



Banco de Moçambique

# INTERBANK MONEY AND FOREIGN EXCHANGE MARKETS BULLETIN

Markets and Reserves Management Department

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## 1. Introduction

This bulletin reports the developments in the Interbank Money Market (IMM) and the Foreign Exchange Market for the first quarter of 2024, compared to the previous quarter.

In an ordinary session held on January 31, 2024, the Monetary Policy Committee (MPC) of the Banco de Moçambique decided to reduce the MIMO policy rate from 17.25% to 16.50%, amid the consolidation of ongoing single-digit inflation prospects over the medium term, against a backdrop of a more favorable assessment of the risks and uncertainties associated with inflation forecasts. Subsequently, in an ordinary session held on March 27, 2024, for the same purpose, the MPC decided to reduce the MIMO policy rate further from 16.50% to 15.75%, this being the second policy rate reduction in the current year. Cumulatively, the MIMO policy rate was reduced by 150 bp between the two quarters.

In aggregate terms, in the quarter under review, Treasury Bill (T-Bill) and Reverse Repo (RR) investments increased. Meanwhile, interest rates on IMM instruments trended downwards in line with the forward guidance regarding the normalization of interest rates over the medium term. The volume of transactions between banks also increased by about 25%. Subsequently, the period was characterized by the stability of the effective MIMO policy rate, gravitating towards the MIMO policy rate.

In the foreign exchange market, in aggregate terms, the volume of transactions of commercial banks with their customers decreased, despite the increase in transactions in financial derivatives (foreign exchange forwards and foreign exchange swaps), compared to the previous quarter. However, the USD/MZN exchange rate remained stable in the quarter under review.

Regarding the interbank market transactions for the first quarter of 2024, as compared to the fourth quarter of 2023, the highlights are as follows:

### 1.1. IMM

- Decrease in the interest rates on secured and unsecured lending between banks from 17.25% to 16.78% and 16.71%, respectively (charts 5 and 6);

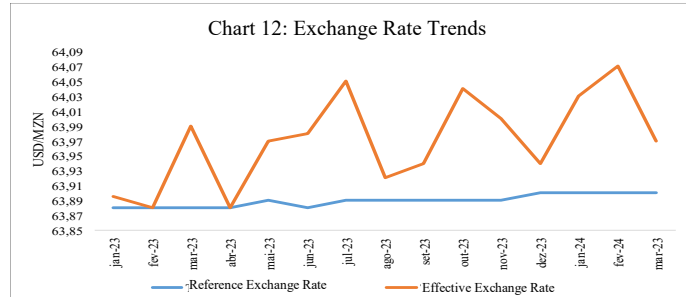
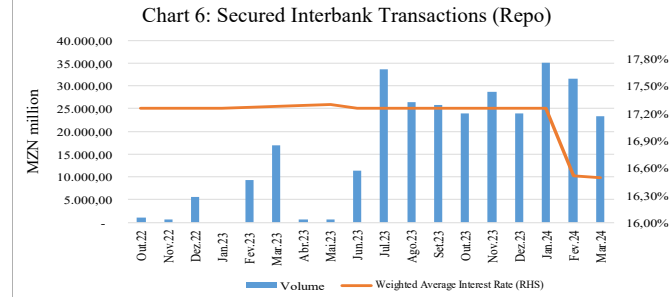
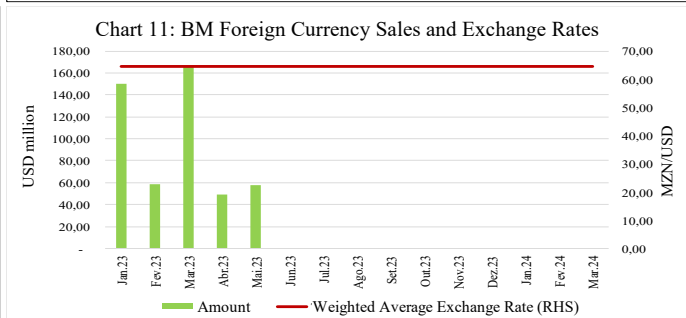
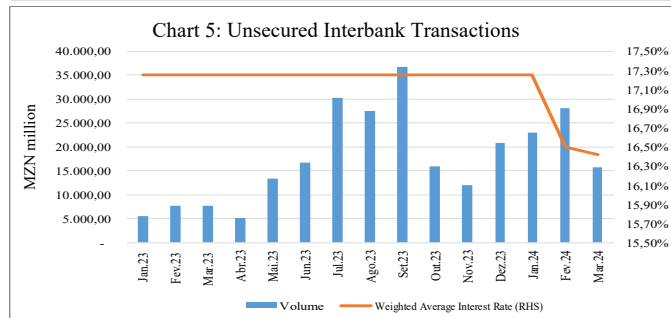
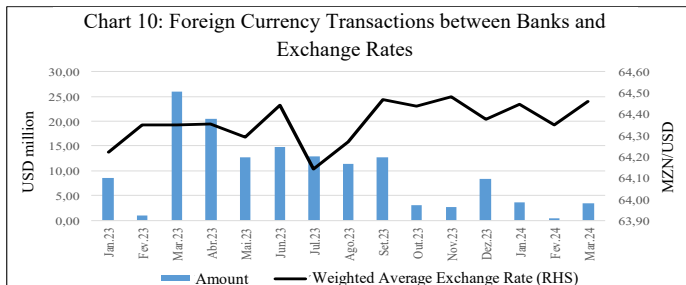
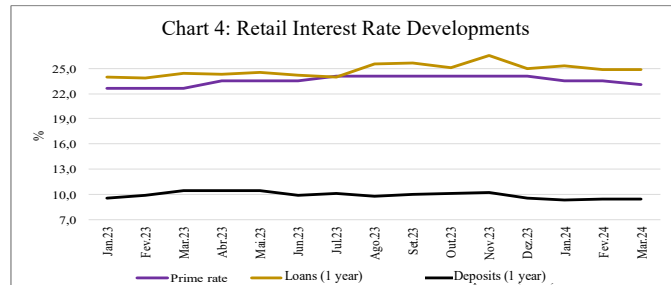
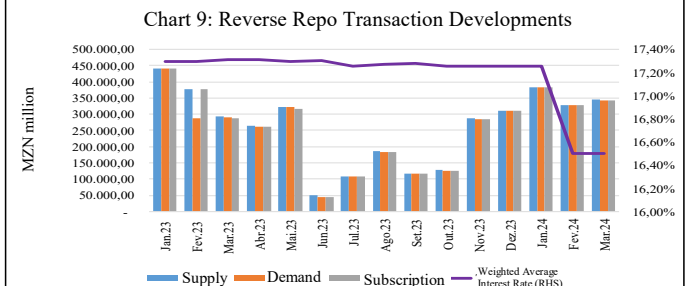
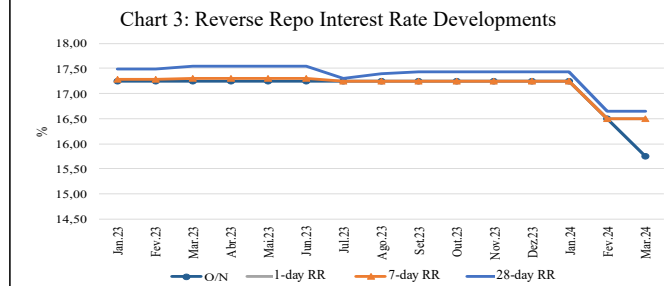
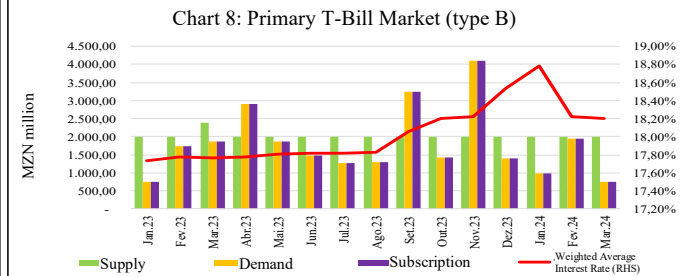
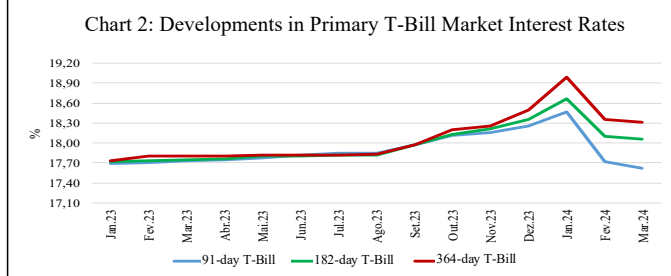
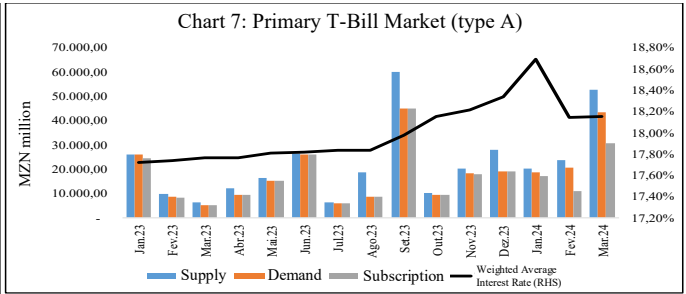
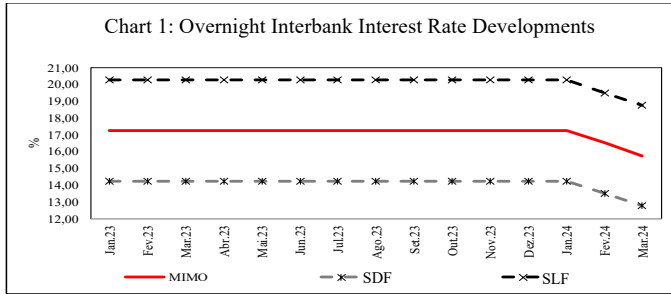


- Decrease in the T-Bill interest rates for the 91-day maturity (18.20% to 18.12%) and 182-day (18.25% to 18.19%), and increase in the 364-day maturity (18.32% to 18.46%) (chart 2);
- Decrease in the RR interest rate for the 7-day maturity (17.25% to 16.78%) and the 1-month maturity (17.43% to 16.65%) (chart 3);
- Increase in the volumes of Type A T-Bill subscriptions and reverse repos and decrease in Type B T-Bill subscriptions (tables 3 and 5);
- Increase in placements at the Standing Deposit Facility window by about 17% and decrease in calls for the Standing Lending Facility by about 26% (table 7).

## **1.2. Interbank Foreign Exchange Market**

- Effective and reference Metical exchange rate stability against the United States Dollar (chart 12);
- Decrease in the total turnover of banks' transactions with customers by about 17% (table 9);
- Decrease in the volume of transactions between commercial banks by about 46% (table 8); and
- Increase in the volume of transactions in financial derivatives (forward exchange forwards and foreign exchange swaps) by about 59% (table 9).

Find the details in the charts and tables below.



**Table 1 – Unsecured Interbank Transactions**

Period	Number of Transactions	Amount (million)	Average Rate (%)
Overnight	120	66.818,00	16,71
02 to 07 days	0	0,00	-
<b>Q1 2024 (59 days)</b>	<b>120</b>	<b>66.818,00</b>	<b>16,71</b>
<b>Q4 2023 (46 days)</b>	<b>76</b>	<b>48.580,00</b>	<b>17,25</b>

Note: Weighted Average Interest Rate

**Table 2 – Secured Interbank Transactions (Repo)**

Maturity	Number of Transactions	Amount (million)	Average Rate (%)
Overnight	213	90.095,00	16,78
02 to 07 days	0	0,00	-
<b>Q4 2024 (64 days)</b>	<b>213</b>	<b>90.095,00</b>	<b>16,78</b>
<b>Q4 2023 (60 days)</b>	<b>238</b>	<b>76.547,00</b>	<b>17,25</b>

Note: Weighted Average Interest Rate

**Table 3 – T-Bill Issuance – Type A**

Maturity (days)	Amount (MZN million)		Average Rate (%)
	Supply	Subscription	
91	24.800,00	14.172,00	18,12
182	23.800,00	14.800,00	18,19
364	47.900,00	29.795,00	18,46
<b>Q1 2024</b>	<b>96.500,00</b>	<b>58.767,00</b>	<b>18,31</b>
<b>Q4 2023</b>	<b>58.400,00</b>	<b>46.457,00</b>	<b>18,25</b>

Note: Weighted Average Interest Rate

**Table 5 – Reverse Repo between the BM and Commercial Banks**

Maturity (days)	Amount (MZN million)		Average Rate (%)
	Supply	Subscription	
Overnight	143.900,00	144.153,00	16,69
7 days	910.400,00	907.339,00	16,78
1 month	600,00	400,00	16,65
<b>Q1 2024</b>	<b>1.054.900,00</b>	<b>1.051.892,00</b>	<b>16,77</b>
<b>Q4 2023</b>	<b>725.800,00</b>	<b>718.831,00</b>	<b>17,25</b>

Note: Weighted Average Interest Rate

**Table 4 – T-Bill Issuance – Type B**

Maturity (days)	Amount (MZN million)		Average Rate (%)
	Supply	Subscription	
182	3.000,00	1.608,00	18,29
364	3.000,00	2.076,00	18,44
<b>Q1 2024</b>	<b>6.000,00</b>	<b>3.684,00</b>	<b>18,37</b>
<b>Q4 2023</b>	<b>6.000,00</b>	<b>6.928,00</b>	<b>18,28</b>

Note: Weighted Average Interest Rate

**Table 6 – Reverse Repo between the BM and Commercial Banks**

Maturity (days)	Amount (MZN million)		Average Rate (%)
	Supply	Subscription	
Overnight	0,00	0,00	-
02 to 07 days	0,00	0,00	-
<b>Q1 2024</b>	<b>0,00</b>	<b>0,00</b>	<b>-</b>
<b>Q4 2023</b>	<b>0,00</b>	<b>0,00</b>	<b>-</b>

Note: Weighted Average Interest Rate

**Table 7 – Standing Facilities**

Maturity	Lending				Deposit			
	Amount (MZN million)	No. of Days	Average Amount (MZN million)	Interest Rate (%)	Amount (MZN million)	No. of Days	Average Amount (MZN million)	Interest Rate (%)
January	120.880,00	22	5.494,55	20,25	115.380,94	22	5.244,59	14,25
February	35.930,00	21	1.710,95	19,50	104.924,96	21	4.996,43	13,50
March	3.115,00	5	623,00	19,50	126.688,54	20	6.334,43	13,48
<b>Q1 2024</b>	<b>159.925,01</b>	<b>48</b>	<b>7.828,50</b>	<b>20,07</b>	<b>346.994,44</b>	<b>63</b>	<b>5.507,85</b>	<b>13,48</b>
<b>Q4 2023</b>	<b>216.093,78</b>	<b>61</b>	<b>10.719,08</b>	<b>20,25</b>	<b>296.217,65</b>	<b>61</b>	<b>4.856,03</b>	<b>14,25</b>

Note: Weighted Average Interest Rate

**Table 8 – Foreign Currency Sales between Commercial Banks**

Maturity	Spot	
	Amount (USD million)	Weighted Average Exchange Rate (USD/MZN)
January	3,70	64,45
February	0,50	64,35
March	3,42	64,46
<b>Q1 2024</b>	<b>7,62</b>	<b>64,45</b>
<b>Q4 2023</b>	<b>14,21</b>	<b>64,36</b>

**Table 9 – Foreign Currency Sales between Commercial Banks and Customers**

Maturity	Purchase	Sales	Derivatives	Total
	Amount (USD million)	Amount (USD million)	Amount (USD million)	
January	551,27	533,05	54,78	<b>1.139,10</b>
February	584,69	522,61	82,66	<b>1.189,96</b>
March	617,50	565,52	94,04	<b>1.277,06</b>
<b>Q1 2024</b>	<b>1.753,46</b>	<b>1.621,19</b>	<b>231,48</b>	<b>3.606,13</b>
<b>Q4 2023</b>	<b>2.125,04</b>	<b>2.048,23</b>	<b>146,01</b>	<b>4.319,27</b>

Note: All currencies converted to USD