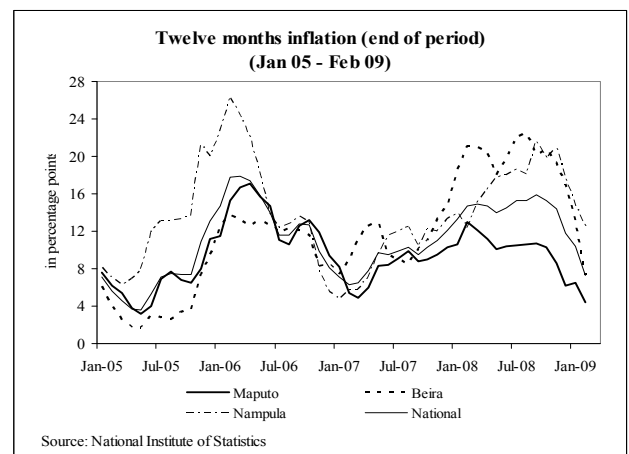
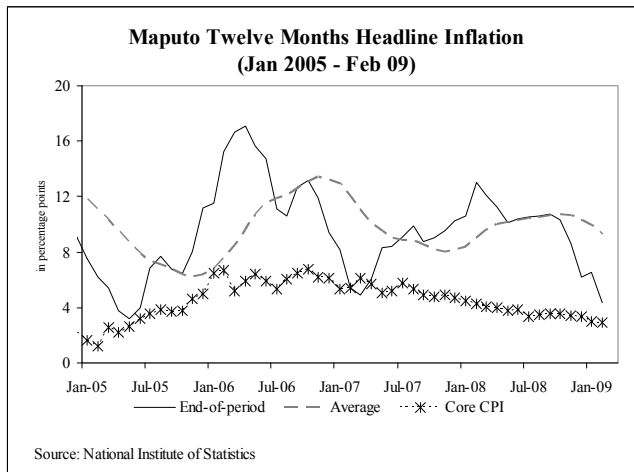


**Presentation of the IMF Resident Representative in Mozambique to
the Development Partner Group: April 2, 2009^{1 2}**

Prices were stable in February 2009. 12 month headline and average inflation rates reached 4.4 and 9.2 percent respectively. Average inflation in 2009 is at about the same level as in 2008 (9.1 percent) while the headline inflation is substantially lower (4.4 versus 13.1 percent in 2008). Positive price movements of 0.2 percent in tomatoes were offset with the same price reduction in gasoline.

Core inflation in Maputo city continued to decline smoothly. In February 2009, core inflation reached 2.9 percent (down from 3 percent in January).

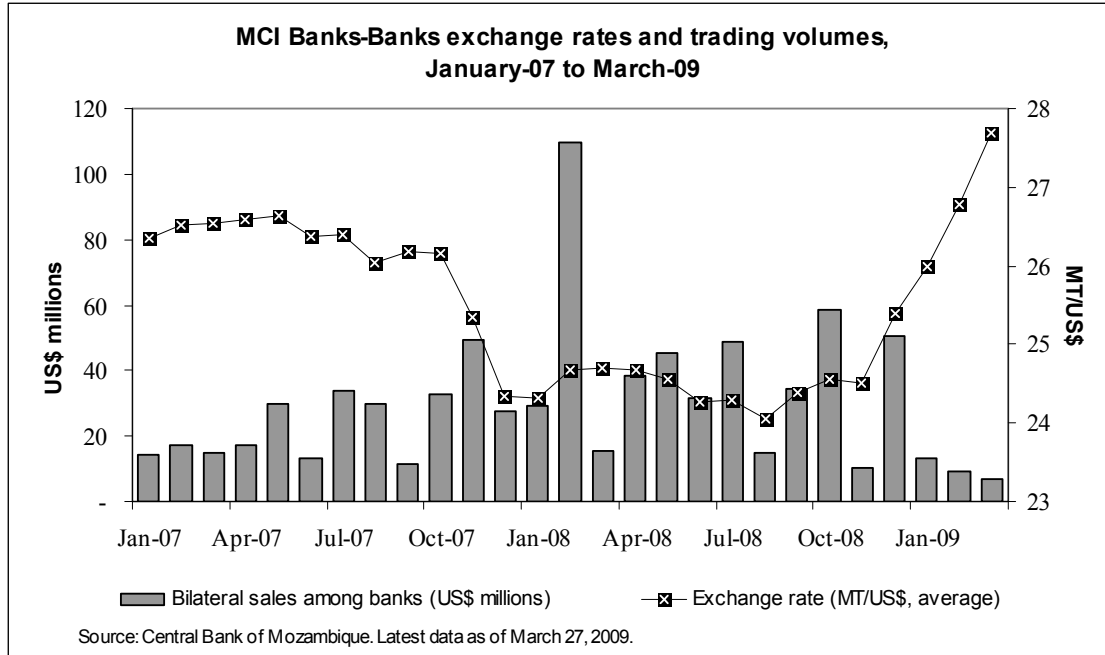


Headline inflation rates in February also continued to decline in Beira and Nampula. In Beira the end-of-period inflation rate declined to 7.4 percent against its peak of 22.1 percent in July 2008, and in Nampula it declined to 12.6 percent against its September 2008 peak of 21.7 percent.

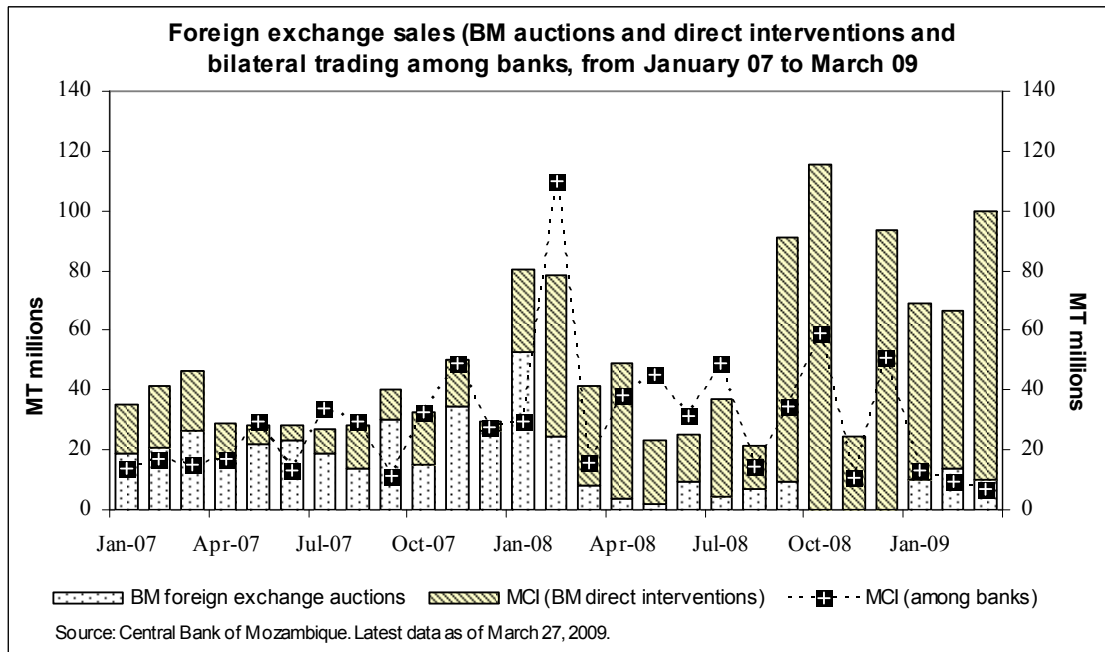
The metical continued to depreciate against the US dollar. The average exchange rates on the MCI (Mercado Monetário Interbancário) reached 27.7 MT/US\$ by March 27, 2008 (compared to 26.8 MT/US\$ at end-February).

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.



The Bank of Mozambique was selling heavily foreign exchange on the interbank foreign exchange market (MCI) and was mainly relying on direct interventions. In March (until March 27) total foreign exchange sales (auctions and direct interventions) reached US\$100 millions against US\$67 millions in February.



Nominal interest rates remained flat since the cut in interest rates in February of the central bank's standing credit (FPC) and deposit (FPD) facilities.

Interest rates (December 2004 - February 2009)

	2004	2005	2006	2007	2008				2009		
	Dec	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Jan	Feb	Mar 1/
Central bank policy rates											
FPC 2/	13.5	13.8	17.5	15.5	14.5	14.5	14.5	14.5	14.5	13.0	13.0
FPD 3/	6.3	7.8	13.0	10.5	10.3	10.3	10.3	10.3	10.3	7.0	7.0
Central bank reverse repo auctions											
Overnight 4/	6.4	7.8	13.2	-	10.3	-	-	-	-	-	-
2 to 6 days 5/	6.4	8.1	13.2	12.0	10.8	10.8	-	-	-	-	-
7 days 6/				-	-	10.8	13.2	13.3	11.2	8.0	8.3
Treasury bills auctions											
91 days	10.5	10.2	15.8	14.8	13.5	13.5	14.0	14.1	14.0	10.8	10.8
182 days	11.0	11.1	16.1	15.0	13.8	13.8	14.2	14.3	13.8	11.7	11.6
364 days 7/	9.1	11.6	16.5	15.1	14.0	14.0	14.4	14.5	15.0	12.4	12.1
364 days real interest rate 8/	-1.1	3.1	5.0	5.5	2.1	3.5	3.7	6.1	7.9	6.7	

1/ as of March 25, 2009

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

- An IMF and World Bank Financial Sector Assessment (FSAP) Update was conducted in February, followed by an IMF technical assistance mission for the markets department of the Central Bank.
- Tanzania Conference on “Changes - Successful Partnerships for Africa’s Growth Challenge” in March 10-11, 2009.
- FAD SISTAFE technical assistance mission to Mozambique ended on March 30, 2009.
- IMF revamped lending framework for low-income countries.
- The World Bank and IMF Spring Meetings take place on April 25 and 26, 2009
- The IMF 4th PSI review mission is scheduled for April 28 to May 13, 2009.