



**MONETARY POLICY COMMITTEE  
COMMUNIQUÉ N. ° 02/2019  
Maputo, 06 March 2019**

*The Monetary Policy Committee (MPC) of the Bank of Mozambique, gathered today, in an extraordinary session, has decided to keep the monetary policy interest rate, MIMO rate, at 14.25%.*

*In addition, due to the availability of new information pointing towards an increase in the perception of external risks and subsequent greater volatility of the US dollar in the international market, the MPC has decided to increase the Reserve Requirement ratio in foreign currency by 900 basis points, to 36%, with effect from the maintenance period beginning on March 7, 2019, and to keep the Standing Deposit Facility (SDF) and the Standing Lending Facility (SLF) at 11.25% and 17.25%, respectively, as well as the Reserve Requirement ratio for liabilities in local currency at 14.00%.*

*The decision to maintain the MIMO rate is justified by the fact that inflation remains low and stable and its projection for the short and medium term indicates that it may be around one digit by the end of the year. However, given the probability of an acceleration, if the external environment continues to deteriorate, the MPC considers it appropriate to adjust its monetary policy stance in order to contribute to the preservation of macroeconomic stability*

**Inflation remains low and stable, although there is a risk of acceleration.** Data from the National Statistics Institute (INE) indicate that, in January 2019, inflation stood at 3.78%, against 3.84%, in the same period of 2018. Meanwhile, the projections update, taking into account the recently released information, highlighting the behavior of the dollar in the international market, indicates a likely acceleration, without, however, leaving the single-digit band.

**Domestic exchange market under increasing pressure.** After closing the year 2018 at MZN 61.43, the US Dollar recorded a depreciation trend since January and was priced at MZN 62.73 at the close of March 5, 2019, which corresponds to an accumulated variation of 2.12%. With regards to the ZAR, the exchange rate increased from MZN 4.25 to MZN 4.43, during the same period

In this context, the MPC considers that the evolution of inflation and the prevailing macroeconomic fundamentals justify the maintenance of the MIMO rate. However, in view of the exacerbation of external risks, it is necessary to take policy measures to mitigate the effect of the associated shocks on the future behavior of the exchange rate and, consequently, on inflation.



**The next ordinary MPC meeting is scheduled for April 25, 2019.**

**Rogério Lucas Zandamela**

**Governor**