Banco de Moçambique

INTERBANK MONEY AND FOREIGN EXCHANGE MARKETS BULLETIN

Markets and Reserves Management Department

No. 102/ANO 24
July 2024

1. Introduction

This bulletin reports the developments in the Interbank Money Market (IMM) and the Foreign Exchange Market for the second quarter of 2024, compared to the previous one.

In an ordinary session dated May 27, 2024, the Monetary Policy Committee (MPC) of the Banco de Moçambique decided to reduce the policy rate (MIMO) from 15.75% to 15.00%, amid the consolidation of prospects for the maintenance of single-digit inflation over the medium term, in a context in which the assessment of risks and uncertainties associated with inflation forecasts remains favorable. This was the third consecutive reduction in the policy rate in the current year, which, cumulatively, amounts to a drop by 225 bps.

Interest rates on IMM instruments trended downwards in line with the policy rate, pointing to a cycle of normalization of the MIMO rate over the medium term. The reporting period was characterized by the stability of the interest rates on overnight lending (effective MIMO rate), which remained on par with the MIMO rate. In the Foreign Exchange Market, the exchange rate of the Metical against the United States Dollar (USD/MZN) remained stable throughout the reporting quarter.

Regarding interbank market transactions for the second quarter of 2024, compared to the first quarter of the same year, the highlights are as follows:

1.1. Interbank Money Market

- Decrease in the interest rates on secured and unsecured interbank lending from 16.78% to 15.41% and 16.71% to 15.42%, respectively (charts 5 and 6);
- Decrease in the Treasury Bill (T-Bill) interest rates for the 91-day maturity (18.12% to 16.82%), 182-day maturity (18.19% to 17.07%) and 364-day maturity (18.46% to 17.64%) (chart 2);
- Decrease in the reverse repo interest rate (RR) for the 7-day maturity (6.78% to 15.50%) and the 1-month maturity (16.65% to 15.53%) (chart 3);
- Decrease in the volumes of Type A T-Bill subscriptions and RR and increase in Type B T-Bill subscriptions (tables 3 and 5);

- Decrease in placements at the Standing Deposit Facility window by about 13% and decrease in calls for the Standing Lending Facility by about 58% (table 6).

1.2. Interbank Foreign Exchange Market

- Stability of the effective and reference exchange rates of the Metical against the United States Dollar (chart 12);
- Increase in the total turnover of banks in customer transactions by about 17% (table 8);
- Decrease in the volume of transactions between commercial banks by about 35% (table 7); and
- Increase in the volume of transactions in financial derivatives (foreign exchange forwards and foreign exchange swaps about 31%) (table 8).

Find the details in the charts and tables below.

Gráfico 1: Evolução das Taxas de Juro Overnight do Interbancário

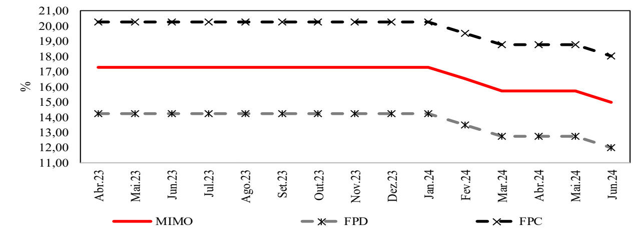

Gráfico 2: Evolução das Taxas de Juro do Mercado Primário de Bilhetes do Tesouro

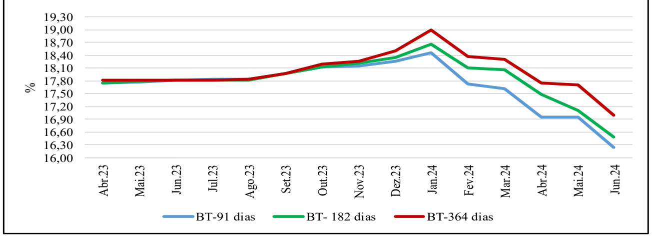

Gráfico 3: Evolução das Taxas Juro de Reverse Repo

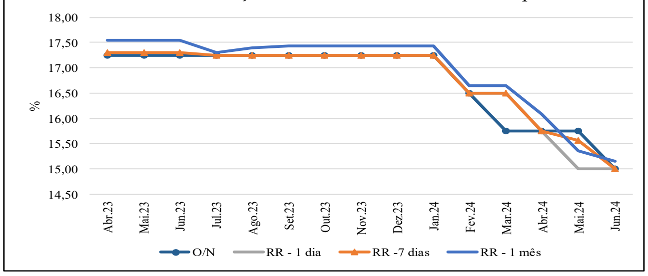

Gráfico 4: Evolução das Taxas de Juro a Retalho

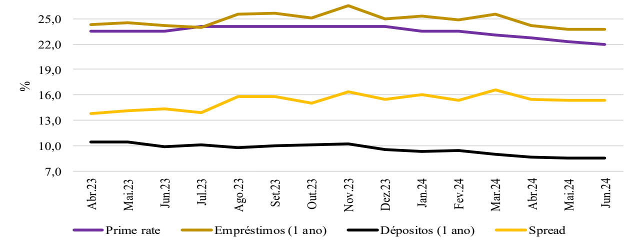

Gráfico 5: Permutas de Liquidez sem Garantias

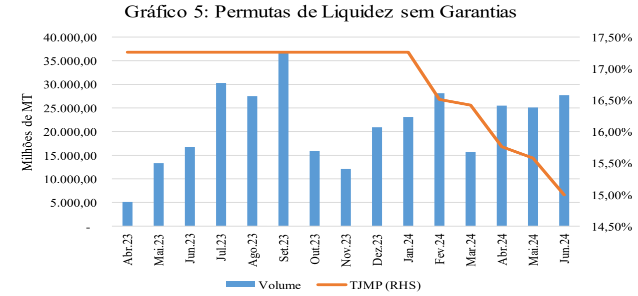

Gráfico 6: Permutas de Liquidez com Garantias (repo)

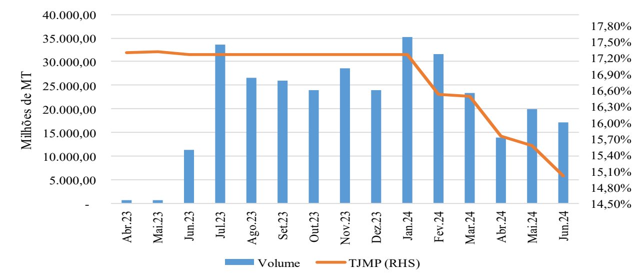

Gráfico 7: Mercado Primário de BT (tipo A)

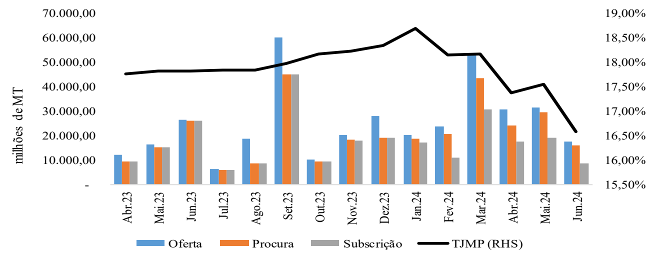

Gráfico 8: Mercado Primário de BT (tipo B)

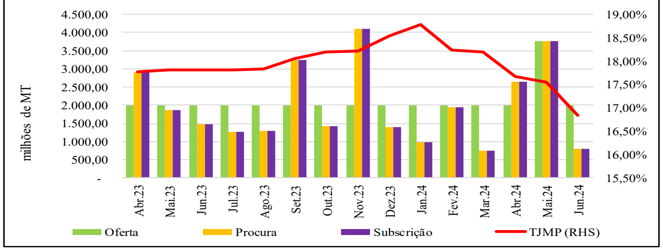

Gráfico 9: Evolução das Operações Reverse Repo

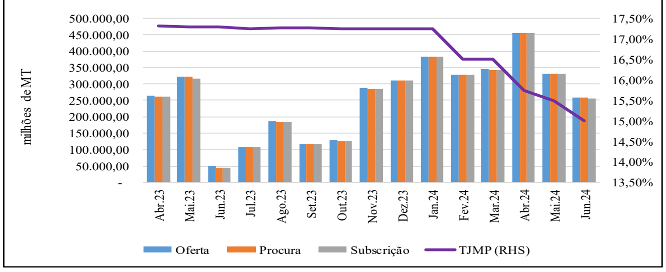

Gráfico 10: Transacções de Divisas entre Bancos e Taxa de Câmbio

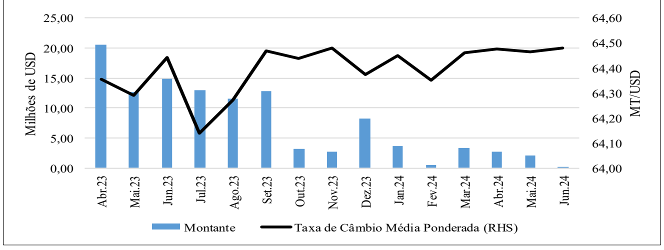

Gráfico 11: Operações em Derivados Financeiros (OTC)

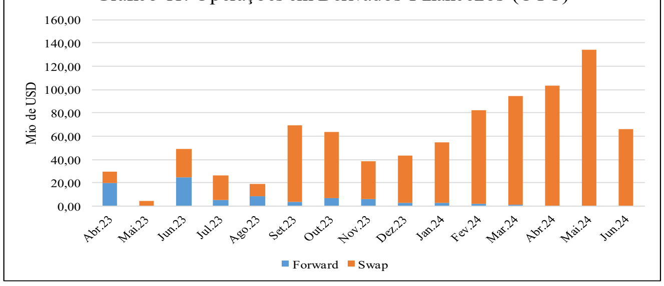

Gráfico 12: Tendência das Taxas de Câmbio

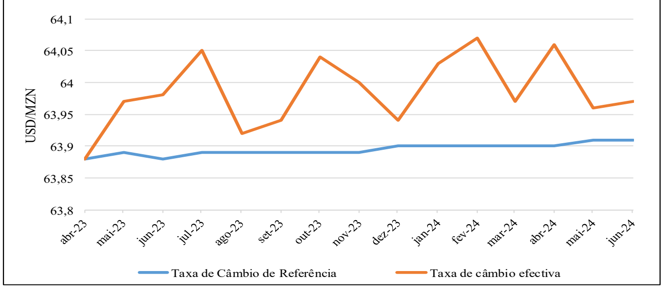

Table 1 – Unsecured Interbank Transactions

Period	Number of Transactions	Amount (million)	Average Rate (%)
Overnight	128	78.230,00	15,42
02 to 07 days	0	0,00	-
Q2 2024 (59 days)	**128**	**78.230,00**	**15,42**
Q1 2024(59 days)	**120**	**66.818,00**	**16,71**

Note: Weighted Average Interest Rate

Table 2 – Secured Interbank Transactions (Repo)

Period	Number of Transactions	Amount (million)	Average Rate (%)
Overnight	167	50.825,00	15,41
02 to 07 days	0	0,00	-
Q2 2024(52 days)	**167**	**50.825,00**	**15,41**
Q1 2024(63 days)	**213**	**90.095,00**	**16,78**

Note: Weighted Average Interest Rate

Table 3 - T-Bill Issuance - Type A

Maturity	Amount (MZN million)		Average
(days)	Offer	Subscription	Rate (%)
91	20.400,00	11.801,00	16,82
182	18.100,00	10.538,00	17,07
364	41.200,00	22.979,00	17,64
Q2 2024	**79.700,00**	**45.318,00**	**17,29**
Q1 2024	**96.500,00**	**58.767,00**	**18,31**

Note: Weighted Average Interest Rate

Table 5 – Reverse Repo between the BM and Commercial Banks

Maturity	Amount (MZN million)		Average
(days)	Offer	Subscription	Rate (%)
Overnight	120.500,00	119.621,00	15,33
7 days	922.500,00	920.809,00	15,50
1 month	1.600,00	1.500,00	15,53
Q2 2024	**1.044.600,00**	**1.041.930,00**	**15,48**
Q1 2024	**1.054.900,00**	**1.051.892,00**	**16,77**

Note: Weighted Average Interest Rate

Table 4 - T-Bill Issuance - Type B

Maturity	Amount (MZN million)		Average
(days)	Offer	Subscription	Rate (%)
182	3.055,00	1.992,00	17,19
364	4.705,00	5.214,00	17,63
Q2 2024	**7.760,00**	**7.206,00**	**17,51**
Q1 2024	**6.000,00**	**3.684,00**	**18,37**

Note: Weighted Average Interest Rate

Table 6 – Standing Facilities

Period	Lending				Deposit			
	Amount (MZN million)	No. of Days	Average Amount (MZN million)	Interest Rate (%)	Amount (MZN million)	No. of Days	Average Amount (MZN million)	Interest Rate (%)
April	36.951,00	13	2.842,38	18,75	123.713,87	21	5.891,14	12,75
May	14.500,00	10	1.450,00	18,69	106.065,28	22	4.821,15	12,63
June	16.350,00	10	1.635,00	18,00	71.642,46	19	3.770,66	12,00
Q2 2024	**67.801,01**	**33**	**5.927,39**	**18,56**	**301.421,62**	**62**	**4.861,64**	**12,00**
Q1 2024	**159.925,01**	**48**	**7.828,50**	**20,07**	**346.994,44**	**63**	**5.507,85**	**13,48**

Note: Weighted Average Interest Rate

Table 7 – Foreign Currency Sales between Commercial Banks

Period	Spot	
	Amount (USD million)	Weighted Average Interest Rate (USD/MZN)
April	2,70	64,45
May	2,70	64,35
June	0,15	64,46
Q2 2024	**5,56**	**64,40**
Q1 2024	**7,62**	**64,45**

Table 8 – Foreign Currency Sales between Commercial Banks and Customers

Period	Purchase	Sales	Derivatives	Total
	Amount (USD million)	Amount (USD million)	Amount (USD million)	(USD million)
April	682,72	608,70	103,67	**1.395,09**
May	726,09	674,38	134,06	**1.534,52**
June	643,27	580,20	66,28	**1.289,74**
Q2 2024	**2.052,07**	**1.863,28**	**304,01**	**4.219,36**
Q1 2024	**1.753,46**	**1.621,19**	**231,48**	**3.606,13**

Note: All currencies converted to USD