



## **UPDATE ON RESERVE MONEY**

**AS AT 18<sup>TH</sup> SEPTEMBER 2020**

## RESERVE MONEY

1. Reserve money increased by ZW\$337 million to ZW\$14.16 billion over the week ending 18 September 2020, from ZW\$13.83 billion recorded during the previous week.
2. The growth in reserve money largely reflected an increase of ZW\$280 million in banks' deposits at the Reserve Bank. The increase in banks' liquidity reflects preparations by corporates for the Quarterly Payment Date (QPD) tax obligations, due by 25 September 2020.
3. The fall in Government deposit by ZW\$1.2 billion also reflects release of liquidity into the economy, over the week under review.
4. Required reserves and currency issued also rose by ZW\$39 million and ZW\$22 million, respectively, during the week under review.

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

								PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Week Ending 11 Sept-20	Week Ending 18 Sept-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,898	2,052	2,121	2,143
Banking Sector Deposits at RBZ	7,254	7,089	8,789	10,199	12,082	10,420	11,457	9,777	11,171	11,491
<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>1,186</i>	<i>1,279</i>	<i>1,318</i>
<i>Banks' RTGS Liquidity<sup>o</sup></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>10,408</i>	<i>8,591</i>	<i>9,892</i>	<i>10,172</i>
Other Deposits <sup>@</sup>	861	1,075	1,608	920	277	582	2,790	288	533	528
<b>Reserve Money<sup>π</sup></b>	<b>9,251</b>	<b>9,381</b>	<b>11,705</b>	<b>12,460</b>	<b>13,815</b>	<b>12,652</b>	<b>16,145</b>	<b>12,117</b>	<b>13,825</b>	<b>14,162</b>

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	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Week Ending 11 Sept-20	Week Ending 18 Sept-20
<b>Memorandum Items</b>										
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	11.8%	16.9%	15.3%	15.1%
Currency in Circulation** /Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.2%	0.9%	1.4%	1.5%	1.5%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-10.9%	-9.22%	10.11%	3.47%	2.84%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-8.4%	27.6%	6.02%	5.10%	2.44%
Government Deposits at RBZ (Stock) <sup>ψ</sup>	3,144	3,347	2,847	2,967	2,092	7,457	6,022	11,520	14,203	13,002
Other Deposits at RBZ (FPR a/c)								3,824	2,972	3,311
Monthly Inflation <sup>©</sup>	2.2%	13.5%	26.59%	17.64%	15.13%	31.66%	16.65%	1.41%	N/A	N/A
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	57.36	76.76	83.40	82.70	81.71

**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 7<sup>th</sup> 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.*