



**FOCUSING ON MACROECONOMIC STABILITY TO SUPPORT THE 2021
NATIONAL BUDGET**

POST BUDGET REVIEW BREAKFAST MEETING

**BY
DR. JOHN. P MANGUDYA
GOVERNOR
30 NOVEMBER 2020**

Focusing on Macroeconomic Stability

Fiscal Stability

- Fiscal Sustainability
- Public Finance Sustainability

Fiscal Tools:

- Government Spending
- Taxation
- Transfer Payments

Monetary Stability

- Stable Domestic & External Value of the Local Currency
- Monetary Stability

Monetary Tools

- Monetary Targeting Framework
- Exchange Rate (The Auction)
- Open Market Operations

- Discipline
- Consistency
- Alignment (& common purpose)

Financial System Stability

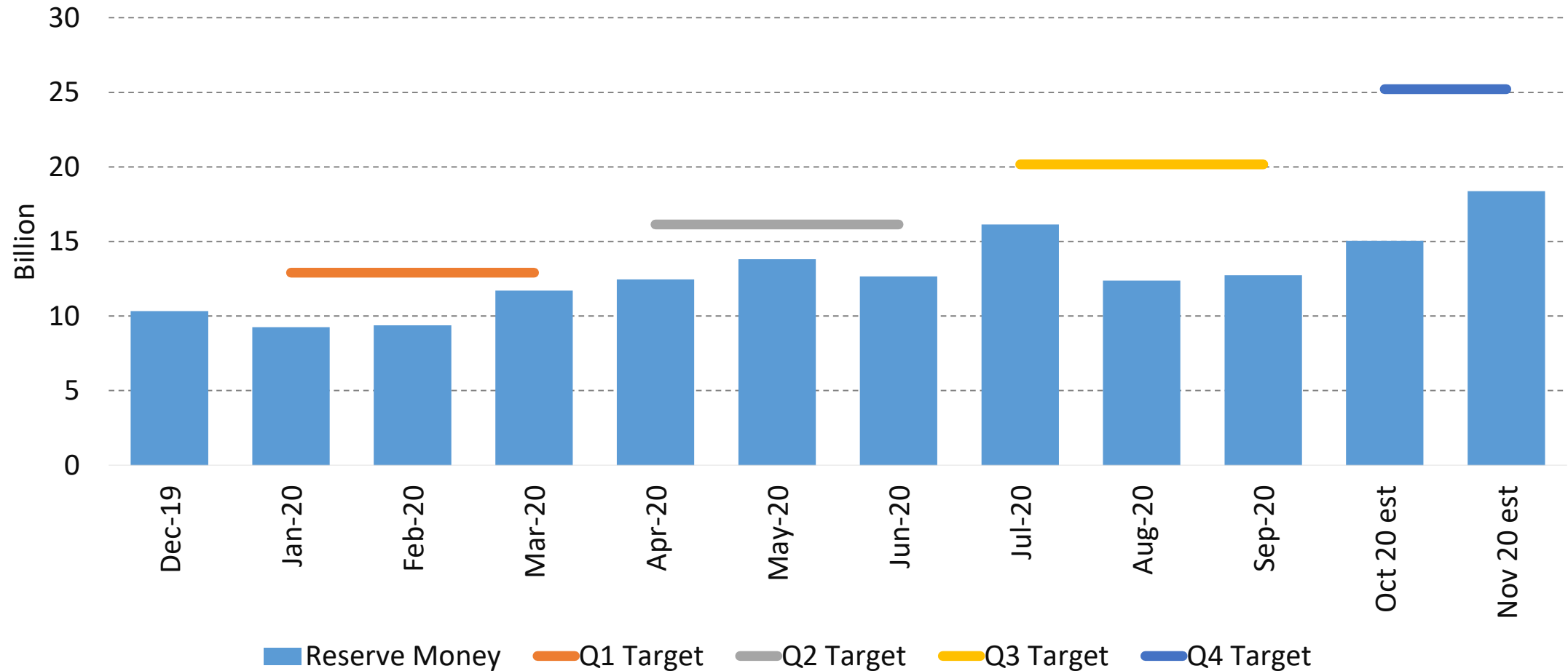
- Financial Institutions
- Financial Markets
- Financial Infrastructure

Financial Tools

- Fostering Financial Integrity (Compliance)
- Management of Financial Markets
- Supervision of Banks and non-Bank institutions

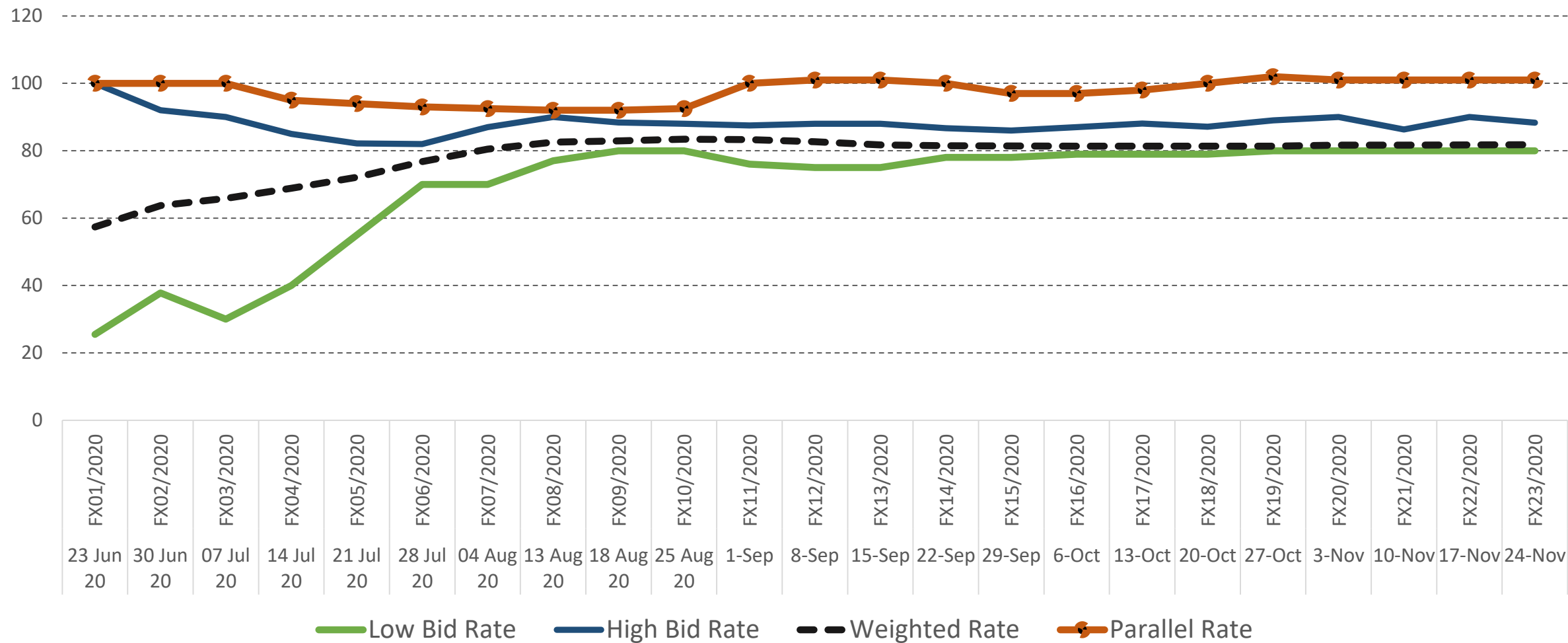
**CURRENT ECONOMIC
FUNDAMENTALS UNDERPINNING
MACROECONOMIC STABILITY**

Reserve Money Developments



❑ Reserve Money contained well below quarterly targets of 25% since January 2020

Exchange Rate Developments

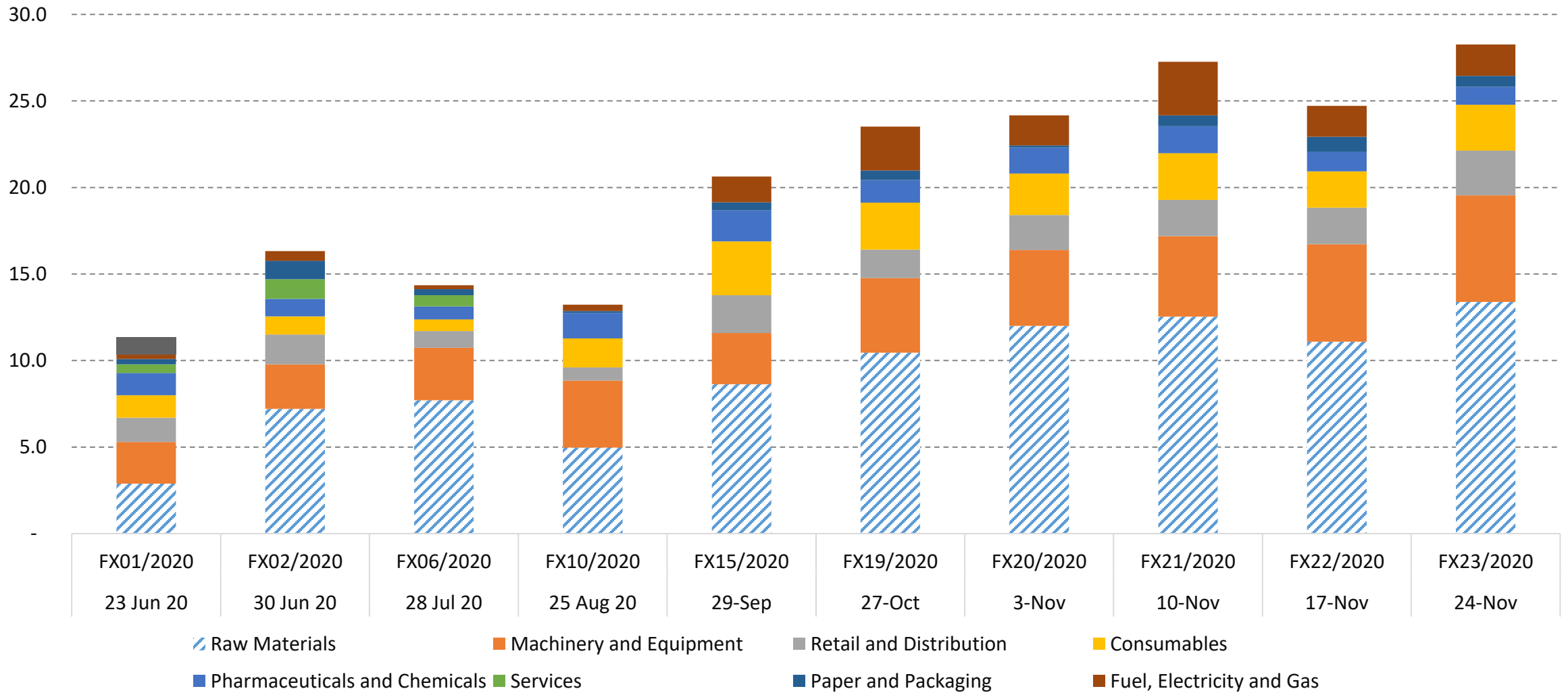




CONSOLIDATED FOREIGN EXCHANGE AUCTION REPORT AS AT 17 NOVEMBER 2020

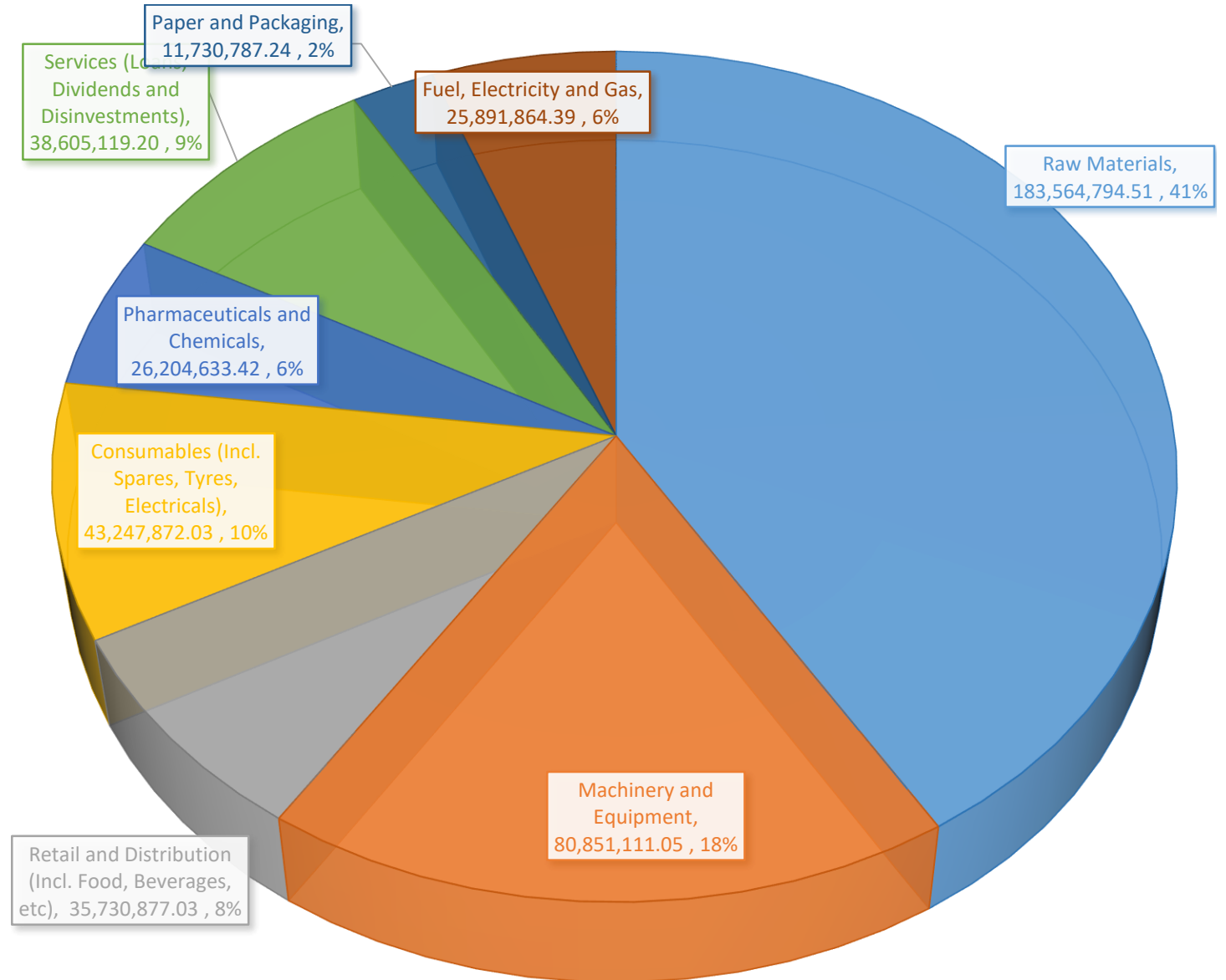
Auction	Raw Materials	Machinery and Equipment	Retail and Distribution (Incl. Food, Beverages, etc)	Consumables (Incl. Spares, Tyres, Electricals)	Pharmaceuticals and Chemicals	Services (Loans, Dividends and Disinvestments)	Paper and Packaging	Fuel, Electricity and Gas	TOTAL
Main Auction	183,564,794	80,851,111	35,730,877	43,247,872.03	26,204,633	38,605,119	11,730,787	25,891,864	445,827,058
SME Auction	5,476,812	4,199,937	1,863,517	4,875,925.81	1,308,819	1,857,162	738,135	679,384	20,999,695
Grand Total	189,041,606	85,051,048	37,594,394	48,123,797	27,513,453	40,462,282	12,468,922	26,571,248	466,826,754
WEIGHT	40%	18%	8%	10%	6%	9%	3%	6%	

Distribution of Foreign Currency in the Auction



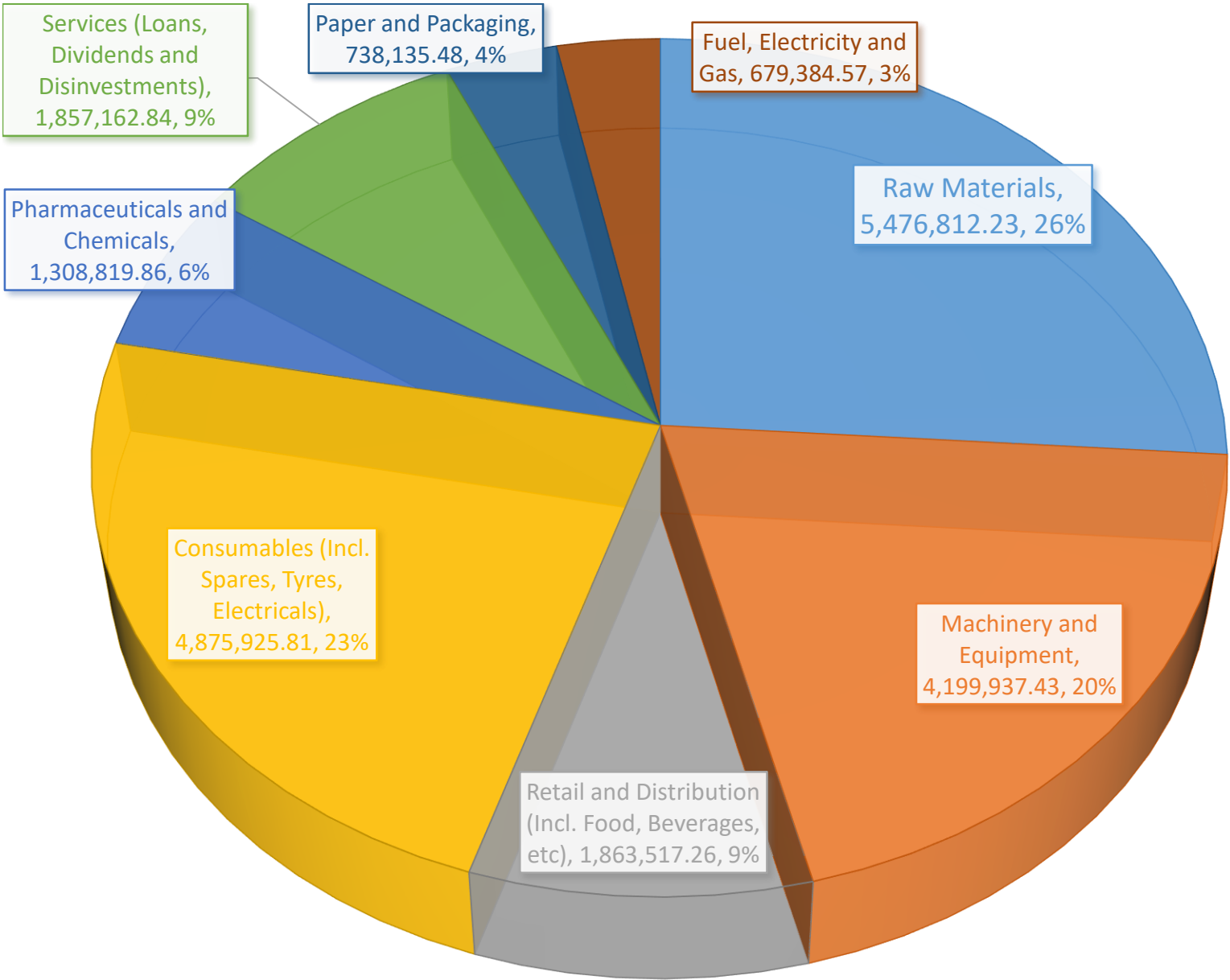
Auction No.	Amount Allotted
FX01/2020/06/23	10,345,250.04
FX02/2020/06/30	16,321,028.61
FX03/2020/07/07	13,602,407.84
FX04/2020/07/14	15,988,219.59
FX05/2020/07/21	14,853,708.88
FX06/2020/07/28	14,356,193.21
FX07/2020/08/04	18,531,336.74
FX08/2020/08/13	17,981,174.01
FX09/2020/08/18	13,679,557.76
FX10/2020/08/25	14,064,871.90
FX11/2020/09/01	15,039,656.10
FX12/2020/09/08	18,334,530.08
FX13/2020/09/15	20,023,899.32
FX14/2020/09/22	30,414,189.63
FX15/2020/09/29	23,067,310.73
FX16/2020/10/06	24,691,329.32
FX17/2020/10/13	27,396,490.94
FX18/2020/10/20	27,057,595.85
FX19/2020/10/27	26,175,746.77
FX20/2020/11/03	26,517,763.38
FX21/2020/11/10	29,947,934.68
FX22/2020/11/17	27,436,863.49
SUB-TOTAL	445,827,058.87

MAIN AUCTION ALLOTMENTS AND DISTRIBUTION



SME AUCTION ALLOTMENTS AND DISTRIBUTION

Auction No.	Amount
SME1/2020/08/06	460,167.99
SME2/2020/08/13	789,866.02
SME3/2020/08/18	517,630.88
SME4/2020/08/25	960,791.84
SME5/2020/09/01	976,403.52
SME6/2020/09/08	876,674.44
SME7/2020/09/15	1,145,006.39
SME8/2020/09/22	1,224,857.29
SME9/2020/09/29	1,441,116.28
SME10/2020/10/06	1,436,197.21
SME11/2020/10/13	1,828,623.41
SME12/2020/10/20	1,740,633.79
SME13/2020/10/27	1,676,072.85
SME14/2020/11/03	1,777,373.04
SME15/2020/11/10	1,844,700.53
SME16/2020/11/17	2,303,580.00
SUB-TOTAL	20,999,695.48



Total Foreign Currency Receipts (US\$ millions)

Type of Receipt		Month 10 2020	% Contribution	Month 10 2019	% Contribution	% Change
Export Proceeds		2,994.1	59%	2,686.6	64%	11.1%
International Remittances	Diaspora Remittances	760.8	15%	513.5	12%	48%
	NGOs	527.1	10%	434.0	10%	21%
Loan Proceeds		745.0	14%	462.0	10%	61%
Income receipts		41.5	0.8%	57.2	1%	-27%
Foreign Investment		30.6	0.6%	44.5	1.0%	-31%
TOTAL		5,099.0	100%	4,197.8	100%	21.5%

Source: RBZ: Exchange Control Records and Bank Supervision Application System

Performance of Export Receipts by Sector (US\$ mil)

Sector	2020	2019	% Change
Mining of which:	2,155.6	1,845.8	16.8%
<i>Platinum</i>	909.3	578.4	-13.2%
<i>Gold</i>	821.0	946.6	57.2%
<i>Chrome Ore + Ferrochrome</i>	72.8	77.4	-5.9%
<i>Diamonds</i>	65.6	143.5	-54.2%
<i>Others</i>	286.9	99.9	187%
Tobacco	247.1	283.7	-12.9%
Manufacturing	304.5	218.2	39.6%
Agriculture	94.5	108.4	-12.8%
Transport	145.8	151.1	-3.5%
Horticulture	30.4	28.2	7.8%
Tourism (Hunting)	0.4	16.8	-97.6%
Postal & Telecommunications	8.6	4.3	100.0%
Other Services (Construction, etc)	7.2	30.1	-76.1%
Total	2,994.1	2,686.6	11.4%

Source: Computerized Export Payments Exchange Control System (2020)

Diaspora Remittances (US\$)

Month	Year 2020	Year 2019	% Change
January	60,607,249	44,567,757	36%
February	69,230,034	41,778,076	66%
March	61,172,535	62,414,369	-2%
April	30,920,048	49,227,045	-37%
May	66,815,291	53,896,272	24%
June	85,849,311	46,525,102	85%
July	91,853,269	51,255,846	79%
August	92,835,172	51,493,743	80%
September	98,384,807	52,538,456	87%
October	103,084,503	59,818,518	72%
Total	760,752,217	513,515,183	48%

Item	2014	2015	2016	2017	2018	2019	Oct. 2020
Total Individual Remittances (US\$million)	838	939	776	699	619	636	761

Foreign Payments by Category in USD (01 Jan – 31 October 2020)

Category	2020	2019	% Variance	Contribution 2020	Contribution 2019
Merchandise Imports (excl. energy)	2,110,110,966	1,915,164,241	10%	58%	54%
- Consumption Goods	971,378,312	755,366,608	29%	27%	21%
- Capital Goods	748,456,558	763,090,991	-2%	21%	21%
- Intermediate Goods	390,276,096	396,706,642	-2%	11%	11%
Energy (Fuel & Electricity)	465,848,676	404,992,916	15%	13%	11%
- Fuel	347,555,589	327,321,720	6%	10%	9%
- Electricity	118,293,087	77,671,196	52%	3%	2%
Service Payments	435,881,524	454,884,240	-4%	12%	13%
- Technical, Professional & consult	230,755,004	191,179,274	21%	6%	5%
- Software	52,306,635	49,019,205	7%	1%	1%
- Other (tourism, edu, freight etc)	152,819,886	214,685,761	-29%	4%	6%
Income Payments (Profits, Dividends)	235,054,102	193,346,806	22%	6%	5%
- Dividends	156,646,467	108,676,033	44%	4%	3%
- Interest Payments	12,838,528	27,759,576	-54%	0.4%	1%
- Other (Salaries, Expats, Rental)	65,569,107	56,911,196	15%	2%	2%
Capital Remittances (outward)	318,031,050	504,867,363	-37%	9%	14%
- External Loan Repayments	280,536,469	484,113,748	-42%	8%	14%
- Disinvestments	18,541,880	13,540,572	37%	0.5%	0%
- Foreign Investment	18,952,701	7,213,042	163%	0.5%	0.20%
Other Payments	74,503,574	97,376,618	-23%	2.0%	2.7%
- Card Payments	60,553,638	93,227,357	-35%	2%	3%
- Refunds	13,949,937	4,149,261	236%	0.4%	0.1%
Total	3,639,429,892	3,570,632,183	1.9%	100%	100%

Breakdown of Consumption Goods & Consumables for 2020

#	Category	Amount (US\$)	Proportion
1	Industrial, Agro and Other Chemicals	162,667,466	17%
2	Fertilizers	87,928,059	9%
3	Maize	56,632,043	6%
4	Packaging Materials	53,928,534	6%
5	Rice	43,786,871	5%
6	Pharmaceuticals	38,093,498	4%
7	Assorted Groceries	37,378,351	4%
8	Wheat	31,837,332	3%
9	Building Materials	31,135,195	3%
10	Tyres and Tubes	25,386,123	3%
	Subtotal	568,773,472	59%
	Other Categories	402,604,840	41%
	Total	971,378,312	100%

Source: CEBAS Foreign Payments Reporting System, RBZ

External Loan Approvals by Sector

SECTOR	NUMBER OF FACILITIES	APPROVED AMOUNT (US\$)	SECTORAL CONTRIBUTION
Agriculture	36	734,902,233	71.12%
Financial	8	220,050,000	21.29%
Mining	9	28,172,006	2.73%
Tourism & Hospitality	5	20,865,000	2.02%
Transport	18	13,715,610	1.33%
Manufacturing	3	11,060,000	1.07%
Retail & Distribution	2	2,058,532	0.20%
Construction	4	1,756,166	0.17%
Services	2	770,000	0.07%
Communication	0	0	0.00%
Energy	0	0	0.00%
TOTAL	87	1,033,349,546	100.00%

Source: Document Management System (DMS)

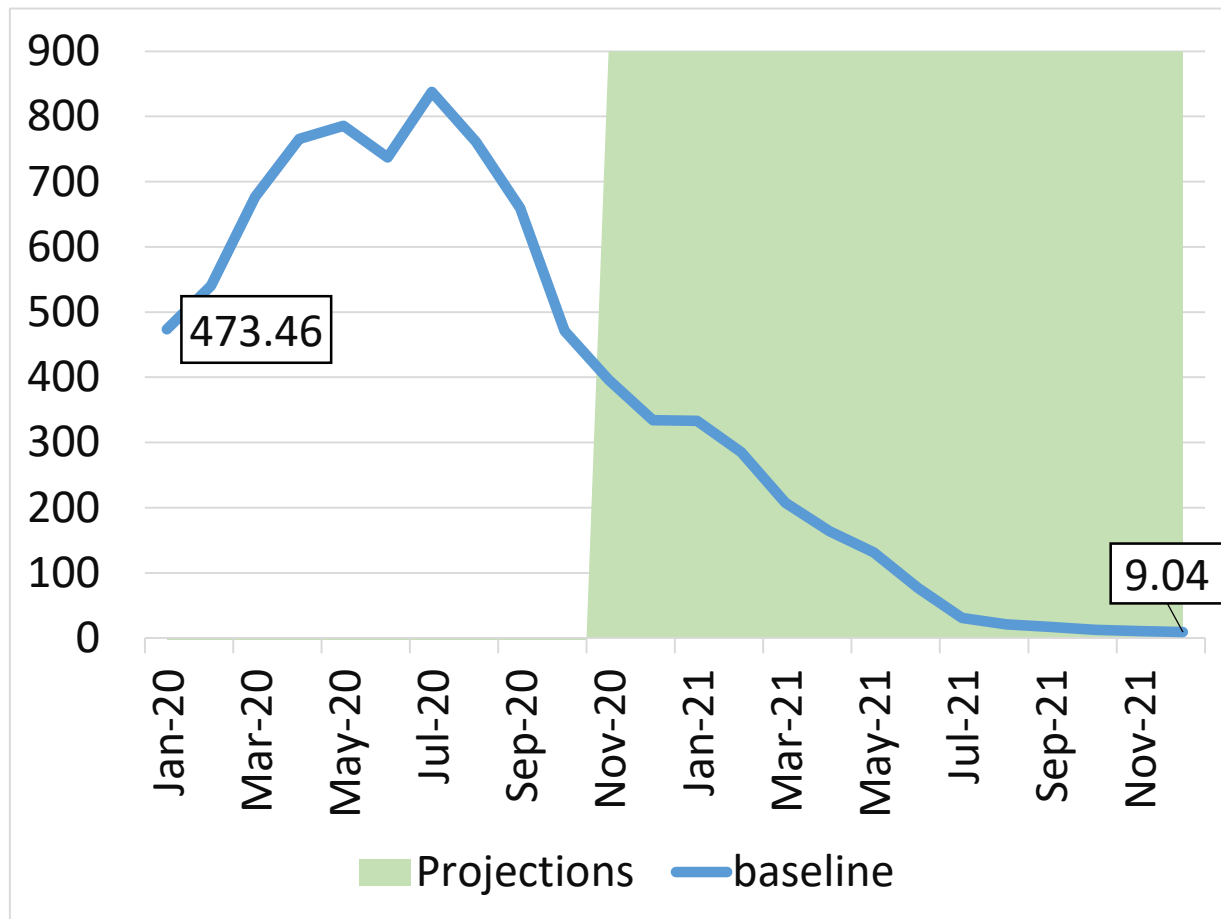
Total Foreign Currency Holdings

TOTAL BANK HOLDINGS (US\$ EQUIVALENT)			
Year	Nostro Balance (US\$)	Cash at Bank (US\$)	Total FCA Balances (US\$)
As at 31 October 2018	194,118,856	74,890,144	269,009,001
As at 31 October 2019	570,397,922	155,247,214	725,645,136
As at 31 October 2020	573,101,628	393,265,049	966,366,678

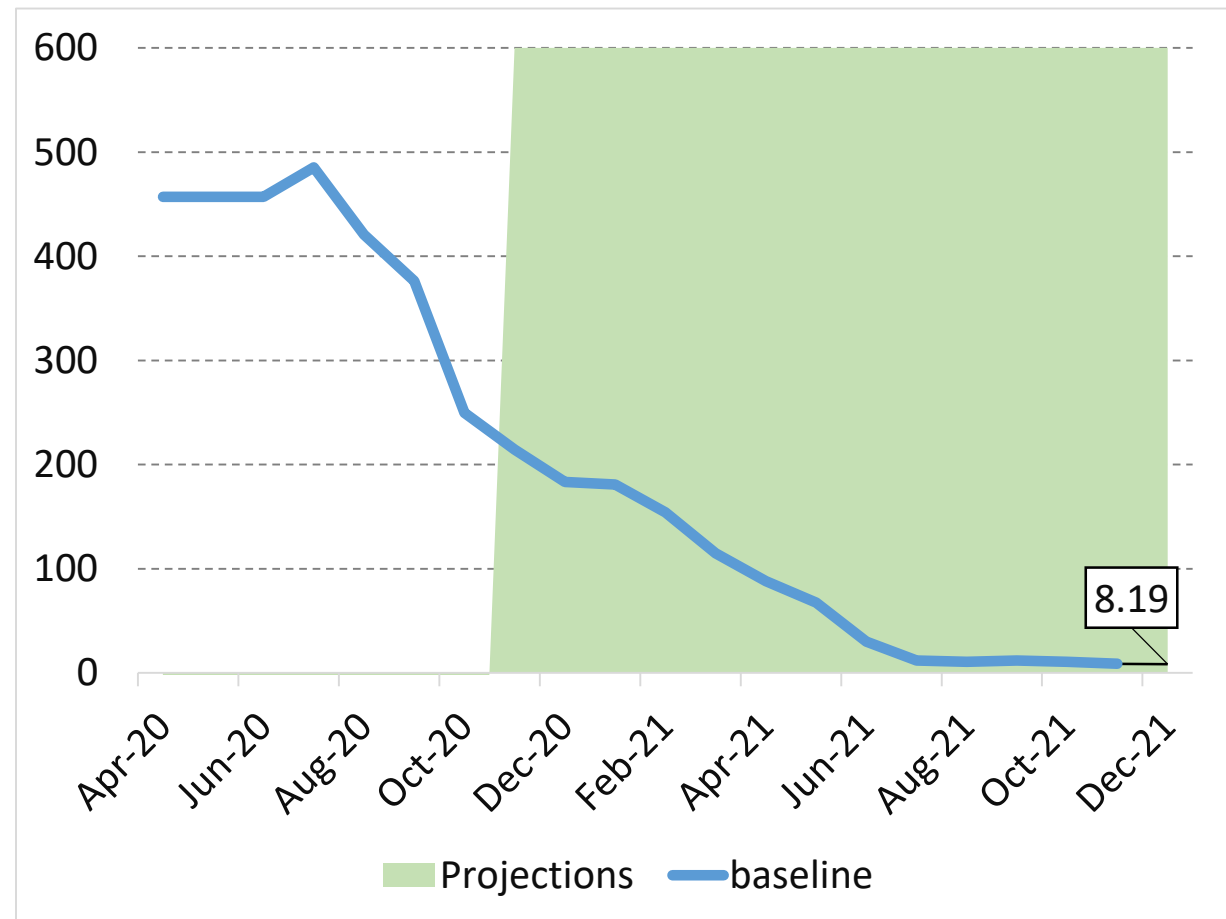
Source: Computerized Exchange Control Nostro Accounting and Monitoring System (CENAMS)

ANNUAL INFLATION DYNAMICS AND OUTLOOK

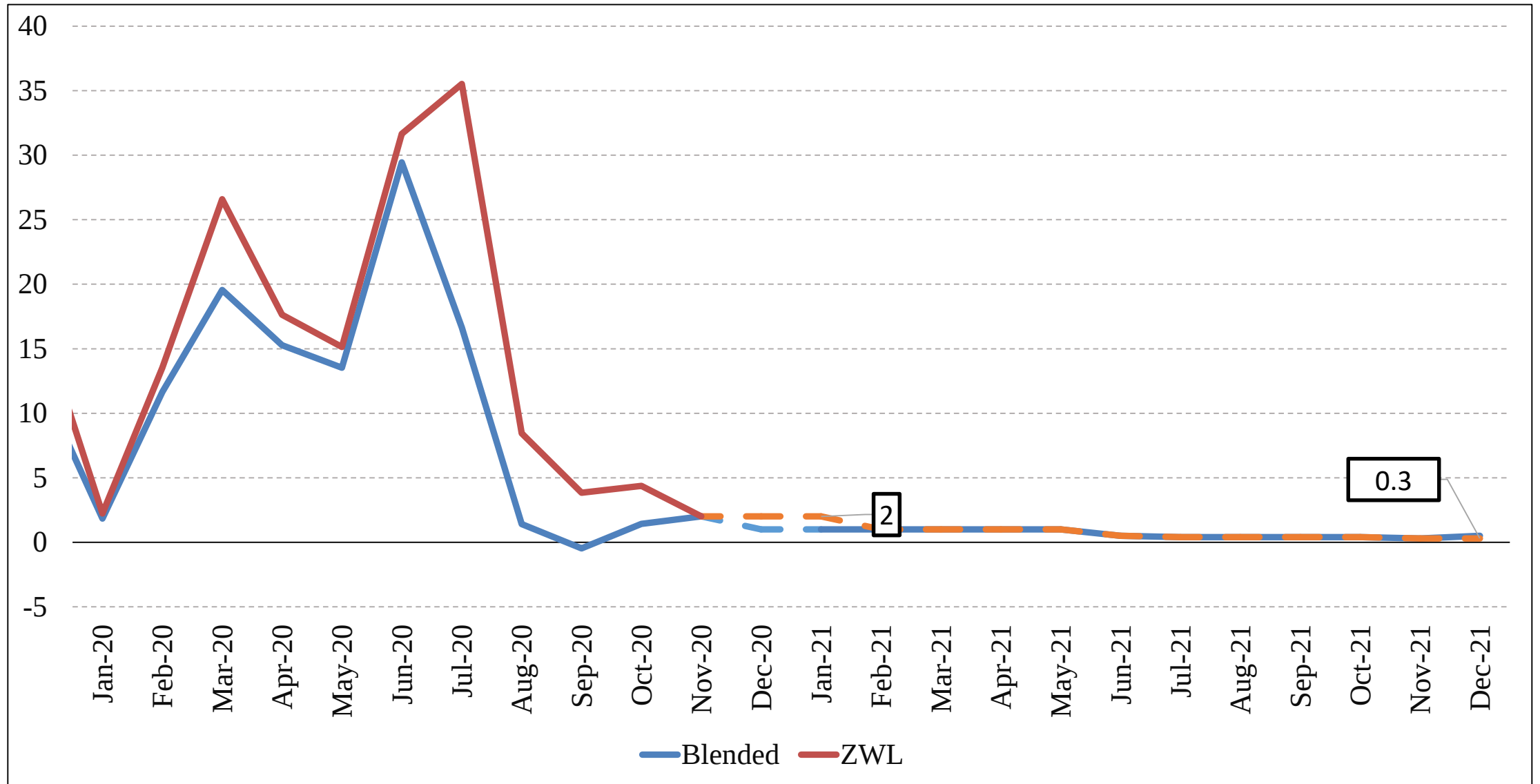
ZW\$ Annual Inflation



Blended Inflation



Month-on-Month Inflation and Outlook



THANK YOU