



MONETARY POLICY COMMITTEE
COMMUNIQUE No. 4/2025
Maputo, July 31, 2025

Monetary Policy Rate Reduced to 10.25%

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to reduce the monetary policy rate, MIMO, from 11.00% to 10.25%. This measure is primarily driven by the ongoing consolidation of the single-digit inflation outlook over the medium term, partially supported by the favourable trend in international commodity prices, despite persistent high domestic risks and uncertainties associated with projections.

Prospects of single-digit inflation remain in place over the medium term. In June 2025, annual inflation stood at 4.2%, following 4.0% in May. Core inflation, which excludes fruits and vegetables and administered prices, rose slightly. The continued single-digit inflation outlook over the medium term essentially reflects the stability of the Metical and international commodity prices.

Moderate economic growth is expected in the medium term, excluding liquefied natural gas (LNG). In the first quarter of 2025, excluding LNG, gross domestic product (GDP) is estimated to have contracted by 4.9%, following 4.1% in the previous quarter. Including LNG, GDP contracted by 3.9%, following 5.7% in the previous quarter. In the medium term, a gradual recovery in economic activity, excluding LNG production, is expected, partially supported by the reduction in interest rates and the prospects for the implementation of projects in strategic areas.

Pressure on domestic public debt continues to rise. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 454.3 billion meticaïs, a 38.7 billion increase compared to December 2024.

The flow of foreign exchange in the market is expected to improve. To boost sales to the public, the Banco de Moçambique has recently reduced the limits on how much foreign currency banks can retain each day without selling it to the public. This measure complements the decision to raise the minimum conversion rate of export proceeds from 30% to 50%, which implies greater availability of and access to foreign exchange.

Risks and uncertainties associated with inflation projections remain high. Key factors that could contribute to rising inflation over the medium term include the impacts of the exacerbation of the fiscal position, amidst increasing challenges to mobilize financial resources for the State Budget, uncertainties surrounding the pace of recovery of productive capacity and the supply of goods and services, and the effects of climate shocks.

The MPC will continue normalizing the MIMO policy rate over the medium term. The pace and magnitude will continue to depend on inflation outlooks, as well as the assessment of the risks and uncertainties underlying medium-term projections.

The next MPC meeting is scheduled for September 29, 2025.

Rogério Lucas Zandamela
Governor