



UPDATE ON RESERVE MONEY

AS AT 30th OCTOBER 2020

RESERVE MONEY

1. Reserve money decreased by ZW\$1.1 billion, to ZW\$15.0 billion, as at week ending 30th October 2020. The decrease mainly reflected a fall of ZW\$1.1 billion in banks' liquidity at the RBZ (RTGS balances), which were partially offset by marginal increases in statutory reserves and currency issued.
2. The decline in reserve money over the week under review was largely due to issuance of open market operations (OMO) instruments by the Bank, designed to sterilize idle liquidity in the economy.
3. Purchases and sales of foreign exchange on the auction by the RBZ also resulted in net withdrawal of liquidity from the market.

Table 1: Reserve Money Developments (ZW\$ Billions)

								PRELIMINARY ESTIMATES		
	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Week Ending 25 Sept-20	Week Ending 23 Oct-20	Week Ending 30 Oct-20
Currency Issued by RBZ	1.22	1.31	1.34	1.46	1.67	1.90	2.06	2.12	2.10	2.12
Banking Sector Deposits at RBZ	7.09	8.79	10.20	12.08	10.42	11.46	10.06	12.47	13.92	12.83
<i>Statutory (Required) Reserves</i>	<i>1.08</i>	<i>1.21</i>	<i>1.21</i>	<i>1.39</i>	<i>0.89</i>	<i>1.05</i>	<i>1.24</i>	<i>1.34</i>	<i>1.61</i>	<i>1.68</i>
<i>Banks' RTGS Liquidity</i>	<i>6.01</i>	<i>7.58</i>	<i>8.90</i>	<i>10.70</i>	<i>9.53</i>	<i>10.41</i>	<i>8.83</i>	<i>11.13</i>	<i>12.31</i>	<i>11.15</i>
Other Deposits	1.08	1.61	0.92	0.28	0.58	2.79	0.26	0.40	0.09	0.09

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	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Week Ending 25 Sept-20	Week Ending 23 Oct-20	Week Ending 30 Oct-20
Reserve Money	9.38	11.71	12.46	13.82	12.65	16.15	12.38	14.99	16.12	15.04
Memorandum Items										
Currency Issued/Reserve Money Ratio (%)	13.0	11.2	10.8	10.5	13.2	11.8	16.6	14.1	13.03	14.11
Currency in Circulation /Deposits Ratio (%)	2.5	2.2	2.0	1.9	1.2	0.9	0.7	1.4	1.3	1.3
Monthly Change in RTGS Balances (%)	-3.3	26.3	18.5	19.0	-10.9	-9.2	-15.2	9.4	-11.12	-9.41
Monthly Change in Reserve Money (%)	1.4	24.8	6.5	10.9	-8.4	27.6	-23.3	5.8	-8.18	-6.69
Government Deposits at RBZ (Stock)	3.35	2.85	2.97	2.09	7.46	6.02	9.52	7.94	5.71	5.48
Monthly Inflation (%)	13.52	26.59	17.64	15.13	31.66	35.53	1.4	-0.5	N/A	N/A
Inter-Bank Exchange Rate	17.95	25.00	25.00	25.00	57.36	76.76	83.40	81.50	81.35	81.35