



PRESS STATEMENT

RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 3 DECEMBER 2021

The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (the Bank) met on 3 December 2021 and deliberated on macroeconomic and financial developments in the economy as well as the progress made in the implementation of the monetary policy measures announced on 28 October 2021.

The Committee noted with satisfaction that the previous monetary policy decisions had helped to stabilise the exchange rate and domestic prices. In particular, the recent monetary policy measures had reversed the upward trend on month-on month inflation, which rose from 4.2% in August 2021 to 6.4% in October 2021 and decelerated to 5.76% in November 2021. It was expected that month-on month inflation would continue declining to low and sustainable levels in the outlook period. It was also expected that annual inflation would end the year 2021 at between 58% and 60% and at less than 20% in 2022.

The Committee noted that the country was on course to attaining a positive economic growth trajectory of 7.8% in 2021 and 5.5% in 2022. The positive growth trajectory was also confirmed by the International Monetary Fund (IMF) during the recently concluded Article IV Mission for Zimbabwe, which revised upwards the country's real GDP growth rate for 2021, from the initial 5.1% to 6.0%.

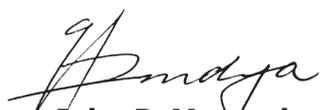
In light of the obtaining macroeconomic stability, the Committee resolved to maintain the existing monetary policy stance as follows:

- i. Maintaining the Bank policy rate at 60% and the Medium Term Bank Accommodation (MBA) Facility interest rate at 40%;
- ii. Maintaining statutory reserve requirements for demand/call deposits at 10% and at 2.5% for savings and times deposits;
- iii. Maintaining the minimum deposit rates for ZW\$ savings and time deposits at 10% and 20%, respectively with a view to sustaining the appeal of the ZW\$ as an investment currency; and
- iv. Maintaining reserve money growth targets at 10% for the fourth quarter of 2021 and the first and second quarters of 2022.

The Committee affirmed its commitment to continue refining the Bank's open market operations (OMO) instruments to support optimal liquidity management. In view of the significant increase in total bank deposits during the past year, the Committee also resolved to monitor developments on broad money to minimise its possible destabilising effects on inflation and the exchange rate.

The Committee expressed satisfaction on the progress made by the Bank in clearing the ring-fenced auction backlog allotments and resolved that, in view of the forthcoming festive season, the last auction for 2021 will be on 14 December 2021 and the first auction for 2022 will be on 11 January 2022.

The Committee urged the productive sectors of the economy, including the micro, small and medium enterprises (MSMEs), to continue utilising the available financial support under the Bank's MBA Facility to enhance production and financial inclusion.


John P. Mangudya
Governor
7 December 2021