



UPDATE ON RESERVE MONEY

As at 19th June 2020

RESERVE MONEY

1. Preliminary reserve money stood at Z\$13.90 billion as at 19th June 2020, from Z\$13.34 billion recorded on the 12th of June 2020.
2. The marginal increase of 4.3% in reserve money over the week was reflected in increases of Z\$417.71 million in RTGS balances; currency issued, Z\$63.94 million; and other deposits, Z\$86.21 million.
3. Partially offsetting these increases was a decline of Z\$617.53 million in required reserves, as a result of the Monetary Policy Committee (MPC)'s decision to reduce the required reserve ratio (RRR) from 4.5% to 2.5%, in order to promote bank lending to the economy.

Table 1: Reserve Money Developments (ZWS Millions)

						PRELIMINARY ESTIMATES		
	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	Week Ending 29 May-20	Week Ending 12 June-20	Week Ending 19 June-20
Currency* in Circulation	1,077	1,137	1,217	1,309	1,341	1,456	1,552	1,616
Banking System Reserves	8,352	7,254	7,089	8,789	10,218	12,082	11,645	12,062
<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>1,455</i>	<i>837</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>10,190</i>	<i>11,225</i>
Other Deposits@	905	851	1,082	1,616	929	286	139	225
Reserve Moneyπ	10,335	9,241	9,388	11,714	12,487	13,824	13,335	13,903
Memorandum Items								
Currency Issued/Reserve Money Ratio	10.4%	12.3%	13.0%	11.2%	10.7%	10.5%	11.6%	11.6%
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%	-1.2%	2.9%	10.2%
Monthly Change in Reserve Money	27.3%	-10.4%	1.4%	24.8%	6.6%	-1.3%	2.3%	4.3%

						PRELIMINARY ESTIMATES		
	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	Week Ending 29 May-20	Week Ending 12 June-20	Week Ending 19 June-20
Government Deposits at RBZ (Stock)	1,399	3,164	3,368	2,874	3,001	2,085	3,846	3,339
Monthly Inflation	16.6%	2.2%	13.5%	26.69%	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	25.00

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.

Reserve Bank of Zimbabwe
26 June 2020