



## **UPDATE ON RESERVE MONEY**

**As at 24<sup>th</sup> July 2020**

## RESERVE MONEY

1. Reserve money rose from ZW\$14.36 billion on 17 July 2020 to ZW\$17.01 billion as at 24 July 2020, largely on account of increased Government expenditures, which saw Government surplus position moving from ZW\$8.0 billion to ZW\$6.3 billion as at the end of the review period.
2. Foreign currency purchases from exporters by the Bank also increased reserve money during the week.
3. During the week under review, required reserves and currency issued also rose. Partially offsetting the increase in reserve money was a decrease of ZW\$0.74 billion in other deposits.

**Table 1: Reserve Money Developments (ZW\$ Millions)**

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 30 Jun-20	Week Ending 17 Jul-20	Week Ending 24 Jul-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,808	1,876
Banking System Reserves	7,254	7,089	8,789	10,199	12,082	10,420	9,921	12,571
<i>Required (Statutory) Reserves</i>	<i>1,041</i>	<i>1,083</i>	<i>1,205</i>	<i>1,214</i>	<i>1,387</i>	<i>890</i>	<i>940</i>	<i>989</i>
<i>Excess Reserves (RTGS balances)</i>	<i>6,213</i>	<i>6,006</i>	<i>7,584</i>	<i>8,895</i>	<i>10,696</i>	<i>9,529</i>	<i>8,981</i>	<i>11,582</i>
Other Deposits@	861	1,075	1,608	920	277	582	2,634	2,560
<b>Reserve Money<math>\pi</math></b>	<b>9,251</b>	<b>9,381</b>	<b>11,705</b>	<b>12,460</b>	<b>13,815</b>	<b>12,673</b>	<b>14,364</b>	<b>17,007</b>
<b>Memorandum Items</b>								
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	12.6%	11.0%
Currency in Circulation**/Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.5%	1.7%	1.7%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-16.8%	-10.8%	29.0%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-10.6%	-4.0%	18.4%
Government Deposits at RBZ (Stock) $\psi$	3,144	3,347	2,847	2,967	2,092	8,509	7,977	6,271
Monthly Inflation	2.2%	13.5%	26.59%	17.64%	15.13%	31.66%	31.66% $\text{¥}$	31.66% $\text{¥}$

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 30 Jun-20	Week Ending 17 Jul-20	Week Ending 24 Jul-20
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	57.36	68.89	72.15

**Notes:**

$\pi$  Figures may reflect positions as at last Friday of the month. See Monthly Reviews for month-end positions.

\* Currency Issued – refers to bank notes and coins issued by the Reserve Bank of Zimbabwe.

\*\* Currency in Circulation – refers to the currency circulating outside the banking system. This excludes currency held in the vaults of banks.

@ Other Deposits are mainly proceeds of drawdowns from foreign currency loans which are advanced to Fidelity Printers & Refiners (FPR) to purchase gold from the gold producers. The amounts are therefore purely accounting entries which do not represent money creation.

$\Psi$  Provisional.

¥ Month on Month inflation for June 2020