



## PRESS STATEMENT

### RESOLUTIONS OF THE MONETARY POLICY COMMITTEE (MPC) MEETING HELD ON 1<sup>ST</sup> APRIL 2022

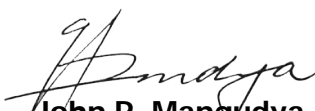
The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (the Bank) met on 1 April 2022 to consider developments in the domestic and international macroeconomic environment as well as the impact of global geopolitical factors on the economy.

While noting the decline in month-on-month inflation, from 6.99% in February 2022 to 6.31% in March 2022, the Committee was concerned with the escalation in annual inflation, from 66.11% to 72.70%, over the same period. The Committee particularly noted that global inflation was on the increase as a consequence of the on-going Russia-Ukraine conflict which had secondary pass through effects on domestic and international prices. Rising prices of oil, gas, fertilizers and other related products had the effect of increasing global inflation and inevitably had a negative impact on domestic costs of production and was destabilising the foreign exchange market.

In this regard, the Committee reiterated the need for the Bank to remain focused on inflation reduction and putting in place additional policy measures in response to the resurging inflationary pressures and foreign exchange parallel market activities.

The Committee resolved to put in place the following policy measures with immediate effect:

- i. Reviewing upwards the Bank Policy Rate from 60% to 80% per annum;
- ii. Reviewing upwards the Medium-Term Bank Accommodation Facility Interest Rate from 40% to 50% per annum;
- iii. Reviewing upwards the minimum deposit rates for ZW\$ savings and time deposits from 10% and 20% per annum to 12.5% and 25%, respectively;
- iv. Further tightening monetary policy by reducing the quarterly reserve money growth target from 7.5% to 5% for the quarter ending June 2022;
- v. Further liberalising the foreign exchange market by allowing banks to conduct foreign exchange transactions of up US\$1 000 under an arrangement agreed upon between banks and the Bank and in terms of which individuals with free funds and entities/corporates holding foreign exchange in their foreign currency accounts (after meeting the statutory surrender requirements) shall be free to sell foreign currency to banks on a willing-buyer-willing-seller basis; and
- vi. Ensuring that commercial imports are processed through normal banking channels in line with international best practice.

  
**John P. Mangudya**  
Governor  
4 April 2022

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