



# MONETARY POLICY COMMITTEE

COMMUNIQUE No. 6/2022

Maputo, November 30, 2022

**Policy rate 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 measure follows from the high risks and uncertainties associated with inflation forecasts, especially the effects of the persistence of the geopolitical tension in Europe and the external demand slowdown, despite prospects of inflation reverting to a single digit in the medium term.**

**Inflation forecasts point to a slowdown in the medium term.** In October, annual inflation of the cities of Maputo, Beira and Nampula slowed to 11.08%, following 12.01% in September, mainly driven by the slowdown in food prices, especially fruit and vegetables. Core inflation has also slowed. In the medium term, the prospects of inflation reverting to a single digit are consolidating, reflecting the effects of MIMO policy rate increases and Metical stability, despite the prevalence of high risks and uncertainty.

**Risks and uncertainties associated with inflation projections remain high.** At the domestic side, stand out the rising pressures for an increase in current public spending, uncertainty as to the impacts of climate shocks on the supply and trading of goods, and developments in administered prices, including their effect on the prices of other goods and services. Externally, uncertainties persist as to the effects of the protracted Russia-Ukraine conflict, coupled with the risks of global economic recession.

**Economic growth forecasts for 2023 have been revised slightly downwards.** In the third quarter of 2022, gross domestic product growth slowed to 3.6%, mainly driven by the weak performance of the secondary sector. In the medium term, a slight slowdown in the expansion of economic activity is expected, amid the potential decline in external demand and restrictive financial conditions, including increased bottlenecks to access international financial markets. Meanwhile, the implementation of energy projects will continue to drive economic growth at the domestic side.

**Domestic public debt remains high.** Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at MZN 274.8 billion, a 56 billion increase, compared to December 2021.

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 meeting of the MPC is scheduled for January 25, 2023.

**Rogério Lucas Zandamela**  
Governor