



PRESS STATEMENT

CLEARANCE OF BACKLOG OF FOREIGN EXCHANGE AUCTION ALLOTMENTS AND FURTHER TIGHTENING OF MONEY SUPPLY

The Bank wishes to advise the public that it is on course to clear the backlog of foreign exchange auction allotments, in line with the Monetary Policy Committee (MPC) Resolutions. The remaining backlog, which is also attributable to malpractices by certain entities that were sponsoring multiple bids under the auction system, is substantially in respect of foreign exchange allotments to secondary users of foreign exchange under the Main Auction. All allotments under the SMEs Auction are up to date.

Going forward, all auction allotments will be paid within two weeks from the auction date. Thus, the Main Auction allotments for Auction 64 of Tuesday, 21 September 2021 will be fully paid by Monday, 4 October 2021. The Bank has ring-fenced the auction allotments backlog which it will continue to expunge separately from current allotments.

In order to further tighten money supply in view of recent developments on inflation, the Bank has introduced special exchange rate-linked corporate open market operations bills for the purposes of directly dealing with the growth of money supply in the economy. These bills will be targeted at corporates with huge local currency balances or those receiving huge payments in local currency, as some of these funds are being used to destabilise the foreign exchange market. This measure is to support the stability of the foreign exchange market, in line with the MPC Resolutions of 27 August 2021.

John P. Mangudya
Governor
1 October 2021