



UPDATE ON RESERVE MONEY

As at 4th September 2020

RESERVE MONEY

1. Reserve money increased by ZW1 037 million over the week ending 4 September 2020, largely reflecting an increase of ZW\$969 million in banks' deposits at the Reserve Bank.
2. The increase in banks' liquidity was attributable to the purchase of foreign exchange from the market by RBZ and Government expenditures, all of which raised the deposit levels in the banking system. Foreign exchange purchases by RBZ are mainly for funding the auction.
3. In addition, required reserves, currency in circulation and other deposits at RBZ also marginally increased 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	Week Ending 28 Aug-20	Week Ending 4 Sept-20
Currency Issued by RBZ*	1,137	1,217	1,308	1,341	1,456	1,671	1,898	2,052	2,081
Banking Sector Deposits at RBZ	7,254	7,089	8,789	10,199	12,082	10,420	11,453	9,777	10,771
<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>1,211</i>
<i>Banks' RTGS Liquidity^Ω</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>10,403</i>	<i>8,591</i>	<i>9,560</i>
Other Deposits [@]	861	1,075	1,608	920	277	582	3,312	288	302
Reserve Money^π	9,251	9,381	11,705	12,460	13,815	12,673	16,662	12,117	13,154
Memorandum Items									
Currency Issued/Reserve Money Ratio	12.3%	13.0%	11.2%	10.8%	10.5%	13.2%	11.4%	16.9%	15.8%

							PRELIMINARY ESTIMATES		
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Week Ending 28 Aug-20	Week Ending 4 Sept-20
Currency in Circulation**/Deposits Ratio	2.7%	2.5%	2.2%	2.0%	1.9%	1.5%	1.6%	1.4%	1.4%
Monthly Change in RTGS Balances	-16.4%	-3.3%	26.3%	18.5%	19.0%	-16.8%	-10.2%	10.11%	11.28%
Monthly Change in Reserve Money	-10.4%	1.4%	24.8%	6.5%	10.9%	-10.6%	-2.0%	6.02%	8.56%
Government Deposits at RBZ (Stock) ^ψ	3,144	3,347	2,847	2,967	2,092	8,509	7,073	11,520	13,121
Other Deposits at RBZ (FPR a/c)								3,824	3,280
Monthly Inflation [©]	2.2%	13.5%	26.59%	17.64%	15.13%	31.66%	16.65%	N/A	N/A
Inter-Bank Exchange Rate	17.35	17.95	25.00	25.00	25.00	57.36	76.76	83.40	83.32

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.