



**Monetary Policy Committee**  
**COMMUNIQUÉ No. 1/2023**  
**Maputo, January 25, 2023**

**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 prevalence of high risks and uncertainties underpinning inflation forecasts, highlighting the impact of liquidity generated in the economy driven by public spending pressure, and the protracted geopolitical tension in Europe, despite the maintenance of single-digit inflation prospects in the medium term.

The MPC has also decided to increase reserve requirements ratios for liabilities in local currency from 10.5% to 28.0% and from 11.5% to 28.5% for foreign currency liabilities, in order to absorb the excessive liquidity in the banking system, with the potential to generate inflationary pressure.

**Risks and uncertainties associated with inflation forecasts have exacerbated.** Domestically, the uncertainties regarding the impact of excessive liquidity on macroeconomic indicators and as well as the likely effects of climate shocks on the supply and trading of goods are underlined. On the external side, uncertainties prevail as to the effects of the protracted Russia-Ukraine conflict and risks of global economic recession.

**Meanwhile, inflation slowdown prospects in the short and medium term remain.** In December 2022, annual inflation, comprising the cities of Maputo, Beira and Nampula, slowed to 10.29%, following 10.62% in November, mainly reflecting the steady slowdown in food prices and the reduction in domestic gas prices. Core inflation observed the same trend. For the medium term, single-digit inflation prospects remain, driven by the effects of MIMO rate hikes in 2022, coupled with the Metical's stability.

**Medium-term economic growth forecasts have been slightly revised downwards.** This revision is grounded on further tightening of financial conditions worldwide and the resulting economic activity slowdown of the country's main trading partners, with the potential to plunge external demand. Meanwhile, the implementation of energy projects will continue to favor domestic economic growth.

**Public debt remains high.** Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 288.7 billion meticaïs, a 13.6 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 meeting of MPC is scheduled for March 29, 2023.

**Rogério Lucas Zandamela**  
**Governor**