



# RESERVE BANK UPDATES

## 2025 Snapshot Highlights

# 2025: RBZ's Monumental Shift – A Year of Great Achievements!



## 1. INFLATION UNDER CONTROL

- ✓ Sustained decline of ZiG annual inflation, ending 2025 at **15%** and further expected to reach single digit for the first time in more than 20 years.
- ✓ Stable month on month ZiG inflation averaging **0.4%** in 2025

### What is inflation?

- Inflation refers to how often and how quickly prices of goods and services rise.

### How does this development impact everyday life?

- Low inflation in Zimbabwe means that the value of the local currency, ZiG, has been steady and reliable. This stability allows people to plan and save more effectively, as they can trust that their money will retain its value over time.
- When inflation is low and stable, it means slower price increases over a period of time, allowing consumers to preserve their purchasing power and maintain the value of their money in everyday spending.



## 3. MONEY SUPPLY KEPT UNDER CHECK

- ✓ The Reserve Bank has prudently kept the ZiG money supply growth under check, to ensure low and stable inflation in the economy.

### What is money Supply?

- Money supply refers to the total amount of money available in an economy at any point in time, including banknotes, coins, and balances in bank accounts.
- To support the RBZ and maintain stability in ZiG, the Government has pledged not to borrow from the Central Bank, as this would lead to the printing of money and excessive growth in the money supply.
- This commitment prevents uncontrolled inflation that can occur when there is an oversupply of money in the economy. By pledging not to borrow from the RBZ, the government removes one of the common historical triggers of hyperinflation.

### Breaking it down :

- In central bank operations and as part of its mandate, the RBZ has in the past supported Government expenditure (that is often referred to as printing money which can increase the money supply and cause inflation).
- With the Government's unwavering support and firm commitment not to seek financing from the RBZ, the Bank is better positioned to ensure that all ZiG in circulation is fully backed by reserves. This strengthens its capacity to defend the currency against potential economic shocks.



## 2. EXCHANGE RATE STABILITY SUSTAINED

- ✓ The ZiG/US\$ exchange rate remained stable throughout the year (2025) with the interbank exchange rate averaging **ZiG26/US\$** throughout 2025.
- ✓ The black-market rate declined in an unusual development from as high as ZiG40/US\$1 to an average of ZiG31/US\$
- ✓ The premium (difference between official and the black-market rates) declined to average 20%. This is a major improvement from high of over 140% experienced in the market prior to 2024.

### What does this mean to the transacting public?

- A stable ZiG and consistent exchange rate show that the currency is holding its value over time. This gives Zimbabweans a dependable way to transact and save.
- The disparity between the official exchange rate used by most formal businesses and the black-market rate has significantly decreased, eliminating price distortions that were adversely impacting consumers in the past.



## 4. FOREIGN RESERVES GROWTH

- ✓ Zimbabwe's ZiG is backed by foreign currency reserves, part of which are kept as physical gold.
- ✓ These Foreign currency reserves reached **US\$1.2 Billion** representing 1.5 months of import cover.

### Why Building Foreign Reserves Boosts the ZiG?

- When a local currency is fully backed by reserves, it means it is not easily vulnerable to destabilising shocks as the central bank has capacity to timely intervene with foreign currency when the need arises.
- With the growing reserves, The Reserve Bank of Zimbabwe is better placed to support the market with foreign currency requirements for essential imports such as medicines, raw materials and machinery for the development of our industries.
- When the value of the ZiG is protected through the increase in foreign currency reserves, consumers and businesses are assured of sustained value preservation and the stability of ZiG.