



## **UPDATE ON RESERVE MONEY**

**As at 31<sup>st</sup> July 2020**

## RESERVE MONEY

1. Reserve money decreased by ZW\$345.1 million, from ZW\$17.01 billion recorded on the 24<sup>th</sup> of July 2020 to ZW\$16.66 billion as at 31<sup>st</sup> July 2020. An increase of ZW\$802.4 million in Government deposits at the Reserve Bank, due to increased revenue collections, resulted in a corresponding decrease in RTGS balances, by ZW\$1.2 billion, over the week under review.
2. Partially offsetting the decrease in reserve money, was an increase in other deposits by ZW\$752 million, largely due to the 5.9% depreciation in the auction rate, over the week. Required reserves and currency issued also increased marginally.

**Table 1: Reserve Money Developments (ZW\$ Millions)**

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 30 Jun-20	Week Ending 24 Jul-20	Week Ending 31 Jul-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,876	1,898
Banking System Reserves	7,254	7,089	8,789	10,199	12,082	10,420	12,571	11,453
<i>Required (Statutory) 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>989</i>	<i>1,050</i>
<i>Excess Reserves (RTGS balances)</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>11,582</i>	<i>10,403</i>
Other Deposits@	861	1,075	1,608	920	277	582	2,560	3,312
<b>Reserve Money<math>\pi</math></b>	<b>9,251</b>	<b>9,381</b>	<b>11,705</b>	<b>12,460</b>	<b>13,815</b>	<b>12,673</b>	<b>17,007</b>	<b>16,662</b>
<b>Memorandum Items</b>								
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	11.0%	11.4%
Currency in Circulation**/Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.5%	1.7%	1.6%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-16.8%	29.0%	-10.2%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-10.6%	18.4%	-2.03%
Government Deposits at RBZ (Stock) $\psi$	3,144	3,347	2,847	2,967	2,092	8,509	6,271	7,073

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 30 Jun-20	Week Ending 24 Jul-20	Week Ending 31 Jul-20
Monthly Inflation	2.2%	13.5%	26.59%	17.64%	15.13%	31.66%	31.66% <sup>¥</sup>	31.66% <sup>¥</sup>
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	57.36	72.15	76.76

**Notes:**

<sup>π</sup> Figures may reflect positions as at last Friday of the month. See Monthly Reviews for month-end positions.

\* 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.

@ 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.

<sup>Ψ</sup> Provisional.

<sup>¥</sup> Month on Month inflation for June 2020