

Bank of Mozambique devalues currency

Evening Post 17 APR 1991

MAPUTO — The Bank of Mozambique announced an 18% devaluation of its metical currency, the biggest in more than a year.

The move pushed the metical down to a level of 1 370 to the dollar from

1 122,3 at the weekend.

Large-scale devaluations took place in 1987 and 1988, the first two years of Mozambique's economic recovery programme, with support from the World Bank.

The currency tumbled from 40 meticals to the dollar at the end of 1986 to 620 at the end of 1988.

Since then, however, devaluations have been relatively small and almost always on the first day of the month. Monday's move, coming as it did in the middle of the month, went unnoticed by the local media.

The black market rate for the metical last week was 2 100 meticals to the dollar and in recent weeks the legal Secondary Foreign Exchange Market (SFEM) price has fluctuated around 1 850.

The SFEM is a floating rate introduced by the government last year and intended to be set by market forces. — Sapa-Reuter.