



## **UPDATE ON RESERVE MONEY**

**AS AT 8<sup>TH</sup> JANUARY 2021**

## RESERVE MONEY

1. Reserve money for the week ending 8<sup>th</sup> January 2021 increased by ZW\$2.00 billion to ZW\$20.76 billion, compared to the position as at 31<sup>st</sup> December 2020.
2. The rise in reserve money largely reflected an increase of ZW\$1.69 billion in banks' liquidity at the Reserve Bank (RTGS balances), coupled with increases of ZW\$174.05 million and ZW\$134.06 million in currency issued and required reserves, respectively.
3. The growth in banks' RTGS liquidity was, in part, driven by RBZ purchases of foreign exchange from the market, for purposes of funding the auction.

**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 18 Dec-20	Week Ending 31 Dec-20	Week Ending 8 Jan-21
Currency Issued by RBZ	1.46	1.67	1.90	2.06	2.14	2.12	2.13	2.35	2.38	2.55
Banking Sector Deposits at RBZ	12.08	10.42	11.46	10.06	10.25	13.38	15.91	17.52	16.38	18.21
<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>2.10</i>	<i>2.20</i>	<i>2.33</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>15.42</i>	<i>14.18</i>	<i>15.87</i>
Other Deposits	0.28	0.58	2.79	0.26	0.34	0.02	0.38	0.00	0.00	0.00

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	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Week Ending 18 Dec-20	Week Ending 31 Dec-20	Week Ending 8 Jan-21
<b>Reserve Money</b>	<b>13.82</b>	<b>12.65</b>	<b>16.15</b>	<b>12.38</b>	<b>12.73</b>	<b>15.52</b>	<b>18.42</b>	<b>19.87</b>	<b>18.76</b>	<b>20.76</b>
<b>Memorandum Items</b>										
Currency Issued/Reserve Money Ratio (%)	10.5	13.2	11.8	16.6	16.8	13.7	11.6	11.83	12.67	12.28
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	31.51	-8.03	11.92
Monthly Change in Reserve Money (%)	10.9	-8.4	27.6	-23.3	2.8	21.9	18.7	24.23	-5.59	10.65
Government Deposits at RBZ (Stock)	2.09	7.46	6.02	9.52	10.45	5.47	4.65	5.79	6.74	8.81
Monthly Inflation (%)	15.1	31.7	35.5	1.4	-0.5	1.4	2.3	2.8	2.8	NA
Inter-Bank Exchange Rate	25.00	57.36	76.76	83.40	81.44	81.35	81.82	81.74	81.79	81.79