



**MONETARY POLICY COMMITTEE**  
**COMMUNIQUE No. 5/2023**  
**Maputo, September 22, 2023**

**Policy rate remains unchanged at 17.25%**

**The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to keep the MIMO policy rate unchanged at 17.25%. This decision is underpinned by worsened risks and uncertainties associated with inflation forecasts, despite prospects of inflation remaining in the single digits in the medium term.**

**Prospects of single-digit inflation remain in place over the medium term.** In August 2023, annual inflation slowed to 4.9%, following 5.7% in July. This slowdown was mainly due to the decline in food prices, spurred by a longer winter season, amid exchange rate stability. Core inflation rose, mainly reflecting the increase in prices in the catering and clothing and footwear classes. For the medium term, prospects for single-digit inflation persist, mainly reflecting the Metical's stability and the impact of the measures being taken by the MPC.

**Risks and uncertainties associated with inflation forecasts have increased.** Domestically, pressure on public expenditure and uncertainties regarding the developments and effects of extreme weather events are expected to prevail. On the external side, the uncertainties as to the magnitude of the impact from the protracted Russia-Ukraine conflict and its escalation, as well as the recent trend of rising fuel prices are prominent. The materialization of these risks could contribute to an acceleration in inflation, thus deviating from the expected trajectory.

**Prospects of moderate economic growth remain in place over the medium term.** In the second quarter of 2023, the gross domestic product grew by 4.7%, mainly reflecting the notable performance of the extractive industry, particularly in natural gas production. In the medium term, it is expected that the extractive industry will continue to contribute towards the acceleration of gross domestic product growth. Excluding natural gas projects, economic activity is expected to continue to recover, despite the potential negative impacts of climate shocks on agricultural production and various infrastructure.

**Domestic public debt is increasing.** Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 321.1 billion meticaïs, a 46.0 billion increase compared to December 2022.

The MPC will continue to monitor the developments of the risks and uncertainties associated with inflation forecasts, and will not hesitate to take the necessary corrective measures.

The next regular MPC meeting is scheduled for November 29, 2023.

**Rogério Lucas Zandamela**  
**Governor**