



UPDATE ON RESERVE MONEY

AS AT 15TH JANUARY 2021

RESERVE MONEY

1. Reserve money for the week ending 15th January 2021 decreased by ZW\$1.02 billion to ZW\$19.73 billion, compared to the last week's position.
2. The fall in reserve money largely reflected a decrease of ZW\$0.88 billion in banks' liquidity at the Reserve Bank (RTGS balances), coupled with a decline of ZW\$171.46 million in currency issued. Required reserves, however, rose by ZW\$26.52 million.
3. The decline in market liquidity was largely due to net sales of foreign exchange by the Reserve Bank. Government deposits at RBZ also increased by ZW\$1.37 billion over the week under review, signifying significant withdrawal of liquidity from banks.

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

								PRELIMINARY ESTIMATES		
	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Week Ending 31 Dec-20	Week Ending 8 Jan-21	Week Ending 15 Jan-21
Currency Issued by RBZ	1.46	1.67	1.90	2.06	2.14	2.12	2.13	2.38	2.55	2.38
Banking Sector Deposits at RBZ	12.08	10.42	11.46	10.06	10.25	13.38	15.91	16.38	18.21	17.35
<i>Statutory (Required) Reserves</i>	<i>1.39</i>	<i>0.89</i>	<i>1.05</i>	<i>1.24</i>	<i>1.40</i>	<i>1.68</i>	<i>2.01</i>	<i>2.20</i>	<i>2.33</i>	<i>2.36</i>
<i>Banks' RTGS Liquidity</i>	<i>10.70</i>	<i>9.53</i>	<i>10.41</i>	<i>8.83</i>	<i>8.85</i>	<i>11.70</i>	<i>13.90</i>	<i>14.18</i>	<i>15.87</i>	<i>14.99</i>

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Other Deposits	0.28	0.58	2.79	0.26	0.34	0.02	0.38	0.00	0.00	0.00
Reserve Money	13.82	12.65	16.15	12.38	12.73	15.52	18.42	18.76	20.76	19.73
Memorandum Items										
Currency Issued/Reserve Money Ratio (%)	10.5	13.2	11.8	16.6	16.8	13.7	11.6	12.67	12.28	12.05
Currency in Circulation /Deposits Ratio (%)	1.9	1.2	0.9	0.7	0.7	0.7	0.6	1.2	1.2	1.2
Monthly Change in RTGS Balances (%)	19.0	-10.9	-9.2	-15.2	0.3	32.2	18.8	-8.03	11.92	-5.54
Monthly Change in Reserve Money (%)	10.9	-8.4	27.6	-23.3	2.8	21.9	18.7	-5.59	10.65	-4.94
Government Deposits at RBZ (Stock)	2.09	7.46	6.02	9.52	10.45	5.47	4.65	6.74	8.81	10.18
Monthly Inflation (%)	15.1	31.7	35.5	1.4	-0.5	1.4	2.3	2.8	NA	NA
Inter-Bank Exchange Rate	25.00	57.36	76.76	83.40	81.44	81.35	81.82	81.79	81.79	82.09