



MONETARY POLICY COMMITTEE

COMMUNIQUE No. 1/2026

Maputo, January 28, 2026

Monetary Policy Rate Reduced to 9.25%

The Monetary Policy Committee (MPC) of the Banco de Moçambique decided to reduce the monetary policy rate, MIMO, from 9.50% to 9.25%. This decision is underpinned by the outlook for inflation remaining in a single digit over the medium term, despite the materialization of certain risks and uncertainties associated with inflation projections, particularly the occurrence of floods and the heightened trade and geopolitical tensions. However, in light of the intensification of risks and uncertainties, the MPC considers that the easing cycle of the MIMO rate, initiated in January 2024, is nearing its end.

Prospects for single-digit inflation remain unchanged over the medium term. In December 2025, annual inflation stood at 3.2%, after 4.4% in November. Core inflation, which excludes fruits and vegetables and administered prices, also declined. The continued expectation of a single digit inflation over the medium term essentially reflects the stability of the Metical and international commodity prices, as well as subdued domestic demand.

In the medium term, excluding liquefied natural gas (LNG), modest economic growth is expected. In the third quarter of 2025, it is estimated that, excluding LNG, gross domestic product (GDP) contracted by 1.3%, following a decline of 1.7% in the second quarter. When LNG is included, GDP declined by 0.9%, following an identical contraction in the previous quarter. Over the medium term, a gradual recovery in economic activity is anticipated, excluding LNG production, albeit at a slower pace due to the effects of climate shocks.

Domestic public indebtedness continues to increase, affecting the normal functioning of the financial market. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 485 billion meticaïs, up by 11.1 billion relative to December 2025. The Government's delay in servicing domestic public debt instruments continues to be reflected in reduced appetite for government securities and rigidity in the interbank money market interest rates.

In view of the intensification of risks and uncertainties, the MPC considers that the end of the easing cycle of the MIMO rate, initiated in January 2024, is approaching. In the near and medium term, key domestic risks and uncertainties surrounding inflation projections include: the magnitude of the impact of recent floods on the logistics chain and the supply of goods, the pace of recovery of productive capacity, as well as the effects of the delays in public debt service. At the external level, the intensification of trade and geopolitical tensions stands out, which may impact commodity and food prices.

The stance of monetary policy will continue to be driven by the assessment of risks and uncertainties surrounding inflation projections.

The next MPC meeting is scheduled for March 30, 2026.

Rogério Lucas Zandamela
Governor