



**MONETARY POLICY COMMITTEE  
COMMUNIQUÉ No. 3/2023  
Maputo, May 31, 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 decision is underpinned by the prevailing high risks and uncertainties associated with inflation forecasts, despite the prospects for single-digit inflation in the medium term.

The MPC has also decided to increase the reserve requirements from 28.0% to 39.0% for domestic currency liabilities and 28.5% to 39.5% for foreign currency liabilities, in order to absorb excessive liquidity in the banking system, with the potential to generate inflationary pressure.

**Risks and uncertainties associated with inflation forecasts remain high.** Domestically, prevailing pressures on public spending, amid weak revenue collection, and the uncertainties regarding the developments in administered prices, especially for liquid fuels are particularly highlighted. On the external side, the uncertainties as to the effects of the protracted Russia-Ukraine conflict, the dynamics of goods prices, as well as the volatility of financial markets are prominent.

**Prospects for single-digit inflation in the medium term are consolidating.** In April 2023, annual inflation slowed to 9.6%, mainly driven by the slump in food prices in the global market, amid favorable developments in the Metical exchange rate. Core inflation, which excludes fruit and vegetables and administered prices has also slowed. In the medium term, single-digit inflation prospects are consolidating, underpinned by the impact of the measures that has been taken by the MPC, the prevailing exchange rate stability and the downward trend in commodity import prices in the global market.

**Prospects for moderate economic growth remain.** In the first quarter of 2023, the gross domestic product (GDP) grew by 4.2%, mainly driven by the good performance of the extractive industry. For 2023 and 2024, the extractive industry is expected to continue contributing to acceleration in GDP growth. Excluding gas projects, moderate economic growth is expected.

**Domestic public debt has increased.** Domestic public debt, excluding loan and lease agreements and overdue liabilities, stand at 302.8 billion meticaïs, a 27.7 billion increase compared to December 2022.

The MPC shall continue to monitor the developments of risks and uncertainties associated with inflation forecasts, and will not hesitate to take the necessary corrective measures.

The next regular MPC meeting is scheduled for July 26, 2023.

**Rogério Lucas Zandamela**  
Governor