



MONETARY POLICY COMMITTEE
COMMUNIQUÉ No. 4/2023
Maputo, July 26, 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 the prevalence of high adverse risks and uncertainties, particularly stemming from pressures on public expenditure, as well as the protracted Russia-Ukraine conflict and its escalation, 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 June 2023, annual inflation slowed to 6.8%, mainly reflecting the slump in food prices, which was aided by the winter season, amid exchange rate stability. Core inflation, which excludes fruit and vegetables and administered prices also eased. Inflation developments over the medium term mainly reflect the stability of the Metical and the impact of the measures taken by the MPC.

The adverse risks and uncertainties underpinning inflation projections remain high. Domestically, pressure on public expenditure and uncertainties regarding the developments in administered prices, especially liquid fuels, are expected to persist. On the external side, uncertainties remain high regarding the magnitude of the impact from the protracted Russia-Ukraine conflict and its escalation.

Domestic public debt has increased. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stand at 308.4 billion meticaís, a 33.3 billion increase compared to December 2022.

The MPC shall 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 September 22, 2023.

Rogério Lucas Zandamela
Governor