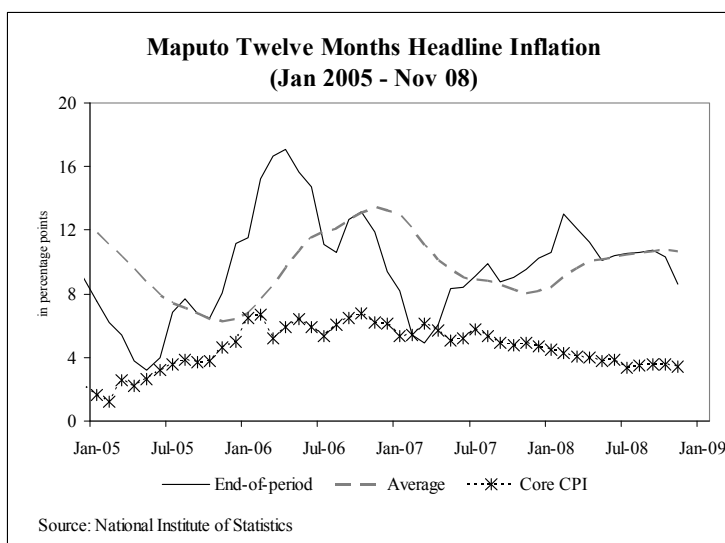
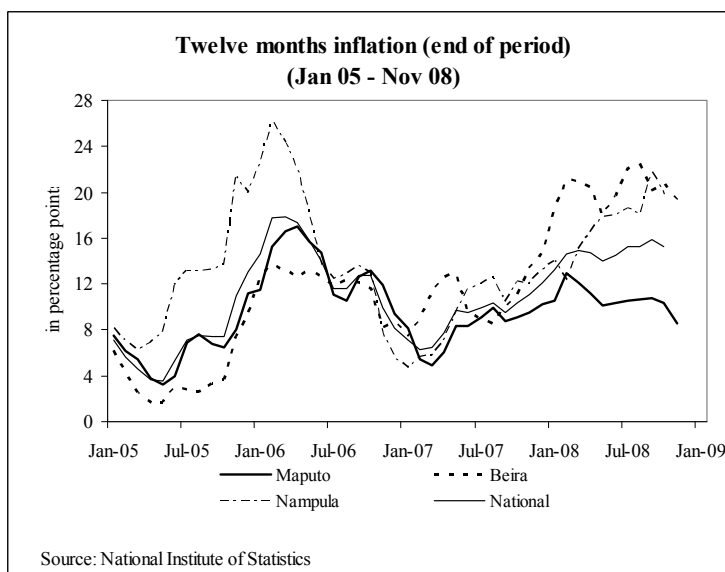


**Presentation of the IMF Resident Representative in Mozambique to
the Development Partner Group: *Corrected Version* December 10, 2008^{1 2}**

In November 2008 the 12-month headline inflation in Maputo returned to single digit for the first time over the last 12 months. Inflation in the last quarter of the year usually picks up. However, due to a moderate food price increase the monthly inflation in Maputo was only 0.3 percent compared with 1.9 percent in November 2007 and 1.4 percent in November 2006. Consequently, the headline inflation decreased from 10.3 in October to 8.6 percent in November. The 12-month average inflation reached 10.7 percent (down from 10.8 percent) and is expected to decline further during the last month of the year. The main contributors to inflation were living chicken, fresh, refrigerated or frozen fish and rice (each +0.1 percent). The main negative contributor was asparagus (-0.1 percent).

In November 2008, core (nonfood and fuel) inflation in Maputo decreased slightly to 3.4 percent.

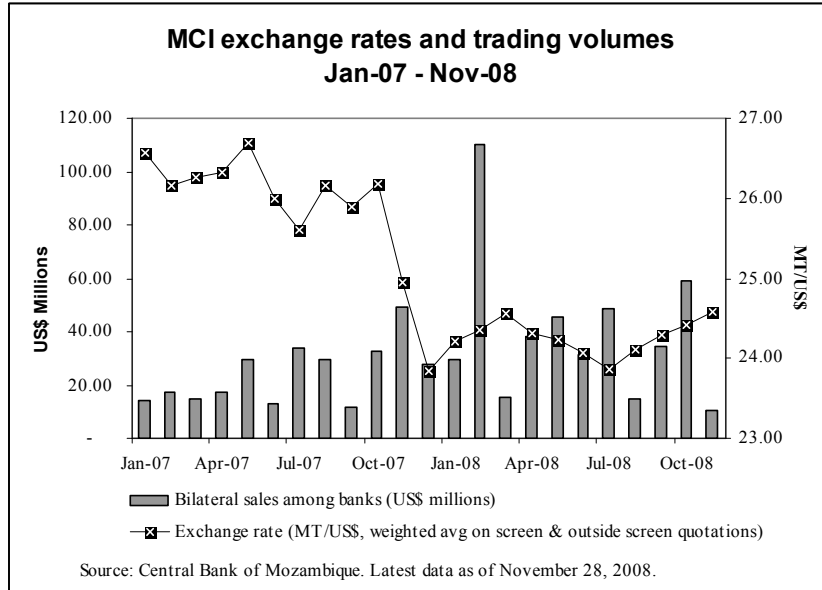


In Beira November inflation also decelerated. The November 12-month headline inflation rate reached 19.3 percent in Beira. The November 12-month average inflation rate was 19.9 percent.

¹ The Development Partner Group consists of heads of mission in Mozambique of bilateral donors, the UNDP, and the international financial institutions.

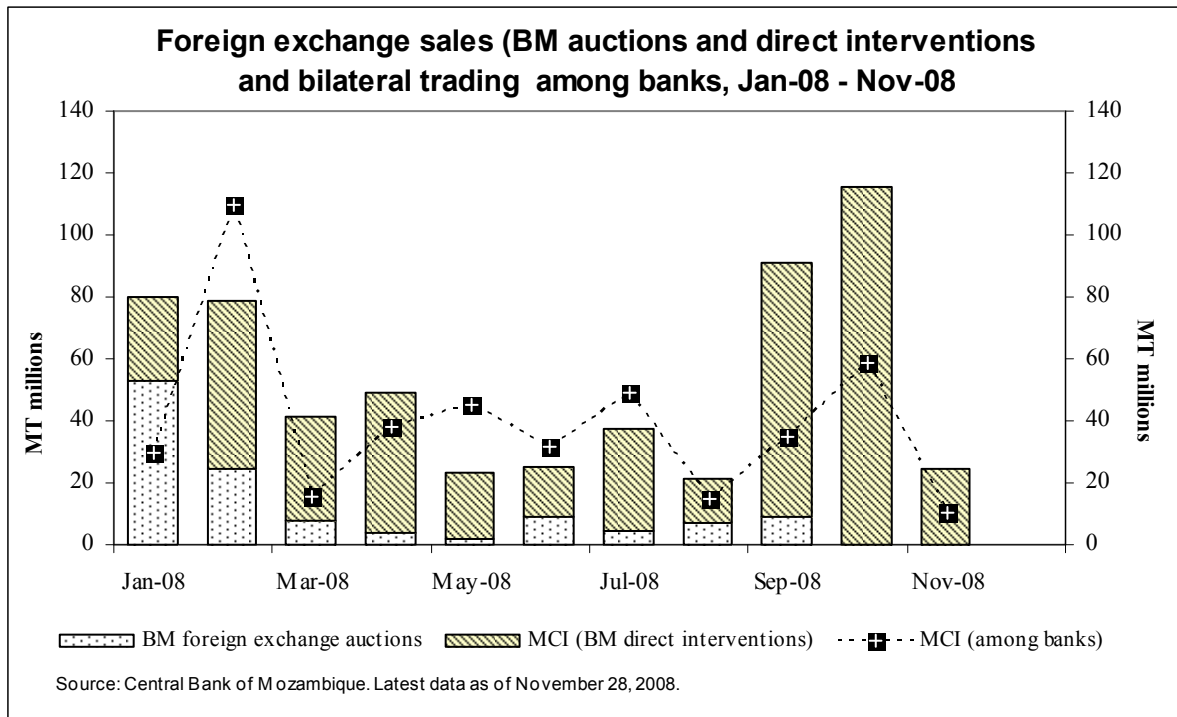
² This document has not been approved by the IMF Executive Board.

In November, the metical has continued to depreciate slightly against the US dollar. Late November figures on the average exchange rates in the interbank market (MCI—Mercado Monetário Interbancário) stood at 24.57 MT/US\$. In cumulative terms, the metical has depreciated by 3 percent against the US dollar since the beginning of 2008.



However, in the context of an appreciating US dollar, Mozambique’s real effective (trade weighted) exchange rate rose by 15 percent over the year to September.

Mainly to satisfy fuel imports, foreign exchange sales by the central bank have increased substantially in September and October but declined again in November. With the interbank market deepening, the Central Bank is increasing the sale of foreign exchange through the interbank market while reducing its volumes sold through foreign exchange auctions.



Overall, nominal interest rates maintain the flat pattern of previous months and reflecting the decrease in the headline inflation the 365-days real interest rate increased to 3.8 percent in October 2008 (up from 3.7 percent in September 2008).

Interest rates (December 2004 - November 2008)

	2004	2005	2006	2007				2008				
	Dec	Dec	Dec	Mar	Jun	Sep	Dic	Mar	Jun	Sep	Oct	Nov
Central bank policy rates												
FPC 2/	13.5	13.8	17.5	17.5	15.5	15.5	15.5	14.5	14.5	14.5	14.5	14.5
FPD 3/	6.3	7.8	13.0	13.0	10.5	10.5	10.5	10.3	10.3	10.3	10.3	10.3
Central bank reverse repo auctions												
Overnight 4/	6.4	7.8	13.2	13.2	-	10.6	-	10.3	-	-	-	-
2 to 6 days 5/	6.4	8.1	13.2	-	10.8	10.6	12.0	10.8	10.8	-	-	-
7 days 6/						-	-	-	10.8	13.2	13.2	13.3
Treasury bills auctions												
91 days	10.5	10.2	15.8	16.0	14.8	14.7	14.8	13.5	13.5	14.0	14.0	14.0
182 days	11.0	11.1	16.1	16.3	14.9	14.9	15.0	13.8	13.8	14.2	14.2	14.2
364 days 7/	9.1	11.6	16.5	16.5	15.0	15.0	15.1	14.0	14.0	14.4	14.4	14.5
364 days real interest rate 8/	-1.1	3.1	5.0	10.3	7.4	5.7	5.5	2.1	3.5	3.7	3.8	

1/ Latest data as of November 28, 2008.

2/ Permanent Access Facility

3/ Standing overnight deposit facility (until early October 2005 Excess Liquidity Rate)

4/ Until end-January 2008 BM Overnight deposit auctions

5/ Until end-January 2008 BM 2 to 6 days deposit auctions

6/ Series started in July 2007.

7/ Earliest data as of end January 2005

8/ Using simple average of last 3 monthly headline inflation rates

Source: Central Bank of Mozambique and National Statistics Institute

Other News

- In November a Fiscal Affairs Department (FAD) technical assistance mission assessed progress in the reforms of the Central Revenue Authority (Administração Tributaria).
- An expert from the Bank of Uganda contracted by the Statistics Department (STA) is currently assisting the Central Bank in improving its compilation of balance of payments statistics.