



UPDATE ON RESERVE MONEY

AS AT 25TH SEPTEMBER 2020

RESERVE MONEY

1. Reserve money increased by ZW\$825.87 million to ZW\$14.99 billion over the week ending 25 September 2020, from ZW\$14.16 billion recorded during the previous week.
2. The growth in reserve money largely reflected an increase of ZW\$956.41 million in banks' deposits at the Reserve Bank, largely showing the impact of foreign exchange purchases by the RBZ, to fund the auction. Government deposits at the Central Bank also fell significantly during the week under review, resulting in liquidity injections into the market.
3. Partially offsetting the increase in reserve money were decreases in other deposits and currency issued, by ZW\$125.21 million and ZW\$23.84 million, respectively.

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

								PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Week Ending 18 Sept-20	Week Ending 25 Sept-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,898	2,052	2,143	2,120
Banking Sector Deposits at RBZ	7,254	7,089	8,789	10,199	12,082	10,420	11,457	9,777	11,491	12,466
<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>1,318</i>	<i>1,337</i>
<i>Banks' RTGS Liquidity</i> ^Ω	<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>10,172</i>	<i>11,129</i>
Other Deposits [@]	861	1,075	1,608	920	277	582	2,790	288	528	403
Reserve Money^π	9,251	9,381	11,705	12,460	13,815	12,652	16,145	12,117	14,162	14,988

								PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Week Ending 18 Sept-20	Week Ending 25 Sept-20
Memorandum Items										
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	11.8%	16.9%	15.1%	14.1%
Currency in Circulation** /Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.2%	0.9%	1.4%	1.5%	1.4%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-10.9%	-9.22%	10.11%	2.84%	9.40%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-8.4%	27.6%	6.02%	2.44%	5.83%
Government Deposits at RBZ (Stock) ^Ψ	3,144	3,347	2,847	2,967	2,092	7,457	6,022	11,520	13,002	7,937
Other Deposits at RBZ (FPR a/c)								3,824	3,311	3,682
Monthly Inflation [©]	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	81.71	81.50

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 7th 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.