MONETARY POLICY COMMITTEE
COMMUNIQUÉ No. 4/2026
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Monetary Policy Rate Unchanged at 9.25%

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to keep the monetary policy rate, MIMO, unchanged at 9.25%. This decision is underpinned by the reduction in domestic currency liquidity in the banking system following the increase in the Reserve Requirement ratio in May 2026, despite the persistence of significant risks and uncertainties surrounding inflation projections, particularly the duration of the conflict in the Middle East and the resulting impact on supply chains, the availability of goods and the volatility of international fuel prices.

This MPC meeting was preceded by a meeting of the Financial Stability and Inclusion Committee of the Banco de Moçambique, which assessed systemic risks, key vulnerabilities and developments in financial inclusion indicators, and concluded that the financial system remains stable and resilient, and that financial inclusion continues to improve.

Inflation is expected to rise in the short-term before easing to single digits over the medium term. In June 2026, annual inflation stood at 7.5%, after 7.2% in May. Core inflation, which excludes fruit and vegetables and administered prices, remained stable. In the short-term, prices are expected to continue rising, reflecting the indirect effects of the increase in domestic liquid fuel prices and imported inflation. Meanwhile, inflation is expected to decline to single digits over the medium term, supported, among other factors, by the outlook for continued exchange rate stability and moderating energy and food prices.

Moderate economic growth is expected in the medium term, excluding liquefied natural gas (LNG). In the first quarter of 2026, gross domestic product (GDP), excluding LNG, is estimated to have grown by 1.1%, after 4.8% in the final quarter of 2025. Including LNG, GDP growth slowed to 0.1%, from 5.1% in the fourth quarter of 2025. Over the medium term, economic activity, excluding LNG production, is expected to expand at a moderate pace, supported in part by the implementation of projects in strategic sectors.

Public debt and domestic and external debt arrears remain elevated, affecting the normal functioning of the financial market. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 538.3 billion meticais, an increase of 63.7 billion compared to December 2025. Payment arrears on domestic and external public debt persist, including amounts owed to domestic financial institutions and multilateral creditors, weighing, *inter alia*, on demand for government securities, keeping yields high and adversely affecting the country's sovereign risk assessment.

The banking sector remains sound, capitalised and resilient. In June 2026, the overall capital adequacy ratio stood at 28.1% and the short-term liquidity coverage ratio at 55.2%, both above the minimum regulatory requirements. Systemic risk remained moderate. Furthermore, macroprudential stress testing confirmed that the banking sector continues to hold sufficient capital buffers to absorb potential losses and preserve its soundness over the medium term.

Financial inclusion continues to improve, driven by the digitalisation of financial services and the expansion of services rendered by mobile money institutions. Between December 2024 and May 2026, the number of financial service access points increased by 47.0%, mainly reflecting a 54.0% increase in the number of mobile money agents. This development was accompanied by an 18.0% rise in the number of mobile money accounts, highlighting the growing uptake of digital financial services by the adult population. This progress reflects, among other factors, the impact of interoperability among mobile money institutions, banks, microbanks and other payment service providers through SIMOrede.

The recently launched instant payments system (METIX) is boosting digital payment transactions. Since METIX was rolled out, its use has continued to increase, reflecting a growing preference for immediate, convenient and free interbank transfers. The number of transfers has tripled to more than 11,000 per day since the system went live in March 2026.

The foreign exchange market has become more fluid, supported by the extractive industry, recording high volumes of foreign currency purchases and sales. In the first half of 2026, foreign currency purchases by commercial banks increased by USD 352 million compared with the same period of 2025, standing at USD 4.24 billion. During the same period, foreign currency sales by banks to their customers rose by USD 356 million to a total of USD 4.16 billion, with the fuel sector accounting for 50.0% of the foreign currency sold to the largest buyers in the foreign exchange market.

Risks and uncertainties surrounding inflation projections remain high. Domestically, risks and uncertainties remain regarding the magnitude of the indirect effects of higher fuel prices; the pace of the recovery in productive capacity following the floods that struck the country in the first quarter of the year; the effects of heightened fiscal risks, particularly the increase in public debt and payment arrears owed by the State; as well as the impact of climate shocks. On the external front, risks and uncertainties continue to stem from the duration and magnitude of the impact of the geopolitical conflict in the Middle East on supply chains and the availability of goods, as well as on energy and food prices.

The direction of monetary policy will continue to be driven by the assessment of risks and uncertainties underlying inflation projections.

The next MPC meeting is scheduled for September 30, 2026.

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Governor