



## **UPDATE ON RESERVE MONEY**

**As at 10<sup>th</sup> July 2020**

## RESERVE MONEY

1. Reserve money grew from ZW\$11.26 billion recorded on the 3<sup>rd</sup> of July 2020, to ZW\$14.96 billion as at 10<sup>th</sup> of July 2020. Over the week under review, RTGS balances rose by ZW\$2.10 billion, while other deposits increased by ZW\$1.56 billion.
2. The increase in RTGS balances emanated from the build-up in banking system deposits, while the change in other deposits at the Reserve Bank largely reflected foreign exchange purchases by the Bank.
3. Currency in circulation increased by ZW\$53.00 million, while required reserves declined by ZW\$2.14 million, over the week under analysis.

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

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 26 Jun-20	Week Ending 3 Jul-20	Week Ending 10 Jul-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,667	1,718	1,771
Banking System Reserves	7,254	7,089	8,789	10,199	12,082	10,528	8,861	10,956
<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>866</i>	<i>890</i>	<i>888</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>9,662</i>	<i>7,971</i>	<i>10,068</i>
Other Deposits@	861	1,075	1,608	920	277	460	679	2,238
<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>12,655</b>	<b>11,258</b>	<b>14,965</b>
<b>Memorandum Items</b>								
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	15.3%	11.8%
Currency in Circulation**/Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.7%	1.7%	1.6%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-13.9%	-17.5%	26.3%

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 26 Jun-20	Week Ending 3 Jul-20	Week Ending 10 Jul-20
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-9.0%	-11.0%	32.9%
Government Deposits at RBZ (Stock) $\Psi$	3,144	3,347	2,847	2,967	2,092	6,956	8,850	8,548
Monthly Inflation	2.2%	13.5%	26.59%	17.64%	15.13%	31.66% $\text{¥}$	N/A	N/A
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	57.36	63.74	65.88

$\pi$  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.

N/A – not yet available.

@ 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.

$\text{¥}$  Month on Month inflation for June 2020