



PRESS STATEMENT

RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 3 DECEMBER 2024

The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe met on 3 December 2024 to deliberate on recent macroeconomic and financial developments and economic outlook. The MPC also reviewed the impact of the monetary policy measures announced on 27 September 2024.

The MPC noted that the measures, as intended, have managed to tighten liquidity conditions and curtail speculative activities in the foreign exchange market. In this regard, the MPC noted with satisfaction that the exchange rate and inflation have relatively stabilised since October 2024. The stability is reflected in the significant narrowing of the exchange rate premium and deceleration of month-on-month inflation from 37.2% in October 2024 to 11.7% in November 2024. The spike in month-on-month inflation in October reflected the once-off depreciation of ZiG against the US dollar in September 2024.

In the outlook period, inflation is expected to remain stable with monthly inflation moderating to pre-October 2024 levels. The stability in the exchange rate will also continue to benefit from foreign currency inflows which increased by 19.1% to US\$11.05 billion during the 10 months to October 2024, compared to US\$9.27 billion recorded for the same period in 2023.

To ensure that inflation expectations remain well anchored, the MPC resolved to maintain the current tight 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 for both local and foreign currency at 15%; and for demand and call deposits for both local and foreign currency deposits at 30%.
- To continue deepening and improving the efficiency of the price discovery mechanism of the interbank foreign exchange market. Importantly, the recent gazetting by Government into law for the payment of QPDs for corporate tax on a 50/50 US\$: ZiG arrangement will go a long way in increasing willing sellers of foreign currency in the interbank forex market.

In light of the current tight liquidity conditions and the need to minimise the impact on economic growth and support the productive sector, the MPC resolved to introduce a Targeted Finance Facility (TFF) administered through the banking system. Operational modalities of the facility will be communicated to Banks in due course.

The MPC will continue to review its policy stance in line with the exchange rate and inflation developments.



Dr. John Mushayavanhu
Governor

3 December 2024