



## **UPDATE ON RESERVE MONEY**

**As at 17<sup>th</sup> July 2020**

## RESERVE MONEY

1. Reserve money declined from ZW\$14.96 billion recorded on the 10<sup>th</sup> of July 2020, to ZW\$14.36 billion as at 17<sup>th</sup> of July 2020. This was largely due to a decrease of ZW\$1.09 billion in RTGS balances, attributable to purchases of foreign exchange through the Auction.
2. Other deposits at RBZ increased by ZW\$396 million over the week, largely reflecting the impact of exchange rate movements at the Auction, while statutory reserves rose, reflecting deposit build-up in the banking system.

**Table 1: Reserve Money Developments (ZWS Millions)**

						PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Week Ending 3 Jul-20	Week Ending 10 Jul-20	Week Ending 17 Jul-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,718	1,771	1,808
Banking System Reserves	7,254	7,089	8,789	10,199	12,082	8,861	10,956	9,921
<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>888</i>	<i>940</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>7,971</i>	<i>10,068</i>	<i>8,981</i>
Other Deposits@	861	1,075	1,608	920	277	679	2,238	2,634
<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>11,258</b>	<b>14,965</b>	<b>14,364</b>
<b>Memorandum Items</b>								
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	15.3%	11.8%	12.6%
Currency in Circulation**/Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.7%	1.6%	1.6%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-17.5%	26.3%	-10.8%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-11.0%	32.9%	-4.0%
Government Deposits at RBZ (Stock) $\psi$	3,144	3,347	2,847	2,967	2,092	8,850	8,548	7,977
Monthly Inflation	2.2%	13.5%	26.59%	17.64%	15.13%	31.66% $\yen$	31.66% $\yen$	31.66% $\yen$
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	63.74	65.88	68.89

$\pi$  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.*

*Ψ Provisional.*

*¥ Month on Month inflation for June 2020*