



MONETARY POLICY COMMITTEE
COMMUNIQUE No. 5/2025
Maputo, September 29, 2025

Monetary Policy Rate Reduced to 9.75%

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to reduce the monetary policy rate, MIMO, from 10.25% to 9.75%. This decision stems from prospects of inflation remaining in single digits over the medium term, partially reflecting the stability of the exchange rate and favourable international commodity prices, despite the prevalence of high domestic risks and uncertainties associated with the projections.

Prospects of single-digit inflation remain in place over the medium term. In August 2025, annual inflation stood at 4.8%, following 4.0% in July. Core inflation, which excludes fruits and vegetables and administered prices, rose slightly. The continued outlook for single-digit inflation over the medium term primarily reflects the monetary policy stance, Metical exchange rate stability and the downward trend in international commodity prices.

Moderate economic growth is expected in the medium term, excluding liquefied natural gas (LNG). In the second quarter of 2025, excluding LNG, gross domestic product (GDP) contracted by 1.7%, following 4.9% in the previous quarter. Including LNG, GDP contracted 0.9%, following 3.9% in the previous quarter. In the medium term, a gradual recovery in economic activity, excluding LNG production, is expected, partially supported by the prospects for the implementation of projects in strategic areas.

Pressure on domestic public debt continues to rise, undermining the normal functioning of the government securities market. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 454.4 billion meticaïs, a 38.8 billion increase compared to December 2024.

The risks and uncertainties associated with inflation projections remain high. Key factors that could contribute to rising inflation over the medium term include the impacts of the exacerbation of the fiscal position, amidst increasing challenges to mobilize financial resources for the State Budget, climate shocks and the sluggish recovery of productive capacity and the supply of goods and services.

The MPC will continue normalizing the MIMO policy rate over the medium term, albeit in moderate magnitudes. The pace and magnitude will continue to depend on inflation outlooks, as well as the assessment of the risks and uncertainties underlying medium-term projections.

The next MPC meeting is scheduled for November 20, 2025.

Rogério Lucas Zandamela
Governor