



UPDATE ON RESERVE MONEY

As at 3rd July 2020

RESERVE MONEY

1. Reserve money fell from ZW\$12.66 billion recorded on the 26th of June 2020, to ZW\$11.26 billion as at 3rd of July 2020, largely reflecting a decrease of ZW\$1.69 billion in RTGS balances. The decline of 11% in reserve money is attributed to the continued withdrawal of excess liquidity from the market through purchases of foreign currency from the auction system.
2. Partially offsetting the decline in RTGS balances were increases in other deposits, currency issued and required reserves. Growth in other deposits of ZW\$219.13 million over the week, largely reflected the impact of exchange rate depreciation on the foreign currency component of the deposits. The auction exchange rate depreciated from ZW\$57.36/USD on the previous week's auction, to ZW\$63.74/USD.

Table 1: Reserve Money Developments (ZWS Millions)

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 19 Jun-20	Week Ending 26 Jun-20	Week Ending 3 Jul-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,616	1,667	1,718
Banking System Reserves	7,254	7,089	8,789	10,199	12,082	12,062	10,528	8,861
<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>837</i>	<i>866</i>	<i>890</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>11,225</i>	<i>9,662</i>	<i>7,971</i>
Other Deposits@	861	1,075	1,608	920	277	233	460	679
Reserve Moneyπ	9,251	9,381	11,705	12,460	13,815	13,911	12,655	11,258
Memorandum Items								
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	11.6%	13.2%	15.3%
Currency in Circulation**/Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.9%	1.7%	1.7%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	10.2%	-13.9%	-17.5%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	4.3%	-9.0%	-11.0%
Government Deposits at RBZ (Stock) ψ	3,144	3,347	2,847	2,967	2,092	3,339	6,956	8,850

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 19 Jun-20	Week Ending 26 Jun-20	Week Ending 3 Jul-20
Monthly Inflation	2.2%	13.5%	26.59%	17.64%	15.13%	N/A	N/A	N/A
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	25.00	57.36	63.74

π 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.

Ψ Provisional.