



## **PRESS STATEMENT**

### **RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 15 JUNE 2026**

The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (RBZ) met on 15 June 2026 to deliberate on recent macroeconomic and financial developments, as well as prospects for the outlook period.

The MPC commended the Reserve Bank for continued implementation of prudent monetary policy that has culminated in the observed structural shift in inflation dynamics, from peak levels of 95.8% in July 2025 to sustained single-digit levels below 5% realised since January 2026, thereby anchoring adaptive inflation expectations. The well-anchored inflation expectations have, in turn, helped the country to weather the impact of the recent oil price shock as reflected by a moderate change in domestic prices relative to the magnitude of the shock.

The impact of the oil price shock was mainly felt directly through fuel price increases, with limited indirect and second-round effects on prices of goods and services in other sectors that rely on fuel for production and operational purposes. As such, month-on-month inflation increased temporarily, from 0.5% in March 2026 to 1.1% in April 2026, before reverting to its pre-shock trend of 0.5% in May 2026. Annual inflation was, therefore, sustained below 5%, and stood at 4.8% in April and 4.4% in May 2026, indicating the partial pass-through of the oil price shock to domestic prices.

Importantly, measures taken by Government to cut some fuel taxes and levies, as well as self-restraint actions by businesses on price adjustments through cost rationalisation, reduced profit margins, alongside the use of alternative energy sources, also helped contain inflationary pressures. The MPC expressed optimism that promising signals from the US-Iran peace deal, which precipitated a fall in

Brent crude oil prices, would sustain the declining trend in prices, thereby supporting the country's low inflation environment.

Despite the disruptions to global supply chain logistics due to the Middle East conflict, the domestic economy has remained resilient and is expected to grow by 5% in 2026, from the revised estimate of 8.2% in 2025. The robust growth momentum has supported increased foreign currency inflows, amounting to US\$ 8.3 billion as at 31 May 2026, compared to US\$6 billion in the same period in 2025, representing a 39.1% increase. The elevated foreign currency inflows compared favourably with total foreign payments of US\$5.9 billion realised during the same period. Accordingly, the net surplus inflows culminated into increased foreign currency deposits in the banking sector and foreign currency in circulation, which supported domestic transactions and exchange rate stability.

The sustained increase in foreign currency inflows supported the accumulation of foreign currency reserves backing ZiG to over US\$1.5 billion as at May 2026, equivalent to 1.5 months of import cover. Further, the accumulation of foreign currency reserves enabled the Reserve Bank's strategic intervention in the foreign exchange market to ensure that all bona fide foreign payment requirements are fully met and concomitantly reinforce exchange rate stability. In this regard, the ZiG/US\$ exchange rate remained stable at between ZiG25-27/US\$, with subdued parallel market activity.

The MPC also welcomed efforts to modernise monetary policy operations and enhance the monetary policy transmission mechanism in the economy through the operationalisation of the ZiG Denominated Term Deposit Facility (ZiGDTDF). The Committee was encouraged by the initial uptake of the ZiGDTDF at ZiG367.2 million for the 90-day bill and ZiG110 million for the 30-day instrument, at yields of 11% and 8% for 90- and 30-day tenors, respectively. In the near to medium-term, the Committee expects the ZiGDTDF interest rates to guide the minimum savings interest rates that ensure positive real returns, support a domestic savings and investment culture, and provide impetus to ongoing efforts to develop the capital and money markets, as envisaged under National Development Strategy 2 (NDS 2).

The MPC acknowledged the ongoing Staff Monitored Program (SMP) review discussions with the International Monetary Fund (IMF) mission team currently

in the country. The Committee urged the Reserve Bank to adhere to all the agreed quantitative and structural benchmarks to ensure program success.

The MPC also commended the Reserve Bank on the significant progress made on the development of the new electronic foreign exchange management trading system and underscored the need to expedite its finalisation, to further enhance efficiency in foreign exchange trading.

In view of the structural shift in inflation dynamics to a low and stable inflation environment, and the need to support the envisaged economic growth, the MPC resolved to adopt the following policy measures, with immediate effect:

- i. **Bank Policy Rate Reduction** - the Bank policy rate was reduced from 35% to 30%, consistent with the structural shift in inflation dynamics;
- ii. **Targeted Finance Facility Interest Rate Adjustment** - the interest rate on the Targeted Finance Facility (TFF), was reduced from 20% to 15%, proportional to the proposed reduction in the Bank policy rate, albeit with a cap on banks' on-lending to the productive sectors at an all-inclusive interest rate of 25%; and
- iii. **Statutory Reserve Requirements maintained** - the current differential statutory reserve requirements at 30% for demand deposits and 15% for savings and time deposits for both local and foreign currency deposits were maintained.

The MPC underlined that its decision to reduce the Bank policy rate does not entail easing monetary policy at this stage, but a realignment of the Policy Rate to the structural shift in inflation dynamics. Going forward, the MPC will continue to calibrate the monetary policy stance on a meeting-by-meeting basis based on the evolution of macroeconomic fundamentals. The MPC, however, remains vigilant to emerging risks, and stands ready to make appropriate policy decisions to support the country's inflation and growth objectives.



**Dr. John Mushayavanhu**

**GOVERNOR**

15 June 2026