



Monetary Policy Committee
COMMUNIQUÉ No. 1/2022
Maputo, January 26, 2022

Policy rate unchanged at 13.25%

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to keep the policy rate, MIMO, unchanged at 13.25%. This decision follows from the slight improvement in the short and medium-term domestic inflation prospects, despite the increase in risks and uncertainties, especially concerning fiscal pressure, climate shocks in the country and rising food and oil prices in the international market.

The risks and uncertainties associated with the inflation forecasts have worsened. Domestically, stand out the worsening fiscal pressure in light of the tremendous challenges afflicting the country, the uncertainties as to the effects of the prolongation and magnitude of COVID-19 on the economy, and the impacts of climate shocks. On the external side, it is noteworthy the trend towards rising food and oil prices, the worsening of the geopolitical tension in Europe, and the ongoing uncertainties regarding the effects of the pandemic.

Inflation forecasts for the short and medium term have been revised downwards, and remain at a single digit. Annual inflation remained stable in December 2021, standing at 6.7%, following 6.8% in November, driven by the reduction in the prices of food and non-alcoholic beverages, in a setting of metical stability. Core inflation, which excludes the prices of administered goods and services, and fruits and vegetables, has slowed down. For the short and medium term, inflation is expected to accelerate at a slower pace, mainly reflecting the stability of the Metical, notwithstanding the prospects of rising food and oil prices in the international market.

Prospects of improvement of the economic activity in 2022 remain. These prospects stem from the easing of the measures for containing the spread of COVID-19, domestically and worldwide, the implementation of natural gas projects in the Rovuma basin and greater dynamics of the external sector. However, the resumption of sustainable economic growth will continue to require deepening structural reforms in the economy, towards strengthening institutions, improving the business environment, attracting investments and creating jobs.

Domestic public debt has increased. On December 2021, domestic public debt, excluding loan and lease agreements and overdue liabilities, increased by 2.4 billion to 220.6 billion meticais.

The current macroeconomic outlook is consistent with maintaining the current level of the policy rate in the short term, so as to ensure low and stable inflation, which is the main objective of the Banco de Moçambique. Meanwhile, the MPC shall continue to monitor the risks and uncertainties associated with inflation forecasts, and will not hesitate to take the necessary corrective measures.

The next regular meeting of the MPC is scheduled for March 30, 2022.

Rogério Lucas Zandamela
Governor