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Nota di contenuto	Intro -- Contents -- I. Introduction -- II. Indicators of External Price Competitiveness -- III. Exchange Rate Assessment -- A. The Macroeconomic Balance Approach -- B. The Equilibrium Real Exchange Rate Approach -- C. The External Sustainability Approach -- D. Summary of Exchange Rate Assessment Results -- IV. Policy Recommendations -- Tables -- 1. Estimation Results for the Macroeconomic Balance Approach -- 2. Estimation Results for the Equilibrium Real Exchange Rate Approach -- 3. Estimation Results for the External Sustainability Approach -- 4. Summary of Exchange Rate Assessment Results -- Figures -- 1. Real Effective Exchange Rate versus Nominal Effective Exchange Rate -- 2. Nominal Effective Exchange Rate versus Nominal Bilateral Exchange Rates -- 3. Real Effective Exchange Rate versus Real Bilateral Exchange Rates -- 4. Real Effective Exchange Rate versus Terms of Trade -- 5. Real Effective Exchange Rate versus Trade and Current Account Balances -- 6. Real Effective Exchange Rate versus Estimated Long Run Equilibrium Value -- 7. Current Account Balance versus Estimated Medium Run Equilibrium Value -- 8. Real Effective Exchange Rate versus Estimated Medium Run Equilibrium Value -- 9. Net Foreign Asset Position versus Estimated Medium Run Equilibrium Value -- Appendix -- References.
Sommario/riassunto	This paper conducts an assessment of external price competitiveness for Mozambique. A variety of indicators suggest that Mozambique has recently lost external price competitiveness with respect to its major trading partners. Consistent with these indicators, an exchange rate assessment indicates that the metical is overvalued by 26 to 41 percent in real effective terms. If sustained, an overvaluation of this magnitude has the potential to retard economic growth and jeopardize external stability, calling for an adjustment of monetary policy to gradually restore external price competitiveness.