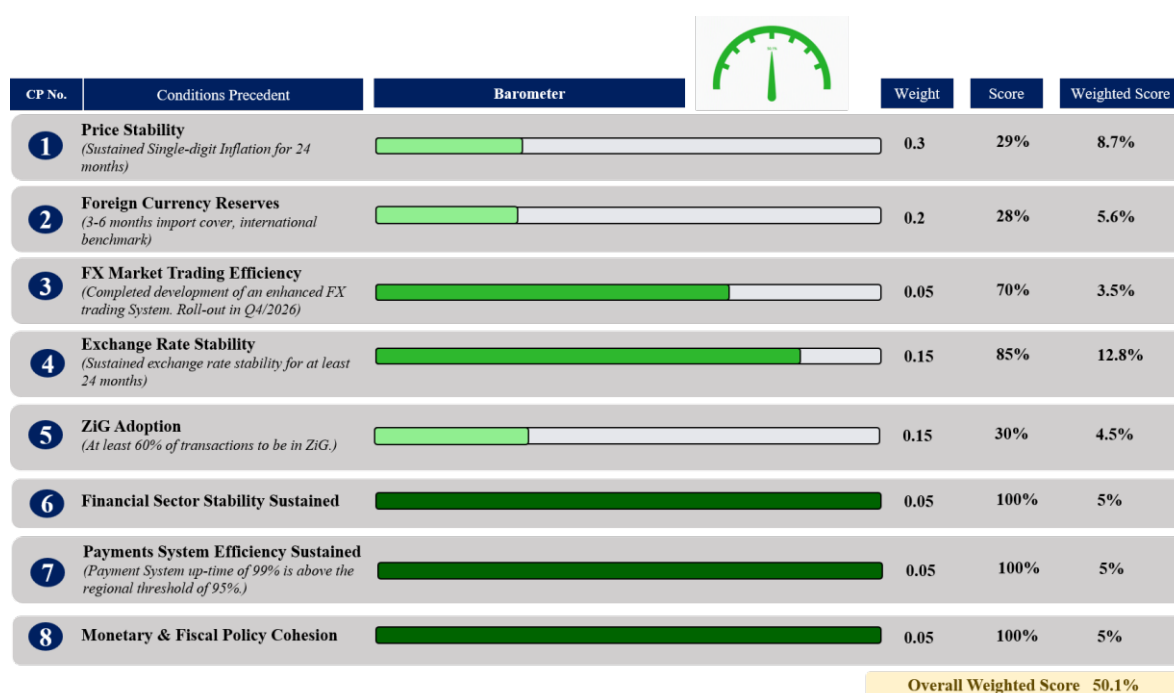
Figure 1: Progress Tracker on CPs for Transition to Mono-Currency Status

No.	Condition Precedent	Measure of Success	Status
1.	Durable macroeconomic stability, characterized by low and stable inflation at single-digit levels.	- Inflation sustained within the SADC benchmark of 3-7%. - Sustained Single-digit Inflation for 24 months. - Anchored Inflation Expectations	Current Status 7 months Target 24 months
2.	Adequate foreign currency reserves of at least 3-6 months of imports cover in the medium to long-term.	- Achieve a minimum of 3 months of import cover and maintain reserves of up to 6 months of import cover in the medium to long term, consistent with the SADC convergence criteria. - Restored Market Confidence	Current Status 1.7 months Target 3-6 months
3.	Efficient FX Trading system that promotes ease of access to FX by importers.	- Timely clearance of <i>bona-fide</i> foreign payment requests in the WBWS. - All invoices submitted for payment are met with no outstanding FX demand backlog. - Completed development of an enhanced FX trading System. Roll-out in Q4/2026 - Restored Market Confidence	Current Status System Under Review Target Q4 2026
4.	Stable exchange rate dynamics with minimum over/undervaluation of ZiG.	- The real effective exchange rate maintained within +/- 10% over/undervaluation. - Sustained exchange rate stability for at least 24 months - Restored Market Confidence	Current Status Stability Maintained Since Oct 2024
5.	Increased demand for local currency (ZiG) – recalibration of the percentage of Government taxes and broadening the payment of public sector goods and services in local currency.	- Increasing the ZiG based transaction from the current 40% to achieve 60% in the medium term. - Increase in the proportion of taxes paid in ZiG to above 60% and target to achieve 100% in the medium term. - Restored Market Confidence	Current Status 40% of Transactions & 26% of Gov Tax Target 60% & 100%, respectively
6.	Financial sector stability.	- Stable banking sector characterised by: - Non-performing loans (NPL) ratio below the international benchmark of 5%, and - Capital adequacy ratio (CAR) above 12%.	Current Status Achieved
7.	Efficient and secure National Payments System to promote ease of payment in ZiG locally.	Payment system uptime maintained above 95%.	Current Status Achieved
8.	Fiscal and monetary policy cohesion with non-monetisation of the budget.	No recourse to inflationary central bank financing of the budget.	Current Status Achieved

Source: Reserve Bank of Zimbabwe, 2026

68. Reflecting the progress made to date on the transition to mono-currency, Figure 2 illustrates the Reserve Bank's self-assessment-CP-barometer as at July 2026.

Figure 2: Mono-Currency Conditions Precedent – Market Driven Barometer



Source: Reserve Bank of Zimbabwe, 2026

69. The overall weighted score of 50.1% was determined by a weighted average of progress on each of the CPs, with the weights reflecting the overall importance of each CP supporting the transition to mono-currency.
70. Importantly, the barometer seeks to provide an objective and indicative measure of the status of achievement of the CPs and does not signal immediate transition to mono-currency, which **remains a market-driven process**.
71. **In this regard, the public is invited to make their own assessment and evaluation of the current monetary and financial conditions to establish consensus on the Central Bank's indicative observations.**

Maintenance of Foreign Currency Denominated Contracts...

72. The Reserve Bank reiterates that the transition to mono-currency will be conditions-based and not date-dependent. At the time of transition, all domestic products and services will be exclusively transacted in local currency. However,

foreign currency accounts will be maintained, and all USD-denominated contracts will be fulfilled in the same currency.

73. Economic agents who might need to settle their foreign currency denominated obligations are expected to source the foreign currency from the foreign exchange market. On the other hand, economic agents in need of settling domestic currency payments but holding foreign currency will have to convert their foreign exchange to local currency to make domestic payments.

Monetary Policy Measures

74. Reflecting the macroeconomic and financial developments during the first half of 2026, the need to *stay the course and ensure policy consistency*, cannot be overemphasised. This will be important to sustain single-digit inflation to anchor monetary stability and enhance macroeconomic resilience. The monetary policy measures for the next six months are as follows:

(a) Interest Rates

i. Bank Policy Rate

75. The Monetary Policy Committee (MPC) reduced the Bank Policy Rate from 35% to 30% in its Q2/2026 meeting. This adjustment was aimed at aligning the Bank Policy Rate to the structural shift in inflation, which has remained low and stable in the first 7 months of 2026.
76. Going forward, the MPC will closely monitor inflation developments and the evolution of domestic and external risks to inform the calibration of the Bank Policy Rate.

ii. ZiG Denominated Term Deposit Facility (ZiGDTDF)

77. In the February 2026 Monetary Policy Statement, the Reserve Bank introduced the ZiG Denominated Term Deposit facility offered to banks, corporates and individuals as part of the broader strategy of modernising monetary policy. The

ZiGDTDF, operationalised in May 2026, is designed to provide benchmark interest rates and alternative value preservation instruments in local currency.

78. The ZiGDTDF has enabled the Reserve Bank to develop a short-term yield curve which will serve as a guide to the pricing of money and capital market instruments in the medium to long-term. The interest rates on ZiGDTDF will also be reviewed by the MPC in line with prevailing monetary and financial conditions.

iii. Minimum Deposit Interest Rates and Promotion of a Savings Culture

79. Maintenance of positive real deposit interest rates is critical in promoting a savings culture, which provides a pool of investable funds to support domestic investment and inclusive growth. In this regard, the Reserve Bank maintains the minimum deposit rates for savings and time deposits in both ZiG and US\$ as follows:

Table 6: Minimum Interest Rates for ZiG and US\$ Savings & Time Deposits

Currency	Savings Deposit Rates	Time Deposit Rates
ZiG Deposits	5%	7.5%
US\$ Deposits	2.5%	4%

Source: Reserve Bank of Zimbabwe, 2026

iv. Review of ZiG Lending Rates to Individuals and Corporates by Banks

80. Following the reduction in the Bank Policy Rate, the Reserve Bank has observed that some banks have not reviewed their lending rates consistent with the structural shift in inflation and monetary dynamics.
81. Currently, the gap between the Bank Policy Rate and average lending rates has become very wide, pricing productive sectors out of formal credit. The Reserve Bank encourages banking institutions to align their lending rates with movements in the Bank Policy Rate and cost of funds.

v. Review of USD Lending Rates to Individual and Corporates by Banks

82. The Reserve Bank noted market concerns on the level of interest rates applicable on US dollar loans and will continue to engage banking institutions to align USD domestic lending rates with the cost of funds. It is critical to note that the global benchmark rates, including the Secured Overnight Financing Rate (SOFR) and US Treasury Bill rates, moderated by about 2 percentage points between the end of 2024 and mid-2026, and this should ordinarily filter through to the domestic US dollar lending rates.

(b) Statutory Reserve Requirements (SRR) Maintained

83. The Reserve Bank introduced differentiated rates on statutory reserve ratios for savings and time deposits, and demand/call deposits for both local and foreign currency. The differentiated rates, which offer lower reserve requirements for savings and fixed deposits, are aimed at incentivising banks to promote savings and time deposits.
84. In its Q2/2026 meeting, the MPC maintained statutory reserve ratios at 15% for savings and time deposits and 30% for demand/call deposits for both local and foreign currency.

(c) Non-Negotiable Certificates of Deposit (NNCDs) Maintained

85. NNCDs will continue to play an important role in managing domestic liquidity, while the Reserve Bank is considering other indirect instruments. The NNCDs ensured that liquidity conditions remained within optimal levels daily, supporting the Reserve Bank's prudent money supply management and greater price and exchange rate stability.
86. In this regard, the Reserve Bank will maintain the NNCDs in its monetary policy toolkit for open market operations to support the effective management of liquidity and money supply in the economy.

(d) Exporters' Foreign Currency Retention Threshold Maintained

87. Export surrender proceeds continued to support the smooth functioning of the WBWS interbank market, the clearing of *bona-fide* foreign invoices, and the build-up of foreign exchange reserves.
88. To engender lasting exchange rate stability in support of the attainment of the conditions precedent on the accumulation of foreign currency reserves, the current retention threshold is maintained at 70%.
89. The retention threshold is well-calibrated and aligned to meet the ZiG and FX requirements of exporters. To ensure that the retention framework is sustainable, generators of foreign currency are encouraged to cascade the same to their suppliers and service providers.
90. The extension of retention requirements to small-scale gold producers is currently under review as efforts are underway to ensure that suitable bank arrangements are in place for this market segment.

(e) The Targeted Finance Facility (TFF)

91. The Reserve Bank increased the envelope of funds available to the productive sectors in the economy under the TFF, in the February 2026 Monetary Policy Statement.
92. In line with the reduction of the Bank Policy Rate, in the Q2/2026 MPC meeting, the rate applicable to banks on the TFF was reduced from 20% to 15%, with banks lending at a maximum of 25%. The total TFF envelope remained at ZiG1.2 billion. The Reserve Bank encourages the productive sector to approach their banks to access this facility.
93. The TFF interest rate will continue to be reviewed by the MPC in line with the prevailing monetary and financial conditions.

(f) Enhancing Foreign Exchange Market Functioning and Flexibility

94. The Reserve Bank has made significant progress on the development of the electronic foreign exchange trading platform to support the smooth functioning and flexibility of the foreign exchange market.
95. The platform will support real-time transactions and reflect market fundamentals, improving allocative efficiency and price discovery, promoting interbank trading among Authorised Dealers. In addition, the system will be instrumental in eliminating market segmentation practices by banks and reducing reliance on the Reserve Bank as the primary facilitator of interbank foreign exchange trades.
96. The system is undergoing validation by the World Bank and is expected to be rolled out in the last quarter of 2026. In the interim, the Reserve Bank has implemented a precursor to the enhanced FX trading system where banks are now trading directly amongst themselves on a daily basis, with the Central Bank only intervening to support smooth market operations.
97. The operational modalities and detailed implementation guidelines of the automated foreign currency trading system will be communicated to the market in due course.

(g) Unlicensed Lenders

98. The Reserve Bank has noted the emergence of unlicensed providers of credit, including individuals, and online platforms that are operating outside the financial sector regulatory perimeter.
99. Against this background, the Reserve Bank wishes to advise the public engaging with such participants that they risk being exposed to excessive interest rates, misuse of personal information, loss of assets pledged as collateral, and limited avenues for redress or recourse.

100. The public is encouraged to verify with the Reserve Bank the licensing status of credit providers before entering into financial agreements.

(h) The Upgraded BiG 5 ZiG Banknotes Distribution and Availability

101. The Reserve Bank injected the upgraded ZiG10, ZiG20 and ZiG50 banknotes and ZiG coin into circulation to support transactional convenience and wider use of the local currency in the economy.
102. To ensure that local currency cash continues to be available to the banking public, the Reserve Bank has collaborated with banks to develop a smart electronic system to track, on a real-time basis, the distribution of cash in banking halls and ATMs, countrywide, including the remote/rural areas.
103. The banking public is also advised that ZiG coin is available in banking halls, and that they should access these to alleviate change challenges, especially in the transport sector.

Other Supportive Measures

(i) Promotion of ZiG Savings and Investment Products

104. The engagement between the Reserve Bank and banking institutions during the 2026 Mid-Term Monetary Policy Consultative Review Meetings showed that an increasing number of banks are now offering ZiG savings and time deposits. Nevertheless, communication and awareness on the available local currency savings and investment products remains limited.
105. To promote pooling of funds, the Reserve Bank encourages banking institutions to regularly promote the available savings and investment products to their customers. Specifically, banks are reminded to communicate the terms and business conditions of the available savings and investment products at least once a month.

(j) Promoting transparency, consumer protection and market discipline

106. The Reserve Bank has noted an increase in customer complaints against some microfinance institutions which undermines consumer protection, financial inclusion and confidence in the financial sector.
107. The Reserve Bank reiterates the importance of maintaining fair, transparent, and customer-centric business practices across the banking and microfinance sectors.
108. In this regard, all regulated institutions are required to strengthen their consumer protection frameworks, enhance disclosure standards and ensure the prompt resolution of complaints.
109. All microfinance institutions are required to disclose to their customers and display both monthly and annual rates of interest on loans and advances which they grant.
110. With immediate effect, each microfinance institution shall conduct and document adequate affordability and repayment capacity assessments of its borrowers before granting credit to ensure that the facilities are appropriate and affordable and do not expose the consumer to undue financial hardships due to over-indebtedness.

(k) Promoting Digital Payments and Use of POS Machines

111. In the 2025 February Monetary Policy Statement, the Reserve Bank directed banking institutions and Payment Service Providers to ensure that every business account is issued with a POS machine to enhance digital transactions in the economy. In this context, the Reserve Bank encouraged all Local Authorities and other licensing entities to promote the use of formal banking channels by ensuring all applicants for trading licences have a bank account and functional POS.
112. In the intervening period, the active POS population, however, remained steady at about 36% of total deployments reflecting limited uptake.

113. In this regard, the Reserve Bank encourages banking institutions, Payment Service Providers, Local Authorities and other licensing entities to continue promoting digital transactions in the economy through the use of POS machines.

(l) Strengthening AML/CFT/CPF risk management

114. In May 2026, the Reserve Bank disseminated the results of the Banking Sector Risk Assessment Report, and banking institutions were to incorporate the outcomes of the Report into their institutional risk assessments and AML/CFT/CPF Programmes, ensuring that mitigation measures are risk-based and proportionate.
115. Against this background, all banking institutions are required to submit to the Reserve Bank by 31 December 2026, Board-approved Money Laundering, Terrorist Financing and Proliferation Financing risk management frameworks and policies.

(m) Women and Youth Economic Empowerment

116. Cognisant of the catalytic role that women and youth-owned micro, small and medium enterprises (MSMEs) play in driving sustainable economic growth and household welfare, the Reserve Bank will promote gender and youth inclusive finance initiatives. These will be aimed at empowering women and youth-owned MSMEs towards building a more resilient, and financially inclusive economy.
117. Banking and microfinance institutions are required to submit to the Reserve Bank by 31 December 2026 their plans on Targeted Financial Education Programmes for 2027, that support women and youth in understanding financial matters.
118. The National Financial Inclusion Strategy III, which is currently under development, will prioritise financial health and financial capability of women and their MSMEs.

ECONOMIC, INFLATION AND FINANCIAL SECTOR OUTLOOK

119. The performance of the economy in the first half of 2026 points to continued robust economic growth. As such, the economy is projected to grow by 5% in 2026, benefiting mainly from strong performance of the agriculture and mining sectors. The strong commodity prices, particularly for gold and PGMs, are expected to underpin growth in mining and mineral exports.
120. Reflecting stronger export performance, particularly from minerals and growing remittance flows, the current account surplus is projected to improve from US\$2.1 billion in 2025 to US\$2.6 billion in 2026. The strong external position is expected to support reserve accumulation and exchange rate stability.
121. Annual ZiG inflation is projected to remain low and stable, averaging about 5% and within the SADC macroeconomic convergence target of 3-7% by the end of the year. Month-on-month inflation is projected to remain below 1%, barring any significant domestic and external shocks.
122. The banking sector is expected to remain stable, resilient and inclusive underpinned by the prevailing macro-economic stability and embedded sustainability practices.
123. Notwithstanding the robust growth performance, the outlook remains dominated by risks from Middle East conflict spillovers, volatile commodity prices and the anticipated super El Nino weather conditions. Against this background, there is need for authorities to put in place mitigatory measures to minimise the economy-wide repercussions of these downside domestic and external risks.

CONCLUSION

124. Price, currency, and exchange rate stability significantly bolstered confidence, trust, and credibility in the local currency during the first half of 2026. In this regard, the Reserve Bank will “*stay the course*” and continue with the current prudent monetary policy stance to entrench and sustain stability into the second half of 2026.
125. The Reserve Bank’s monetary policy stance will thus remain appropriately calibrated, flexible and proactive to address any emerging risks from the domestic and global fronts.
126. The successful completion of the IMF SMP is expected to engender and consolidate macroeconomic stability gains made so far. The external endorsement on domestic policies will further bolster confidence and trust in the monetary policy.
127. As such, the Reserve Bank will continue to *walk the talk* and ensure that price, currency, and exchange rate stability are firmly and durably anchored.

I THANK YOU



DR. JOHN MUSHAYAVANHU
GOVERNOR