

## QUARTERLY SNAPSHOT ON RECENT MONETARY, CURRENCY, PRICE, AND FINANCIAL DEVELOPMENTS

### MONETARY AND FINANCIAL CONDITIONS AS AT 31 DECEMBER 2025

"Monetary policy during 2025 demonstrated clear effectiveness, restored discipline, and measurable macroeconomic gains, particularly in inflation control and exchange rate stability. Sustaining this trajectory in 2026 will require continuing to walk the talk in prudent money supply management, foreign currency reserve accumulation and strong fiscal and monetary policy complementarity" - Dr. J. Mushayavanhu

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#### MAJOR HIGHLIGHTS & ACHIEVEMENTS IN 2025

This Quarterly Snapshot outlines major highlights of monetary and financial conditions for the fourth quarter (Q4) of 2025. Reflecting the Reserve Bank's commitment to transparency, it serves as a vital resource for providing the public with regular updates and high-frequency indicators that support its monetary policy stance.

The sustained macroeconomic stability has resulted in the monetary policy regaining trust, confidence and credibility marking a decisive break from past.

Notable achievements realised in 2025 include the following:

- ✓ Sustained dissipation of ZiG annual inflation ending 2025 at 15% a against target of 30%
- ✓ Stability in month-on-month inflation averaging 0.4% from February to December 2025.
- ✓ Exchange rate stability, with the interbank exchange rate oscillating around ZiG 26 per US dollar, with the parallel market premium contained below 20% for the greater part of 2025.
- ✓ Reserve money growth kept under check amounting to ZiG 5.3 billion as at end December 2025.
- ✓ Zero central bank financing of Government expenditure.
- ✓ Sustained increase in foreign currency receipts amounting to US\$ 16.2 billion in 2025 up from US\$ 13.3 billion in 2024.
- ✓ Consistent accumulation of foreign currency reserves reaching US\$ 1.2 billion representing 1.5 months of import cover as at December 2025.
- ✓ Foreign currency reserves backing the local currency, equivalent to around 6 times cover of ZiG reserve money and almost double the total ZiG deposits.
- ✓ Increased use of the ZiG in the economy to around 30-40% of total national payment system transactions with currency in circulation increasing to ZiG 510 million, representing 3% of broad money.
- ✓ Continued soundness, resilience and stability in the financial sector and the national payment system.

The above achievements have gone a long way in satisfying the Conditions Precedents for the road map to mono-currency as enunciated in the National Development Strategy 2 (NDS 2) which prioritises Macro-economic Stability and Financial Sector Deepening as a key pillar for the realization of Vision 2030.

This Quarterly Snapshot report, therefore, represents the RBZ's official communication on monetary policy management and its impact on inflation and output.

The data included in this Quarterly Snapshot is sourced from Official data providers, the Reserve Bank, Zimbabwe National Statistics Agency (ZIMSTAT) for inflation and international trade statistics.

*Nota Bene: some data for the respective quarter may be provisional and subject to minor revisions.*

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#### KEY MACROECONOMIC AND FINANCIAL INDICATORS

Bank Policy Rate <b>35%</b>	Minimum Time Deposit Rate <b>ZiG = 7.5% US\$ = 4%</b>	Minimum Savings Deposit Rate <b>ZiG = 5% US\$ = 2.5%</b>	Interbank Exchange Rate (ZiG/US\$) End-period December 2025 <b>25.9807</b>
ZiG Inflation (December 2025) <b>Month-on-Month 0.4% Year-on-Year 15%</b>	Month-on-Month Growth in ZiG Deposits <b>3.31%</b>	ZiG Currency in Circulation <b>3% of ZiG Bank Deposits</b>	RBZ Total Intervention (FX supply) since April 2024 <b>US\$1.34 Billion</b>
Foreign currency ZiG Reserve Money Cover <b>5.88 times</b>	Total Reserves Covering ZiG US\$ 1.2 Billion - Import Cover Equivalent <b>1.5 Months</b>	Total Foreign Currency Receipts <b>US\$16.2 billion</b>	Trade Balance (US\$ million) <b>2025 Oct: 28.7 2025 Nov: 90.4</b>
Current Account Surplus 2025 over US\$ 1 Billion (proj.)	Lending to Government <b>Nil</b>		

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#### CONDITIONS PRECEDENT FOR MONO-CURRENCY

National Development Strategy (NDS) 2 outlines the following conditions precedent to foster a sustainable transition to mono-currency system:

- ✓ Durable macro-economic stability, characterised by low and stable inflation at single-digit levels.
- ✓ Adequate foreign currency reserves of at least 3-6 months of imports cover, in the medium to long-term.
- ✓ Efficient foreign exchange management system that eliminates foreign exchange market segmentation and promotes ease of access to foreign currency by importers and for other bona fide requirements.
- ✓ Stable exchange rate dynamics, with minimum over or under valuation of the ZiG.
- ✓ Increased demand for ZiG through recalibration of the percentage of Government taxes and broadening payment of public sector goods and services in local currency.
- ✓ Financial sector stability.
- ✓ Efficient and secure National Payments System, to promote ease of payment in ZiG locally.
- ✓ Fiscal and monetary policy cohesion, with low and sustainable National Budget deficits.

In this regard, under NDS 2 the Reserve Bank will remain steadfast in ensuring durable and lasting macro-economic stability through the calibration of its monetary policy stance to achieve low and stable inflation, maintenance of positive real interest rates, growing national savings, accumulating foreign reserves and the deepening and broadening of Zimbabwe's financial markets.

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#### KEY MACROECONOMIC AND FINANCIAL INDICATORS

	Apr-24	Sep-24	Dec-24	Mar-25	June-25	July-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
ZiG Month-on-Month Inflation (%)	--	5.78	3.67	-0.06	0.28	1.57	0.40	-0.25	-0.36	0.20	0.20
ZiG Annual Inflation (%)	--	--	--	--	92.5	95.8	93.8	82.7	32.7	19	15
Total ZiG Deposits (million)	4,098	11,788	11,958	14,593	16,387	16,377	16,696	16,763	17,539	17,723	18,310
Non-performing Loans (%)	--	3.19	3.37	3.34	2.90	---	---	3.07	---	---	na
Reserve Money (ZiG million)	1,239	2,248	3,516	3,785	4,658	4,564	4,590	4,732	4,931	5,218	5,337
Reserve Money Cover (ZiG million)	2,203	9,034	12,164	16,871	19,697	19,580	21,991	23,175	24,829	27,348	31,408
Market Position + NNCIDs (ZiG million)	1,597	497	1,445	2,401	1,877	924	2,042	1,721	2,399	2,220	3,824
Cash and Nostro (USD million)	151	196	192	296	309	301	374	359	410	440	574
Gold Holdings (Kgs)	1,500	1,948	2,626	2,779	3,439	3,449	3,449	3,577	3,594	3,982	4,030
Gold Holdings Value (USD Million)	113	167	220	275	361	366	383	440	462	532	566
Total Reserve Covering ZiG (USD Million)	276	419	472	630	731	731	822	870	941	1,044	1,209
Uncovered Demand for Foreign Currency	--	11.68	12.27	14.84	17.52	3.64	13.79	10.22	19.02	2.53	29.74
WBWS Exchange Rate	13.43	24.8831	25.7985	26.7654	26.9457	26.7863	26.7548	26.6439	26.3865	26.1901	25.9807
Implied Exchange Rate	--	25.5489	24.7374	22.5598	22.6416	22.4041	20.3127	19.2724	18.6397	16.9731	15.1464

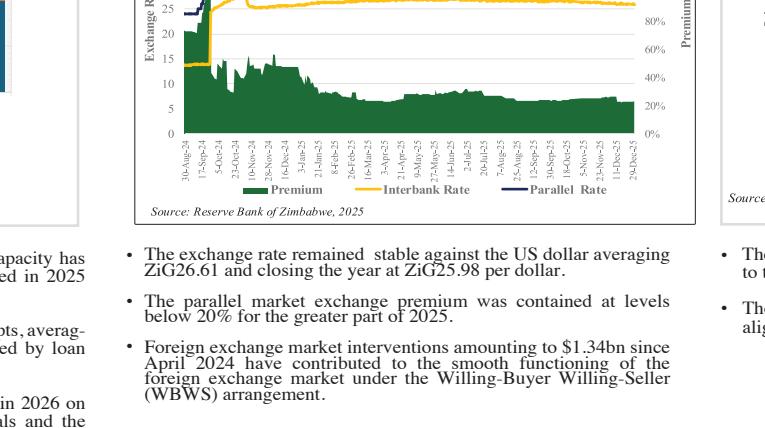
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#### MONEY SUPPLY (M3) DEVELOPMENTS



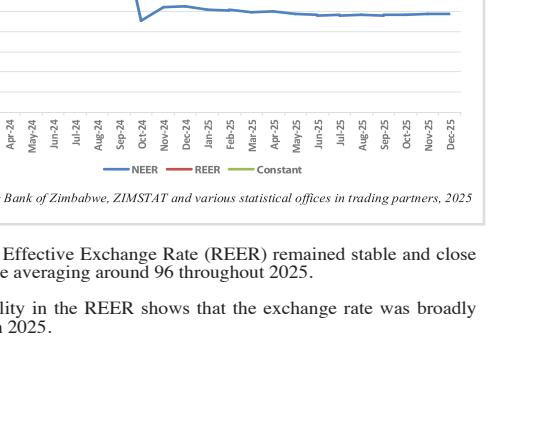
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#### DEVELOPMENTS IN WEEKLY BANK LOANS



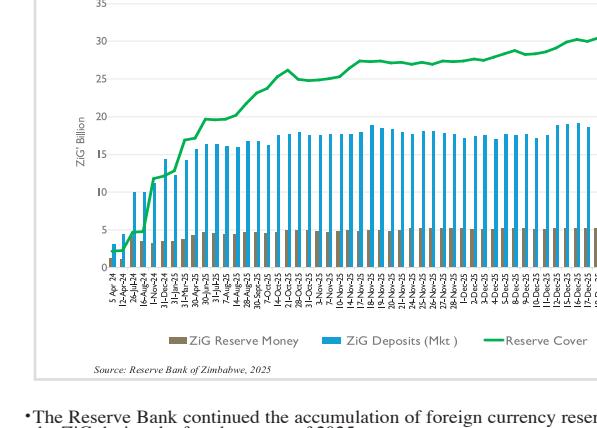
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#### FOREIGN CURRENCY RECEIPTS AND PAYMENTS



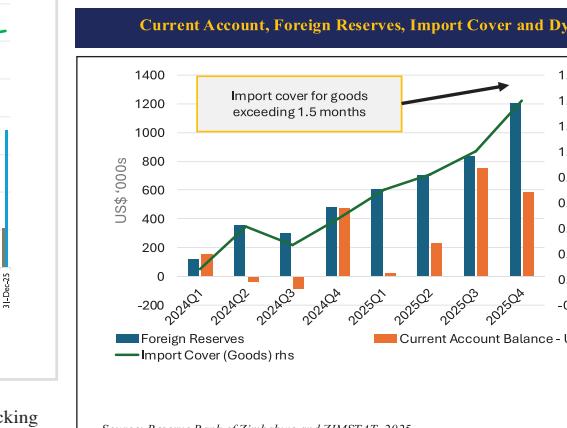
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#### FOREIGN CURRENCY RECEIPTS



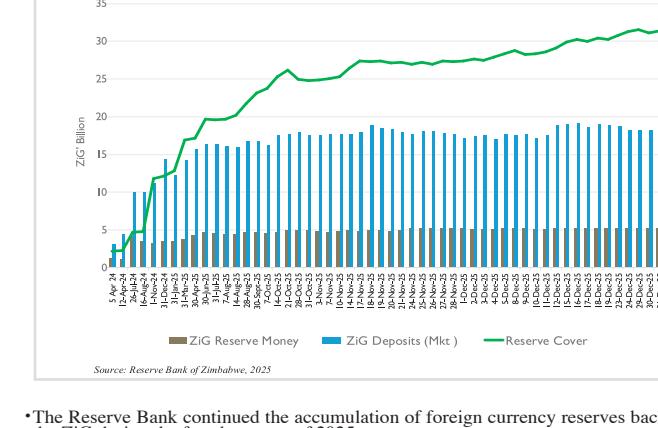
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#### EXCHANGE RATE DEVELOPMENTS



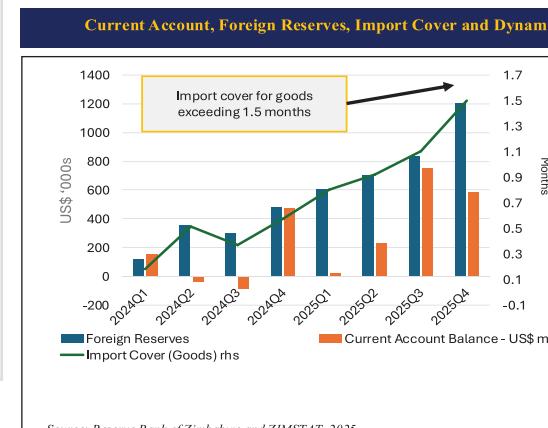
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#### ZIG RESERVE MONEY, BANK DEPOSITS AND FOREX RESERVE COVER



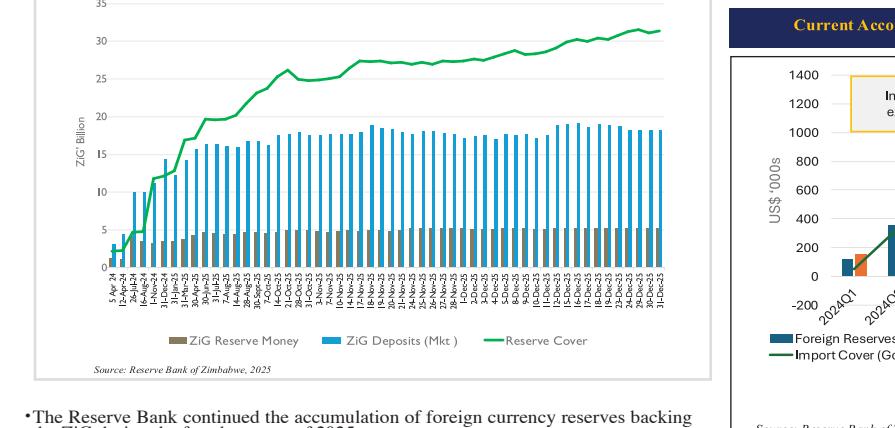
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#### TRENDS IN FOREIGN RESERVES, IMPORT COVER AND THE CURRENT ACCOUNT BALANCE



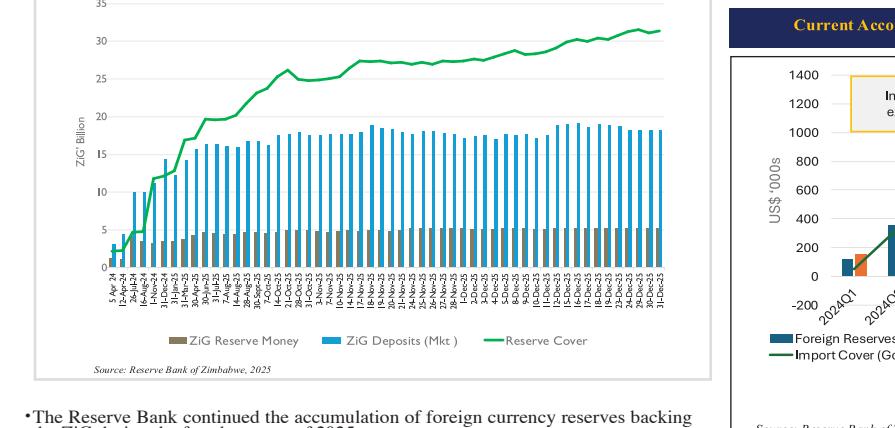
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#### BROAD-BASED DISINFLATION: A RETURN TO ENDURING STABILITY



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#### ECONOMIC AND INFLATION OUTLOOK



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#### DEFINITIONS AND EXPLANATORY NOTES

**Monthly Inflation:** Measures the change in the Consumer Price Index (CPI) from one month to the other. It refers to a deceleration in the rate of inflation and occurs when the general price level is still increasing but at a slower rate.

**Reserve Money:** Measures the stock of the Central Bank's most liquid liabilities, which includes currency issued, statutory reserves and excess reserves at RBZ.

**Reserve Money:** Known as reserves at RBZ, measures the total stock of banking sector liabilities including all deposits and banknotes and coins (currency) in circulation.

**Total Deposits:** Measures the value of all deposits in the banking sector, inclusive of cash, foreign currency denominated deposits, gold and other precious minerals.

**Non-Performing Loans:** Measures the value of loans that have not met scheduled repayments for 90 days compared to total loans in the banking sector.

**Market Liquidity Position:** Refers to the amount of liquidity in the market comprising of excess reserves (banks' deposits at Reserve Bank) and the total holding of non-negotiable certificates of deposits (NNCDs), which is available for banks to withdraw through the interbank market.

**Cash and Nostro Balances:** Refers to the amount of foreign currency held by the Reserve Bank in cash and balances held with other banking institutions.

**Gold Holdings (kgs):** Refers to the total volume in kilograms of gold held by the Reserve Bank.

**Gold Holdings (Value):** Measures the value of the total volume of gold held by the Reserve Bank expressed in US\$2 million.

**Other Reserves (in kind royalties):** Refers to the value of other minerals excluding gold that are received by the Reserve Bank.

**Nominal Average Effective Exchange Rate (NEER):** Is the ratio of an index of a country's average exchange rate for a month to a month.

**Real Effective Exchange Rate (REER):** Is a measure of the value of a country's foreign exchange rate relative to a basket of currencies.

**Equilibrium Exchanges Rate:** Refers to the stability of the sustained rate (is consistent with economic fundamentals without the need for intervention).

**Uncovered P/L:** which currency may be demanded by the customer to settle a foreign exchange transaction reported by authorized dealers.

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**Implied Exchange Rate:** Is the ratio of ZiG bank deposits to FX reserves

Dr. John Mushayavanhu

GOVERNOR

1 January 2026

Stable. Secure. Sustainable.

ZiG MEANS BUSINESS

Delivering on the promise of a better future.

Our People. Our Future.

