



SNAPSHOT ON RECENT MONETARY, CURRENCY, PRICE, AND FINANCIAL DEVELOPMENTS

For Quarter 2 2026

“The prudent monetary policy stance, coupled with proactive government interventions in the fuel sector, have helped the country to weather the inflationary impact of the recent oil price shock from the Middle East crisis as reflected by annual inflation which remained below 5% since January 2026. The structural shift in inflation dynamics from high to low and stable levels prompted the Monetary Policy Committee (MPC) to realign the Bank Policy Rate by reducing it from 35% to 30%. The Reserve Bank will continue to calibrate the monetary policy stance in line with the evolution of macroeconomic fundamentals to support the country’s inflation and growth objectives.” Dr. J. Mushayavanhu, Governor

1 MAJOR HIGHLIGHTS AND ACHIEVEMENTS IN Q2 2026

This Quarterly Snapshot highlights key monetary and financial sector developments during the second quarter of 2026, reflecting continued macroeconomic stability. In line with the Monetary Policy Communication Strategy, the RBZ remains committed to providing timely and evidence-based insights into prevailing economic conditions and high frequency indicators underpinning the monetary policy stance. Notable achievements realised in the second quarter of 2026 include the following:

- Sustained single-digit ZiG annual inflation ending the second quarter of 2026 at 4.72%, notwithstanding the impact of the global oil price shock.
- ZiG month-on-month inflation averaged 0.47% from January to June 2026, reflecting the low and stable inflation environment in the country.
- Reduction of the Bank Policy Rate to 30% per annum, in view of the structural shift in inflation dynamics to a low and stable inflation environment.
- The Reserve Bank operationalised the ZiG Denominated Term Deposit Facility Bills to promote savings in local currency, calibrate a short term yield curve and enhance its monetary policy toolkit.
- The ZiG/US\$ exchange rate remained stable between ZiG25-27 per US dollar, with the parallel market premium narrowing to below 20% during the second quarter of 2026.
- Reserve money growth kept under target amounting to ZiG 6.6 billion as at end June 2026, against the target agreed between the Reserve Bank and the IMF under the ongoing Staff Monitored Program of ZiG 7.3 billion.
- Sustained increase in foreign currency receipts amounting to US\$10.72 billion over the period January - June of 2026, compared to US\$7.25 billion in the same period in 2025.
- Consistent accumulation of foreign currency reserves, reaching US\$1.6 billion representing 1.6 months of import cover as at 30 June 2026.
- Foreign currency reserves backing the local currency, equivalent to around 6 times cover of ZiG reserve money and almost 1.5 times the total ZiG deposits.
- Relatively high proportion of ZiG usage in the economy at around 40% of total national payment system transactions.
- Continued soundness, resilience and stability in the financial sector and the national payment system.

The continued macroeconomic stability during the second quarter of 2026 was underpinned by prudent money supply management. The increased stability resulted in inflation expectations becoming more anchored. The Reserve Bank will continue to pursue prudent monetary policy measures that promote price stability, while supporting sustainable economic growth.

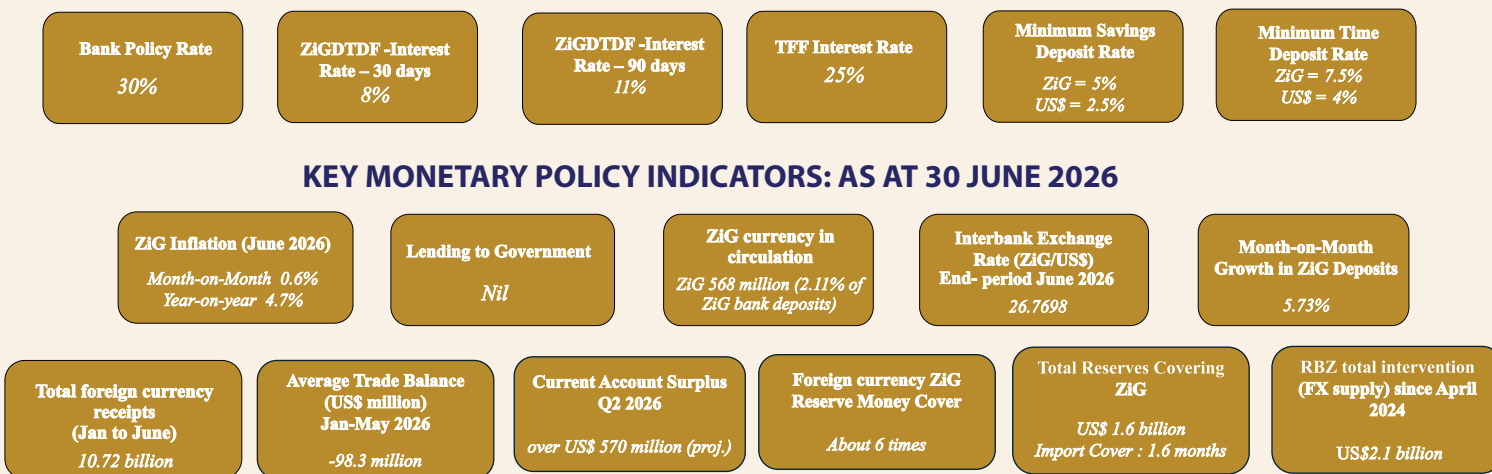
The data included in this Quarterly Snapshot is sourced from Official data providers, namely the Reserve Bank of Zimbabwe for monetary and financial statistics and the Zimbabwe National Statistics Agency (ZIMSTAT) for inflation and international trade statistics. NB: Some data for the respective quarter may be provisional and subject to minor revisions.

2 KEY MACROECONOMIC AND FINANCIAL 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	---
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

Source: Reserve Bank of Zimbabwe and ZIMSTAT, 2026

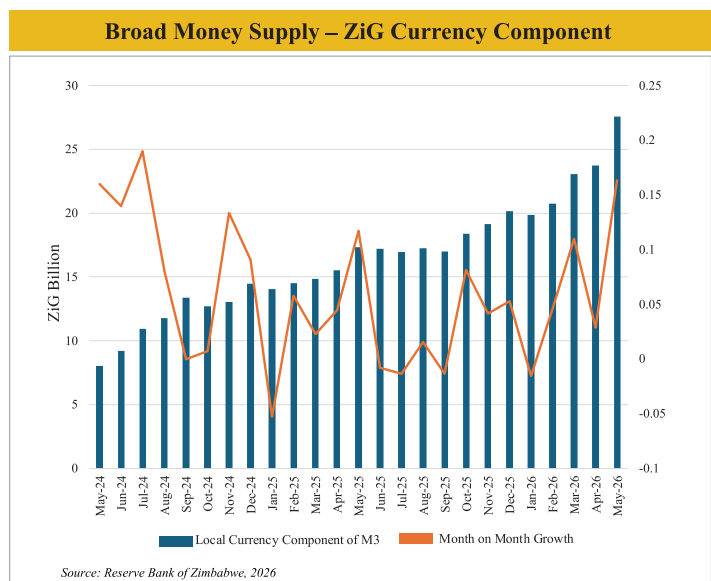
3 KEY MONETARY POLICY RATES (PER ANNUM): AS AT 30 JUNE 2026



4 REALIGNMENT OF BANK POLICY RATE

- In line with the low and stable inflation environment obtaining in the economy, the Bank policy rate was realigned in June 2026, from 35% to 30%, to support the envisaged economic growth.
- The reduction in the Bank policy rate does not entail easing monetary policy, but a recalibration of the Policy Rate to the structural shift in inflation dynamics.
- The Reserve Bank will remain vigilant to evolving risks, and stands ready to make appropriate policy decisions to support the country’s inflation and growth objectives.
- The Targeted Finance Facility (TFF) interest rate was also reduced from 20% to 15%, with a cap on banks’ on-lending to the productive sectors at an all-inclusive interest rate of 25%.

5 EFFICIENT AND OPTIMAL MONEY SUPPLY MANAGEMENT



- The month-on-month growth in the local currency component of broad money (M3) averaged 6.7% from January to May 2026.
- Money supply growth is consistent with inflation and economic growth targets.
- Reserve Bank will continue to ensure that money supply growth remains under check to sustain durable macroeconomic stability.

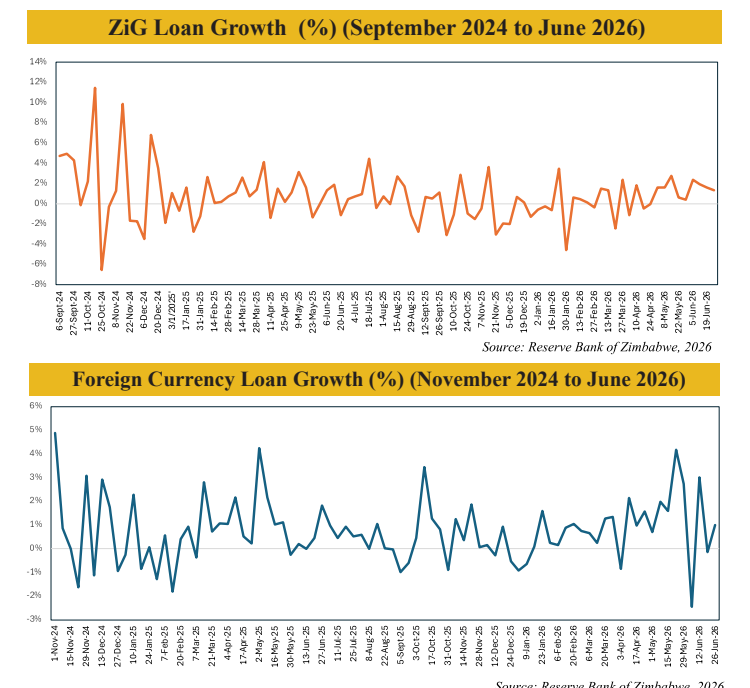
6 PROMOTING A DOMESTIC SAVINGS CULTURE

Tenor	Issued rate	Bills	Nominal (ZiG)	% of nom.	Interest cost (ZiG)
30-day	8.00%	2	110,000,000.00	23.6%	723,287.67
Subtotal 30-day		2	110,000,000.00	23.6%	723,287.67
90-day	10.00%	1	20,000,000.00	4.3%	493,150.68
90-day	11.00%	8	306,600,000.00	65.7%	8,316,000.00
90-day	11.50%	1	30,000,000.00	6.4%	850,684.93
Subtotal 90-day		10	356,600,000.00	76.4%	9,659,835.61
TOTAL		12	466,600,000.00	100.0%	10,383,123.29

Source: Reserve Bank of Zimbabwe, 2026

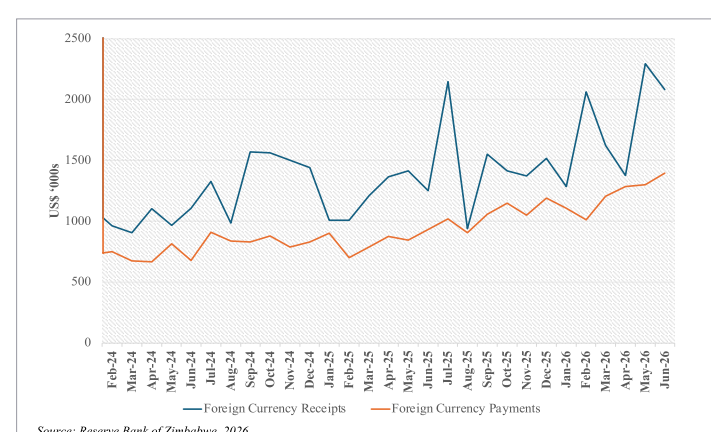
- The Reserve Bank operationalized the ZiG Denominated Term Deposit Facility (ZiGDTDF), aimed to provide positive returns to investors, preserve the value of local currency investments and promote a domestic savings culture.
- The bill is offered to Banks, Building Societies, Deposit-Taking MFIs, POSB, Corporates and Individuals.
- The instrument is tradable, has prescribed asset status, liquid asset status, is acceptable as collateral for accommodation and can be redeemed/payable at RBZ on maturity.
- The instrument forms part of the RBZ’s Open Market Operations (OMO) and will aid the development of the domestic debt market and the yield curve.
- As at 30 June 2026, ZiGDTDF amounted to ZiG466.6 million, composed of 30 and 90-day tenors.

7 DEVELOPMENTS IN WEEKLY BANK LOANS



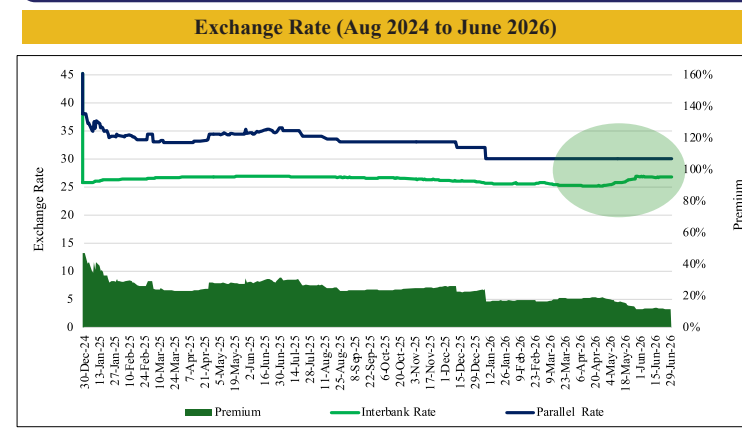
- The Reserve Bank’s monetary policy stance has supported the stability of both ZiG and US dollar-denominated loans growth.
- During the second quarter of 2026, the weekly average growth of ZiG-denominated loans was 1.13% and 1.27% for foreign currency-denominated loans.
- The growth in loans has been critical in sustaining credit to the productive sectors of the economy.

8 FOREIGN CURRENCY RECEIPTS AND PAYMENTS

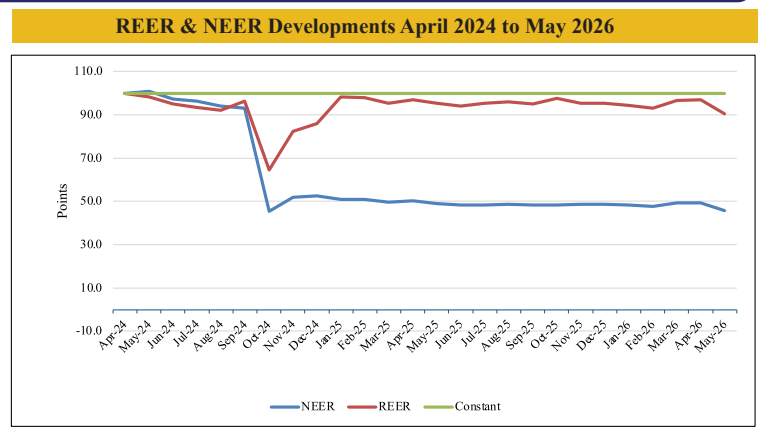


- Foreign currency receipts remained robust, consistently covering external payment obligations while yielding a significant surplus, thereby creating capacity for the build-up of foreign currency reserves to cover the ZiG.
- The foreign currency surplus averaged US\$569 million in the first half of 2026, providing liquidity to support domestic economic transactions.
- For the period January to June 2026, total foreign currency inflows amounted to US\$10.72 billion, against total payments of US\$7.3 billion.

9 STABLE EXCHANGE RATE



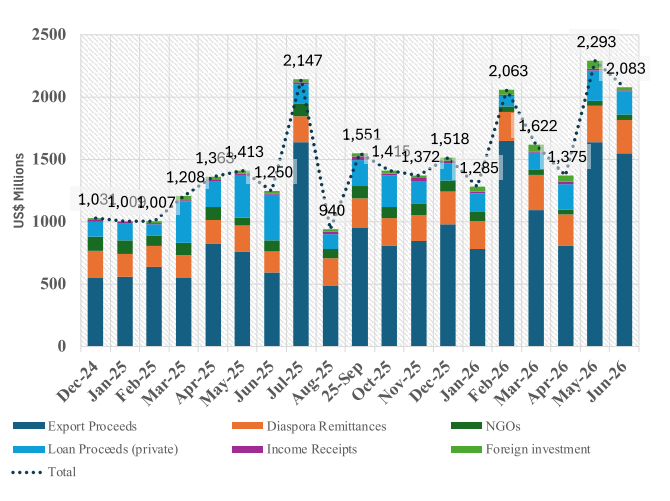
- The exchange rate remained stable during the second quarter of 2026, averaging ZiG26.05 per US dollar and closing the second quarter at ZiG26.77 per dollar.
- The parallel market exchange premium also remained below 20% for most of the first half of 2026.
- Foreign exchange market interventions amounting to US\$2.1 billion since April 2024, have contributed to the smooth functioning of the foreign exchange market under the Willing-Buyer Willing-Seller (WBWS) arrangement.



- The Nominal Effective Exchange Rate (NEER) adjusted in line with exchange rate developments during the review period.
- As a result, the Real Effective Exchange Rate (REER) remained below its benchmark level, supporting Zimbabwe’s external price competitiveness and remaining broadly consistent with prevailing macroeconomic fundamentals.

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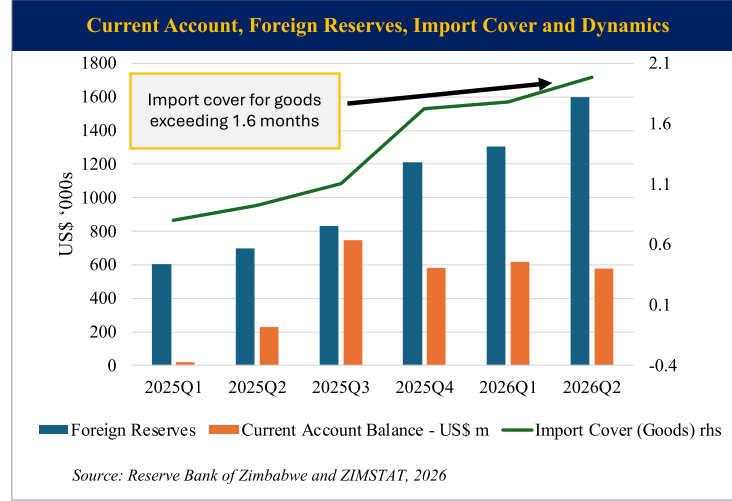
FOREIGN CURRENCY RECEIPTS



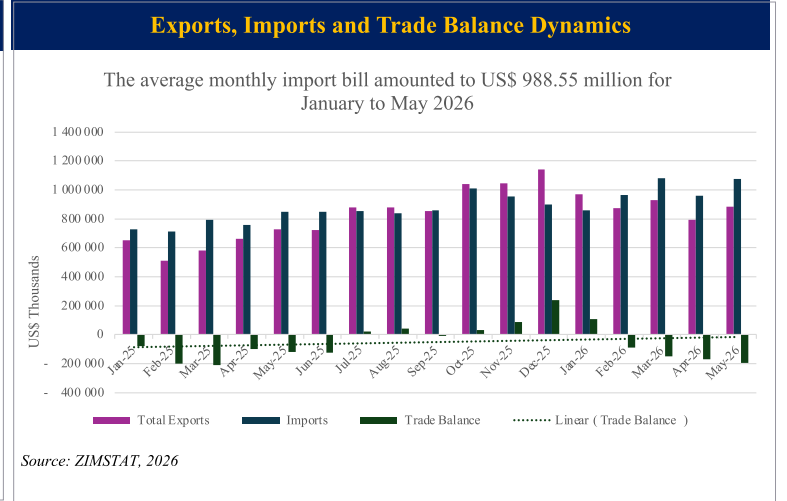
- The resilience in the country's foreign currency generation capacity has seen a notable increase of 47.8% to US\$ 10.72 billion in foreign currency receipts during the first half of 2026, compared to US\$6.00 billion in the same period in 2025.
- Export earnings dominated the basket of foreign currency receipts, averaging 70.3% of total foreign currency receipts during the first half of 2026, followed by Diaspora Remittances at 14.4% and loan proceeds at 9.2%.
- Higher exports of tobacco and favorable prices for gold, PGMs, and lithium drove export performance.

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TRENDS IN FOREIGN RESERVES, IMPORT COVER AND THE CURRENT ACCOUNT BALANCE



Source: Reserve Bank of Zimbabwe and ZIMSTAT, 2026

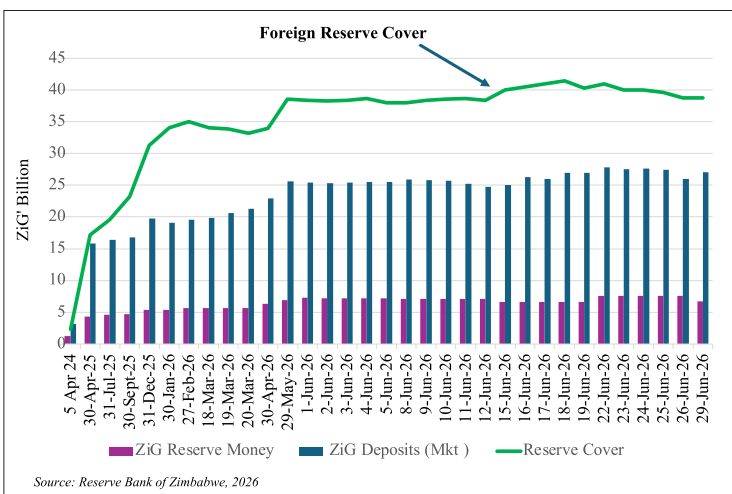


Source: ZIMSTAT, 2026

- Foreign exchange reserves were valued at US\$1.6 billion, providing an import cover of 1.6 months, as at 30 June 2026.
- Rising foreign currency inflows have contributed to a steady build-up of reserves, which remained a cornerstone of domestic exchange rate stability.
- The economy registered an average trade deficit of US\$98.3 million in the first 5 months of 2026, an improvement from an average deficit of US\$140.2 million in the corresponding period in 2025.
- The current account is, however, estimated to have registered a surplus of about US\$570 million in Q2 2026, compared to US\$270.7 million recorded in Q2 2025, reflecting robust diaspora inflows.

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ZIG RESERVE MONEY, BANK DEPOSITS AND FOREX RESERVE COVER



Source: Reserve Bank of Zimbabwe, 2026

About 1.6 months import cover

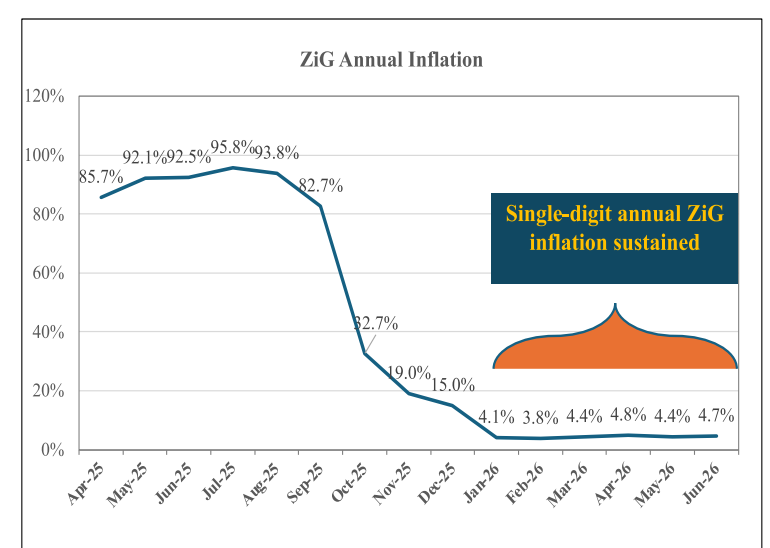
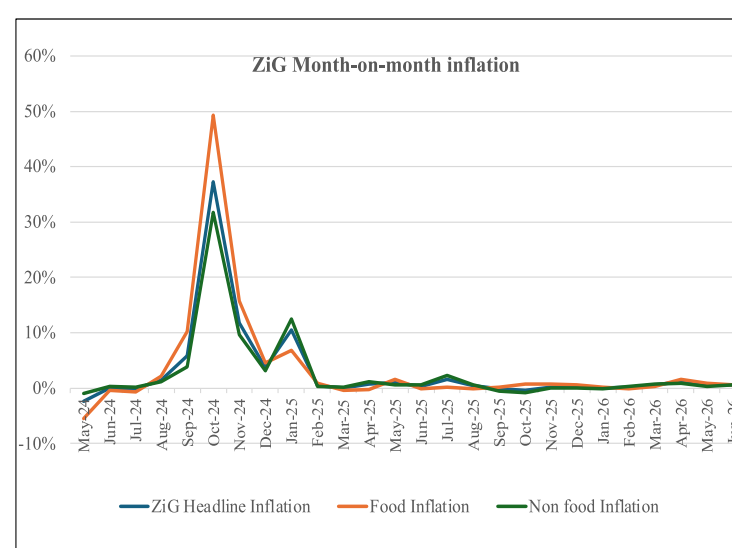
ZiG - Reserve Money over 6 times

ZiG - Deposits 1.5 times

- The Reserve Bank continued with the accumulation of foreign currency reserves backing the ZiG during the quarter ending June 2026.
- Foreign currency reserves increased to US\$1.6 billion in June 2026, sufficient to cover about 6 times the stock of ZiG reserve money and about 1.5 times the ZiG deposits.
- The build-up of foreign currency reserves is critical for the lasting stability of the ZiG currency.

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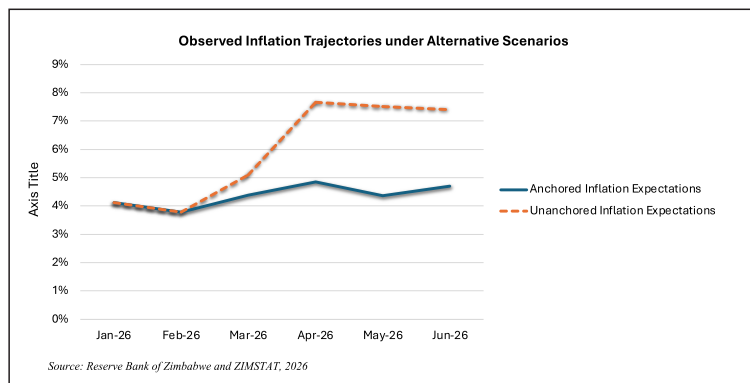
SINGLE-DIGIT ZIG INFLATION SUSTAINED



- Month-on-month ZiG inflation averaged 0.47% since January 2026, supported by a prudent monetary policy stance and optimal liquidity management.
- Annual ZiG inflation remained low and stable at 4.7% in June 2026, despite high international oil prices due to the Middle-East conflict.
- The prevailing low levels of annual and month-on-month inflation reflects the effectiveness of the current monetary policy stance which helped in anchoring inflation expectations.

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BETTER ANCHORED INFLATION EXPECTATIONS ACTED AS A BUFFER AGAINST OIL PRICE SHOCK



Source: Reserve Bank of Zimbabwe and ZIMSTAT, 2026

The ongoing recalibration of monetary policy instruments is aimed at further anchoring of inflation expectations in the economy as global shocks have become an ongoing reality

- Better-anchored inflation expectations helped shield the economy from the recent global oil price shock in March 2026.
- Reflecting the strength of better anchored inflation expectations, annual ZiG inflation has remained below 5% and stood at 4.7% in June 2026, despite the increase in domestic fuel prices by more than 30%.
- Based on historical experiences, in the absence of anchored inflation expectations, annual ZiG inflation could have risen significantly from March, potentially approaching 8% by May 2026.
- In this regard, the Reserve Bank will continue with prudent monetary policy measures to ensure that inflation expectations become firmly anchored.

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ECONOMIC AND INFLATION OUTLOOK

- Performance of the economy during the first half shows that the economy is well on course to achieve the envisaged 5% growth, driven by strong commodity prices, particularly for gold and PGMs, underpinning growth in mining and mineral exports.
- Reflecting better anchored inflation expectations, ZiG annual inflation is projected to remain low and stable, within single-digit levels for the year 2026, with month-on-month inflation projected to remain below 1%.
- The optimism from easing of tension in the Middle East is expected to dampen oil prices and support continued stability in prices.
- The current account balance is expected to maintain a surplus position of above US\$2.5 billion in 2026, supported by increased foreign currency inflows, largely emanating from improvements in merchandise exports, among others.
- The increased foreign currency inflows will support the attainment of the envisaged 1.7 to 2 months of import cover by the end of 2026.
- The financial sector is expected to continue demonstrating resilience in 2026, underpinned by robust supervisory and regulatory frameworks that safeguard prudential soundness.
- The Reserve Bank is strongly committed to continue to "walk the talk" and "stay the course" through prudent monetary policy measures supported by deliberate efforts to promote the demand for the local currency.

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DEFINITIONS AND EXPLANATORY NOTES

Monthly Inflation: Measures the rate of change in the Consumer Price Index (CPI) from one month to the other.

Disinflation: Refers to a deceleration in the rate of inflation and occurs when the general price level is still increasing but at a slower pace than before.

Reserve Money: Measures the stock of the Central Bank's most liquid liabilities, which include currency issued, statutory reserves and banks' excess reserves at RBZ.

Broad Money: Known as money supply, measures the total stock of banking sector liabilities including all deposits and banknotes and coins (currency) in circulation.

Total Deposits: Measures the amount of all deposits in the banking sector, inclusive of foreign currency denominated deposits.

Total Foreign Reserves in ZiG Backing the Local Currency: Measures the value of cash, foreign exchange reserves including gold and other precious minerals, backing the stock of ZiG reserve money or ZiG deposits in the banking sector.

Non-Performing Loans: Measures the value of loans that have not met scheduled (re)payments for 90 days compared to total loans in the banking sector.

Market Liquidity Position: Refers to the amount of liquidity in the market comprising of excess reserves (banks' deposits at Reserve Bank) and the total holding of non-negotiable certificates of deposits (NNCDs), which is available for banks to effect transactions through the national payment system platforms. A positive position signifies market surpluses while a negative position would imply shortages.

Cash and Nostro Balances: Refers to the amount of foreign currency held by the Reserve Bank in cash and balances held with other banks outside Zimbabwe.

Gold Holding (kgs): Refers to the total volume in kilograms of gold that the Reserve Bank of Zimbabwe holds.

Gold Holdings Value: Measures the value of the total volume of gold held by the Reserve Bank expressed in ZiG millions.

Other Reserves (in kind royalties): refers to the value of other minerals excluding gold that are received by the Reserve Bank as royalties.

Nominal Effective Exchange Rate (NEER): is the ratio of an index of a currency's average exchange rate for a month to a weighted average of exchange rates for currencies of selected countries normally the country's main trading partners.

Real Effective Exchange Rate (REER): is a measure of the NEER adjusted to an index of consumer price indices (CPIs) of a country's main trading partners.

Equilibrium Exchange Rate: refers to the level of the exchange rate that is consistent with economic fundamentals where the economy experiences both internal (price stability and sustained growth) and external balance (sustainable current account position).

Uncovered Foreign Currency Demand: Refers to the total demand for foreign exchange reported by authorized dealers to the Reserve Bank, which could not be met by the supply of foreign exchange in the willing buyer – willing seller (WBWS) market.

Willing-Buyer Willing-Seller (WBWS) Exchange Rate: Refers to the average ZiG to US\$ exchange rate set in the FX market by authorized dealers.

Implied Exchange Rate: Is the ratio of ZiG bank deposits to FX reserves

ZiG Denominated Term Deposit Facility Bill (ZiGDTDF): A modern liquidity sterilisation instrument introduced under the 2026 Monetary Policy Statement to support Reserve Money management, exchange rate stability and orderly liquidity conditions in the banking sector.

Dr. John Mushayavanhu
Governor
8 July 2026