



UPDATE ON RESERVE MONEY

As at 26th June 2020

RESERVE MONEY

1. Reserve money fell from Z\$13.90 billion recorded on the 19th of June 2020, to Z\$12.56 billion as at 26th June, largely due to a decrease of Z\$1.62 billion in RTGS balances which was necessitated by the purchase of foreign exchange from the Bank to settle allotments under the foreign exchange auction.
2. Partially offsetting the decline in reserve money were increases in currency in circulation, required reserves and other deposits. Growth in other deposits of Z\$227.45 million over the week, largely reflected exchange rate depreciation, from the fixed exchange rate of Z\$25 to the USD to Z\$57.34 to the USD in the inaugural Auction.

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

						PRELIMINARY ESTIMATES		
	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	Week Ending 29 May-20	Week Ending 19 June-20	Week Ending 26 June-20
Currency* in Circulation	1,077	1,137	1,217	1,309	1,341	1,456	1,616	1,667
Banking System Reserves	8,352	7,254	7,089	8,789	10,218	12,082	12,062	10,445
<i>Required (Statutory) Reserves</i>	<i>918</i>	<i>1,041</i>	<i>1,083</i>	<i>1,205</i>	<i>1,233</i>	<i>1,387</i>	<i>837</i>	<i>866</i>
<i>Excess Reserves (RTGS balances)</i>	<i>7,434</i>	<i>6,213</i>	<i>6,006</i>	<i>7,584</i>	<i>8,895</i>	<i>10,696</i>	<i>11,225</i>	<i>9,579</i>
Other Deposits@	905	851	1,082	1,616	929	285	225	452
Reserve Moneyπ	10,335	9,241	9,388	11,714	12,487	13,824	13,903	12,564
Memorandum Items								
Currency Issued/Reserve Money Ratio	10.4%	12.3%	13.0%	11.2%	10.7%	10.5%	11.6%	13.3%
Currency/Deposits Ratio	2.7%	2.7%	2.5%	2.2%	2.1%	N/A	N/A	N/A
Monthly Change in RTGS Balances	38.8%	-16.4%	-3.2%	26.3%	18.5%	20.2%	10.2%	-14.7%
Monthly Change in Reserve Money	27.3%	-10.4%	1.4%	24.8%	6.6%	10.7%	4.3%	-9.6%
Government Deposits at RBZ (Stock)	1,399	3,164	3,368	2,874	3,001	2,085	3,339	6,956
Monthly Inflation	16.6%	2.2%	13.5%	26.59%	17.64%	15.13%	N/A	N/A
Inter-Bank Exchange Rate	16.77	17.35	17.95	25.00	25.00	25.00	25.00	57.36

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

* Currency – refers to bank notes and coins issued by the Reserve Bank

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.