



UPDATE ON RESERVE MONEY

As at 28th August 2020

RESERVE MONEY

1. Reserve money rose by ZW\$687 million over the week ending 28 August 2020, largely reflecting an increase of ZW\$789 million in banks' deposits at the Reserve Bank. The increase is attributable to the purchase of foreign exchange from the market by RBZ for the purposes of funding the auction.
2. The increase in banks' deposits at RBZ was partially offset by decreases in other deposits, required reserves and currency issued.

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 21 Aug-20	Week Ending 28 Aug-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,898	2,053	2,052
Banking Sector Deposits at RBZ	7,254	7,089	8,789	10,199	12,082	10,420	11,453	8,991	9,777
<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>1,189</i>	<i>1,186</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>7,802</i>	<i>8,591</i>
Other Deposits [@]	861	1,075	1,608	920	277	582	3,312	386	288
Reserve Money^π	9,251	9,381	11,705	12,460	13,815	12,673	16,662	11,430	12,117
Memorandum Items									
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	11.4%	18.0%	16.9%
Currency in Circulation ^{**} /Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.5%	1.6%	1.5%	1.4%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-16.8%	-10.2%	-7.62%	10.11%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-10.6%	-2.0%	-3.3%	6.0%

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	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Week Ending 21 Aug-20	Week Ending 28 Aug-20
Government Deposits at RBZ (Stock) ^ψ	3,144	3,347	2,847	2,967	2,092	8,509	7,073	9,696	11,520
Other Deposits at RBZ (FPR a/c)								3,265	3,824
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	82.92	83.40

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.