



**MONETARY POLICY COMMITTEE
COMMUNIQUE No. 6/2023
Maputo, November 29, 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 emergence of new risks and uncertainties associated with inflation forecasts, highlighting the potential impact of the ongoing conflict in the Middle East on global fuel and food prices.

Prospects of single-digit inflation remain in place over the medium term. In October 2023, annual inflation rose to 4.8%, following 4.6% in September. This development was mainly driven by the increase in food and alcoholic beverages prices. Core inflation, which excludes fruits and vegetables, as well as administered prices, also rose. For the medium term, prospects for single-digit inflation persist, mainly reflecting the Metical's stability and the impact of the measures being taken by the MPC.

The risks and uncertainties associated with inflation forecasts continue to worsen. Domestically, pressure on public finances and uncertainties regarding the evolution and effects of extreme weather events prevail. On the external side, in addition to the conflict between Russia and Ukraine, uncertainties regarding the prolongation and spread of the current conflict in the Middle East and its impacts on international oil and food prices stand out.

For the medium term, excluding liquefied natural gas (LNG), the prevalence of moderate economic growth is anticipated. In the third quarter of 2023, gross domestic product (GDP) excluding LNG is estimated to have grown by 3.3%, following 3.1% in the previous quarter. Including LNG, GDP growth accelerated to 5.9% from 4.7%. In the medium term, excluding LNG production, economic activity is expected to continue to recover, despite uncertainties associated with the impact of potential climate shocks on agricultural production and various infrastructure. Meanwhile, the extractive industry will continue contributing to the acceleration of economic growth.

Pressure on domestic public debt continues to increase. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 334.4 billion meticaís, a 59.3 billion increase compared to December 2022.

The MPC will continue to monitor the developments of the risks and uncertainties associated with inflation forecasts, and will take measures deemed appropriate to the context.

The next regular MPC meeting is scheduled for January 31, 2024.

**Rogério Lucas Zandamela
Governor**