



UPDATE ON RESERVE MONEY

AS AT 9TH OCTOBER 2020

RESERVE MONEY

1. Banking sector deposits at the Reserve Bank increased by ZW\$1.4 billion, while currency issued increased by ZW\$69.5 million. This resulted in reserve money rising by ZW\$1.1 billion, to ZW\$15.4 billion over the week ending 9 October 2020.
2. Government deposits at the Central Bank declined by ZW\$1.7 billion, which had the impact of injecting liquidity at banks, thus contributing to the increase in reserve money during the week under review.

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 Sep-20	Week Ending 2 Oct-20	Week Ending 9 Oct-20
Currency Issued by RBZ ¹	1.22	1.31	1.34	1.46	1.67	1.90	2.06	2.12	2.14	2.21
Banking Sector Deposits at RBZ	7.09	8.79	10.20	12.08	10.42	11.46	10.06	12.47	11.75	13.09
<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>1.40</i>	<i>1.38</i>
<i>Banks' RTGS Liquidity²</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>10.35</i>	<i>11.71</i>
Other Deposits	1.08	1.61	0.92	0.28	0.58	2.79	0.26	0.40	0.40	0.08
Reserve Money³	9.38	11.71	12.46	13.82	12.65	16.15	12.38	14.99	14.29	15.38
Memorandum Items										
Currency Issued/Reserve Money Ratio (%)	13.0	11.2	10.8	10.5	13.2	11.8	16.6	14.1	14.9	14.4
Currency in Circulation ⁴	2.5	2.2	2.0	1.9	1.2	0.9	0.7	1.4	1.3	1.3

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/Deposits Ratio (%)										
Monthly Change in RTGS Balances (%)	-3.3	26.3	18.5	19.0	-10.9	-9.2	-15.2	9.4	-7.0	13.2
Monthly Change in Reserve Money (%)	1.4	24.8	6.5	10.9	-8.4	27.6	-23.3	5.83	-4.7	7.6
Government Deposits at RBZ (Stock) ⁵	3.35	2.85	2.97	2.09	7.46	6.02	9.52	7.94	10.10	8.45
Monthly Inflation ⁶ (%)	13.5	26.6	17.6	15.1	31.7	35.5	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	81.44	81.35

Notes:

¹ *Currency Issued* – refers to bank notes and coins issued by the Reserve Bank of Zimbabwe.

² *These are deposits that banks place in the Real Time Gross Settlement (RTGS) System for purposes of meeting their inter-bank transactions.*

³ *Figures may reflect positions as at last Friday of the month. See Monthly Reviews for month-end positions.*

⁴ *Currency in Circulation* – refers to the currency issued less currency held in the vaults of banks.

⁵ *Provisional. The increase in Government deposits at the RBZ means that corporates are using their RTGS balances at banks to pay taxes, which results in a decrease in reserve money, and vice versa.*

⁶ *Blended Inflation Rate* – from July 2020, the rate reflects the combined local currency and foreign currency price indices.

N/A - not yet available.