



PRESS STATEMENT

RESERVE BANK OF ZIMBABWE'S PARTICIPATION IN THE FOREIGN EXCHANGE MARKET TO CONSOLIDATE ZiG STABILITY

During the past three weeks of October 2024, the Reserve Bank has injected about US\$32 million into the interbank foreign exchange market to smoothen the mismatches between supply and demand. Traditionally, the last quarter of the year witnesses increased demand for foreign exchange to meet critical requirements for the summer agricultural season and for preparations for the start of the festive period.

In line with the recent monetary policy measures issued by the Monetary Policy Committee (MPC) on 27 September 2024, we have witnessed a satisfactory increase in the willing-buyer-willing-seller (WBWS) foreign exchange trading activities. Holders of foreign exchange, including exporters, have been selling their foreign currency in exchange for ZiG to fund their tax obligations and other payments denominated in local currency. However, with the end of the tobacco selling season, we have noticed a slowdown in the supply of foreign exchange to the WBWS interbank market and an increase in pipeline demand.

Over the past three weeks, foreign currency pipeline demand has averaged US\$15 million, and the Reserve Bank has been intervening in a timely manner to address the supply/demand mismatches. The pipeline demand for this week has risen to US\$25 million due to increased pressures to fund the 2024/2025 agricultural season requirements. Consequently, on 24 October 2024, the Reserve Bank offered a market-clearing foreign currency sale of \$25 million, and the market could only take up about US\$19 million because prospective buyers of foreign currency did not have enough ZiG liquidity to purchase available foreign currency. The recent market intervention has brought the cumulative participation of the Reserve Bank in the WBWS market to US\$50 million in October 2024 alone.

The Reserve Bank will continue with its tight monetary policy stance and ensure that reserve money is fully backed at all times.

I thank you.

A handwritten signature in black ink, appearing to be the name "John Mushayavanhu".

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John Mushayavanhu
GOVERNOR
25 October 2024