



MONETARY POLICY COMMITTEE
COMMUNIQUE No. 3/2025
Maputo, May 30, 2025

Monetary Policy Rate Reduced to 11.00%

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to reduce the monetary policy rate, MIMO, from 11.75% to 11.00%. This measure is primarily driven by the consolidation of the single-digit inflation outlook over the medium term, partially supported by favorable trend in international prices of goods and services, despite persistent high domestic risks and uncertainties associated with the projections.

This MPC session was preceded by a meeting of the Financial Stability and Inclusion Committee (FSIC) of the Banco de Moçambique, which assessed systemic risk and main vulnerabilities, also reflected in this Communiqué, and concluded that the national financial system remains stable and resilient.

Prospects of single-digit inflation remain in the single digits over the medium term. In April 2025, annual inflation slowed to 4.0%, after 4.8% in March. Core inflation, which excludes fruits and vegetables and administered prices, also slowed. The maintenance of single-digit inflation prospects over the medium term essentially reflects the stability of the Metical, the impact of the measures adopted by the MPC, and the downward trend in international prices of goods and services.

The banking sector remains sound, capitalized and resilient. In March 2025, the capital adequacy ratio stood at 26.5%, above the regulatory minimum of 12.0%, and the liquidity ratio stood at 59.5%, also above the regulatory minimum of 25%. The macroprudential solvency stress test, which consists of a simulation of shocks to assess banking sector resilience, showed that the sector has sufficient capital buffers to absorb potential losses and remain sound and capitalized in the medium term.

Systemic risk, which assesses the potential contagion effect arising from banking system disruptions, is moderate. This assessment reflects the reduction in market interest rates and the level of non-performing loans, despite the increased exposure of the banking sector to public debt. Domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 445.9 billion meticaïs, a 30.3 billion increase compared to December 2024.

Money market interest rates continue to decrease. The reference lending interest rate, the Prime Rate, continues to decrease, in line with monetary policy decisions. A similar trend is observed in the interest rates applied by banks to their customers.

Domestic risks and uncertainties associated with inflation projections remain high. Key factors that could contribute to rising inflation in the medium term include the impacts of the exacerbation of the fiscal position, amidst increasing challenges to mobilize financial resources for the State Budget, uncertainties surrounding the pace of recovery of productive capacity and the supply of goods and services, and the effects of climate shocks.

The MPC will continue normalizing the MIMO policy rate over the medium term. The pace and magnitude will continue to depend on inflation outlooks, as well as the assessment of the risks and uncertainties underlying medium-term projections.

The next MPC meeting is scheduled for July 30, 2025.

Rogério Lucas Zandamela
Governor