



UPDATE ON RESERVE MONEY

As at 21st August 2020

RESERVE MONEY

1. As at week ending 21st August 2020, reserve money declined by ZW\$384 million (3.3%) to ZW\$11.4 billion.
2. The decrease in reserve money, which was largely reflected in a fall of ZW\$645 million in banks' liquidity (RTGS balances at RBZ), was largely due to the liquidity withdrawing impact of an increase in Government deposit at the RBZ, by ZW\$1.3 billion, over the week under review.
3. Currency issued and other deposits rose by a combined ZW\$156.94 million over the week.

Table 1: Reserve Money Developments (ZWS Millions)

							PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Week Ending 14 Aug-20	Week Ending 21 Aug-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,898	1,948	2,053
Banking Sector Deposits at RBZ	7,254	7,089	8,789	10,199	12,082	10,420	11,453	9,584	8,991
<i>Statutory (Required) Reserves</i>	<i>1,041</i>	<i>1,083</i>	<i>1,205</i>	<i>1,214</i>	<i>1,387</i>	<i>890</i>	<i>1,050</i>	<i>1,136</i>	<i>1,189</i>
<i>Banks' RTGS Liquidity^Ω</i>	<i>6,213</i>	<i>6,006</i>	<i>7,584</i>	<i>8,895</i>	<i>10,696</i>	<i>9,529</i>	<i>10,403</i>	<i>8,447</i>	<i>7,802</i>
Other Deposits [@]	861	1,075	1,608	920	277	582	3,312	282	386
Reserve Money^π	9,251	9,381	11,705	12,460	13,815	12,673	16,662	11,814	11,430
Memorandum Items									
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	11.4%	13.9%	18.0%
Currency in Circulation ^{**} /Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.5%	1.6%	1.4%	1.5%

							PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Week Ending 14 Aug-20	Week Ending 21 Aug-20
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-16.8%	-10.2%	-10.5%	-7.62%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-10.6%	-2.0%	-11.7%	-3.3%
Government Deposits at RBZ (Stock) ^ψ	3,144	3,347	2,847	2,967	2,092	8,509	7,073	8,367	9,696
Other Deposits at RBZ (FPR a/c)								2,216	3,265
Monthly Inflation [©]	2.2%	13.5%	26.59%	17.64%	15.13%	31.66%	16.65%	N/A	N/A
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	57.36	76.76	82.56	82.92

Notes:

* *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.

Ω *These are deposits that banks place in the Real Time Gross Settlement (RTGS) System for purposes of meeting their inter-bank transactions.*

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

@ *Other Deposits at RBZ 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. With effect from 7th August 2020, this foreign exchange deposit will now appear as a memorandum item.*

Ψ *Provisional.*

© *Blended Inflation Rate* – from July 2020, the rate reflects the combined local currency and foreign currency price indices.

N/A - not yet available.