



**Monetary Policy Committee  
COMMUNIQUÉ No. 2/2022  
Maputo, March 30, 2022**

**Policy rate increases by 200 basis points to 15.25%**

**The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to increase the policy rate, MIMO, from 13.25% to 15.25%. This decision follows from the substantial upward revision of inflation forecasts for the short and medium term, reflecting the materialization and exacerbation of some risks, especially the escalation of the geopolitical conflict in Europe and the natural disasters that struck the center and north of the country.**

**The increase in the MIMO rate aims at keeping inflation under control in the short and medium term, so as to allow the beginning of a gradual transition to single-digit interest rates in the medium and long term, amid the resumption of the Program with the International Monetary Fund (IMF) and the implementation of natural gas projects.**

**Inflation forecasts for the short and medium term have been revised upwards.** The forecasts point to an acceleration in general and core inflation, in the short and medium term, reflecting the direct and indirect impact of rising fuel and food prices, as well as the effect of natural disasters that struck the country, in spite of the Metical's stability. In February 2022, annual inflation stood at 6.8%.

**Risks and uncertainties associated with inflation forecasts have increased.** The highlight is on the duration and magnitude of (i) the impact of the Russia-Ukraine geopolitical conflict, (ii) global supply chain constraints, (iii) effects of recent climate shocks on domestic prices, and (iv) the degree of the pass-through of the fuel price adjustments to the prices of other goods and services.

**The prospects of economic activity recovery in 2022 remain, despite forecasts of slowing external demand.** These prospects stem from the easing of restrictive COVID-19 containment measures, and the implementation of energy projects in the Inhambane province and the Rovuma basin, in a context of resumption of the IMF program, which will contribute to the deepening of reforms and greater concessional financing to the economy.

**Domestic public debt has increased.** Domestic public debt, excluding loans and lease agreements and overdue liabilities, has increased from 220.6 billion, at the end of December 2021, to 242.3 billion meticais, in March this year.

The MPC will continue to monitor the evolution of risks and uncertainties associated with the forecasts, in order to keep inflation low and stable, which is the main objective of the Banco de Moçambique.

The next regular meeting of the MPC is scheduled for May 25, 2022.

**Rogério Lucas Zandamela  
Governor**