



## PRESS STATEMENT

### RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 26 MARCH 2021

The recently constituted Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (the Bank) held its inaugural meeting on the 26<sup>th</sup> of March 2021 and deliberated on recent economic and financial developments and their implications on monetary policy.

The Committee noted the major milestones made by the Bank, especially the implementation of a monetary targeting framework, which has been successful in containing reserve money growth, and the introduction of the foreign exchange auction system which has resulted in the current stability of the exchange rate. These policies have anchored inflation expectations, contributing to ongoing reduction in inflation, which has declined from 837.5% in July 2020 to 240% in March 2021. Similarly, monthly inflation fell from a peak of 35.53% in July 2020 to 2.26% in March 2021.

The MPC affirmed its commitment to implementation of sound monetary policies in order to sustain the current disinflation trajectory and ensuring a conducive macroeconomic environment for investment and growth. The MPC made the following resolutions to buttress measures announced in the February 2021 Monetary Policy Statement and to sustain the current macroeconomic stability:

- a. Maintaining the current conservative monetary targeting framework, anchored on 22.5% reserve money quarterly targets;
- b. Keeping the Bank policy rate and the Medium-term Bank Accommodation (MBA) Facility rate at 40% and 30%, respectively;
- c. Increasing the amount of the MBA Facility by an additional ZW\$2.5 billion to cater for the winter wheat planting programme; and
- d. Putting a cap on the interest rate at which banks can on-lend the proceeds from the MBA Facility at 10% above the borrowing rate to ensure recovery of the productive sectors.

The MPC encouraged *bureaux de change* to support Micro, Small and Medium Size Enterprises (MSMEs) which require foreign currency for their various productive requirements at levels below the minimum qualifying threshold of the SME foreign exchange auction system. The MPC also resolved to put in place a term lending facility to assist funding needs of SMEs benchmarked on the experiences of other central banks.

**John P Mangudya**  
Governor

30 March 2021