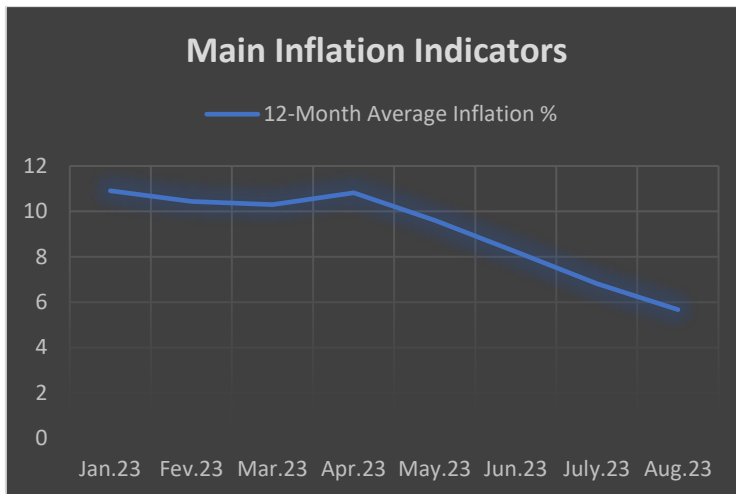




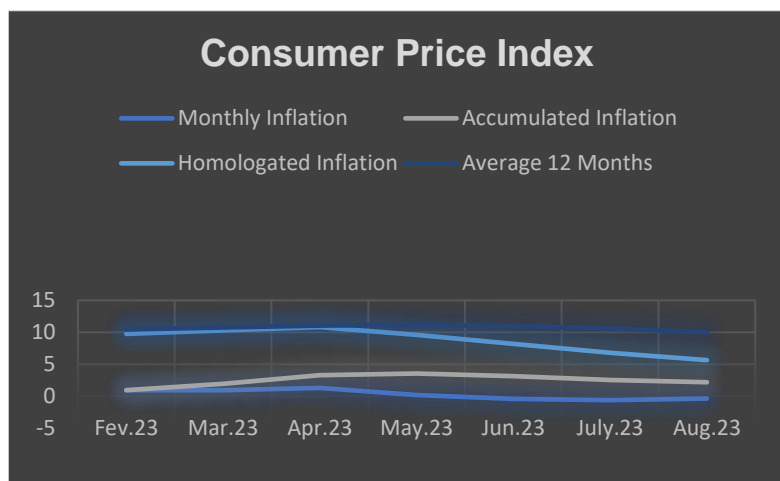
MONTHLY ECONOMIC BULLETIN ON THE MOZAMBICAN ECONOMY

AUGUST 2023

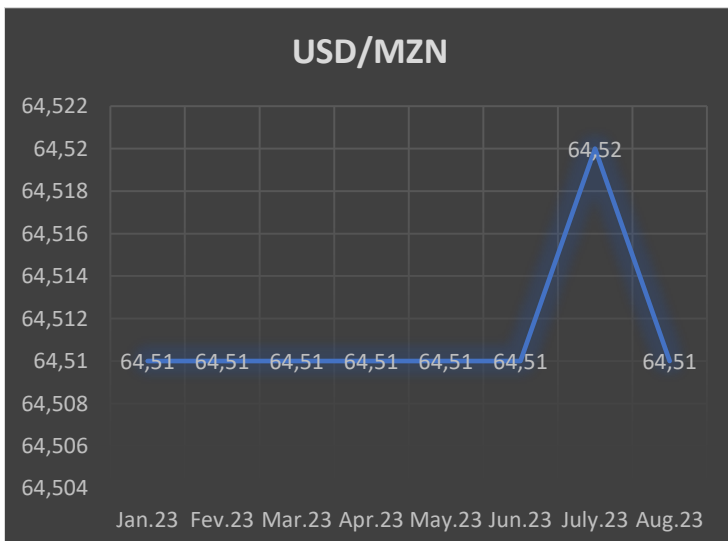
MAIN HIGHLIGHTS



Source: Instituto Nacional de Estatística



Source: Instituto Nacional de Estatística



Source: Instituto Nacional de Estatística

- Gross domestic product stood at 4.7 per cent in the second quarter of 2023;
- In August the Mozambique Stock Exchange (BVM) remained neutral by 0.0 pp;
- In August the main indices showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC40, closed with -2.3, 8.0, -4.9, -3.6 respectively;
- In August, the Bank of Mozambique set the MIMO rate at 17.25%, the FPD rate at 14.25%, the FPC rate at 20.25% and the PRSF rate at 24.10%.

Macroeconomic Indicators

Indicator Projection	III Quarter 2023	Projection for 2023
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	195293	1320178.7
Inflation	5.67	9.50
Exports USD MILLION	1995	8806.0
Imports	2249	9518.0
Public Debt	101	135
World Economy	2.70	3.0
MIMO Rate (%)	17.25	17.25
Prime Rate of the Financial System (%)	24.10	24.10
USD/MZN	64.51	64.00
International Reserves	3086	2937
Credit to the Economy	3.30	3.30

Source: Instituto Nacional de Estatística, Banco de Moçambique e FMI

Economic Activity

With regard to economic activity in Mozambique, the World Bank indicated that inflation fell to 5.67 in July, influenced by the greater supply of fruit and vegetables and the favourable behaviour of fuel prices.

The Mozambican government is taking important steps to recover the economic situation and stimulate growth in the private sector, including the package of economic acceleration measures (PAE).

The FAO (Food and Agriculture Organisation) Food Price Index grew by 123.9 pp, an increase of 1.5 pp. This increase in July was driven by a solid rise in the vegetable oil price index, partially offset by a significant drop in the sugar price index, along with small falls in the cereal, dairy and meat price indices. In the specific case of the Cereals Price Index, it ranged from 125.9 pp in July, down 0.7pp (0.5%) on the previous month to a figure 21.3pp (14.5%) below its value a year ago. The vegetable oil price index reflected a figure of 129.8 pp for July, up 14.0 (12.1%) pp on June, marking the first increase after seven months of consecutive falls. The Meat Price stood at 117.8 pp in July, down 0.4 points (0.3%) on June and 6.3 points (5.1%) below the corresponding month a year ago. International beef prices fell, reflecting greater export availabilities in Oceania, coinciding with subdued import demand in Asian markets amid higher stocks and slow domestic sales. The Sugar Price Index averaged 146.3 pp in June, down 5.9 pp (3.9%) compared to the previous month.

Data for the month of July 2023

Convenience	August 2022	June 2023	July 2023	VR(%)	VH(%)
Milho (\$/mt)	289.84	266.9	242.4	-9.2	-16.4
Wheat, US HRW (\$/mt)	282.86	345.5	345.5	0.0	22.1
Rice, Thai 5% (\$/mt)	431	514	547	6.4	26.9
Sugar, World (\$/kg)	0.39	0.54	0.52	-3.7	33.3
Cotton, A index (\$/mt)	2.74	2.04	2.05	0.5	-25.2
Aluminum(\$/mt)	2,430.790	2,185.000	2.160	-99.9	-99.9
Coal, South Africa (\$/mt)	290	98.6	96.8	-1.8	-66.6
Brent Oil (\$/bbl)	98.6	74.9	80.1	6.9	-18.8
Natural Gas, US (\$/mmbtu)	8.79	2.18	2.55	17.0	-71.0
Liquefied Natural Gas, JPN (\$/mmbtu)	20.15	13.17	12.49	-5.2	-38.0

Source: World Bank Commodity Price Data
 Legenda: VM- Variação mensal; VH- Variação homóloga

Inflation

As for the Consumer Price Index (CPI) published by the INE, the country recorded monthly inflation of 0.34% with homologous inflation of 5.67% due to the greater supply of fruit and vegetables and the favourable behaviour of fuel prices. The Food and non-alcoholic beverages divisions were the most notable classes, contributing around 0.49 pp to the total monthly change. In terms of the monthly change by product, we should highlight the increase in prices for tomatoes (10.8%), onions (7.3%), coconuts (5.6%), lettuce (8.6%), peanuts (3.6%) and cabbage (10.6%), which contributed around negative 0.67 pp to the total monthly change. However, some products, such as grain corn (13x.0%), dried fish (4.4%), second-hand cars (3.36%), fresh fish (0.9%), complete restaurant meals (0.5%), wine (4.9%) and beers for consumption away from home (0.9%), bucked the downward trend in prices by contributing around negative 0.34 pp to the total monthly change.

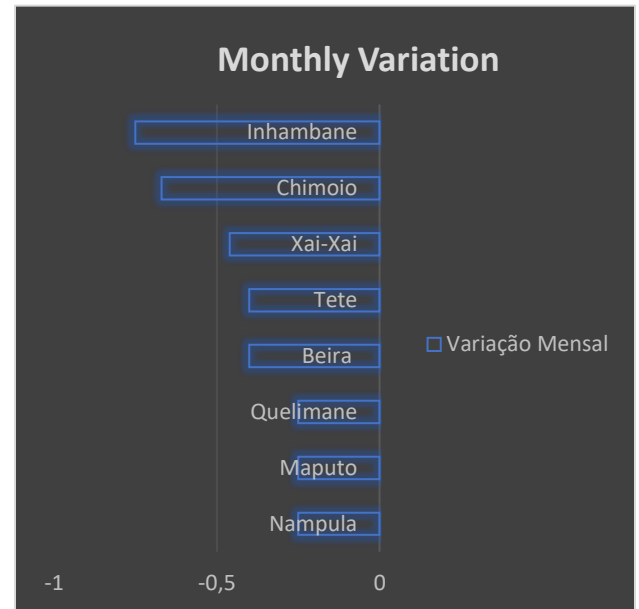
The risks and uncertainties underlying inflation projections have worsened, with recent climatic shocks affecting the prices of goods and services in the short term as well as increased pressure on public spending.

Analysing the monthly variation by the eight collection centres, which serve as a reference for the country's price variation, it can be seen that in the last month all the provinces registered deflation. The province of Inhambane stood out with a fall of 0.75%, followed by the city of Chimoio with 0.40%, Xai-Xai with 0.46, Beira and Tete with 0.40% each and finally the cities of Nampula, Maputo and Quelimane with 0.25% each.

Data for July 2023

Description	Contribution
Food products and non-alcoholic drinks	-0,49
Alcoholic Beverages and Tobacco	0,01
Clothing and footwear	0,01
Housing, water, electricity, gas and others	0,00
Furniture, decorative items	0,00
Health	0,00
Transport	0,04
Communications	0,01
Education	0,00
Leisure, recreation and culture	0,00
Restaurants, hotels, cafés and similar	0,07
Miscellaneous goods and services	0,01
Total	-0,34

Source: Instituto Nacional de Estatística



Source: Instituto Nacional de Estatística

Public Debt Market

According to the MEF, the country's public debt stock has grown 77 per cent in the last eight years, rising from 8.1 billion dollars in 2015 to 14.4 billion dollars in 2022, of which ten billion dollars is external debt.

According to updated data from the Medium-Term Strategy for Public Debt Management (2023-2025), recently released by the Ministry of Economy and Finance, the increase in external debt (which stood at seven billion dollars in 2014) was influenced by loans from the World Bank, the International Monetary Fund (IMF), the African Development Fund (ADF) and China, totalling around two billion dollars between them. This amount is equivalent to 66.8 per cent of the debt incurred by the state during this period.

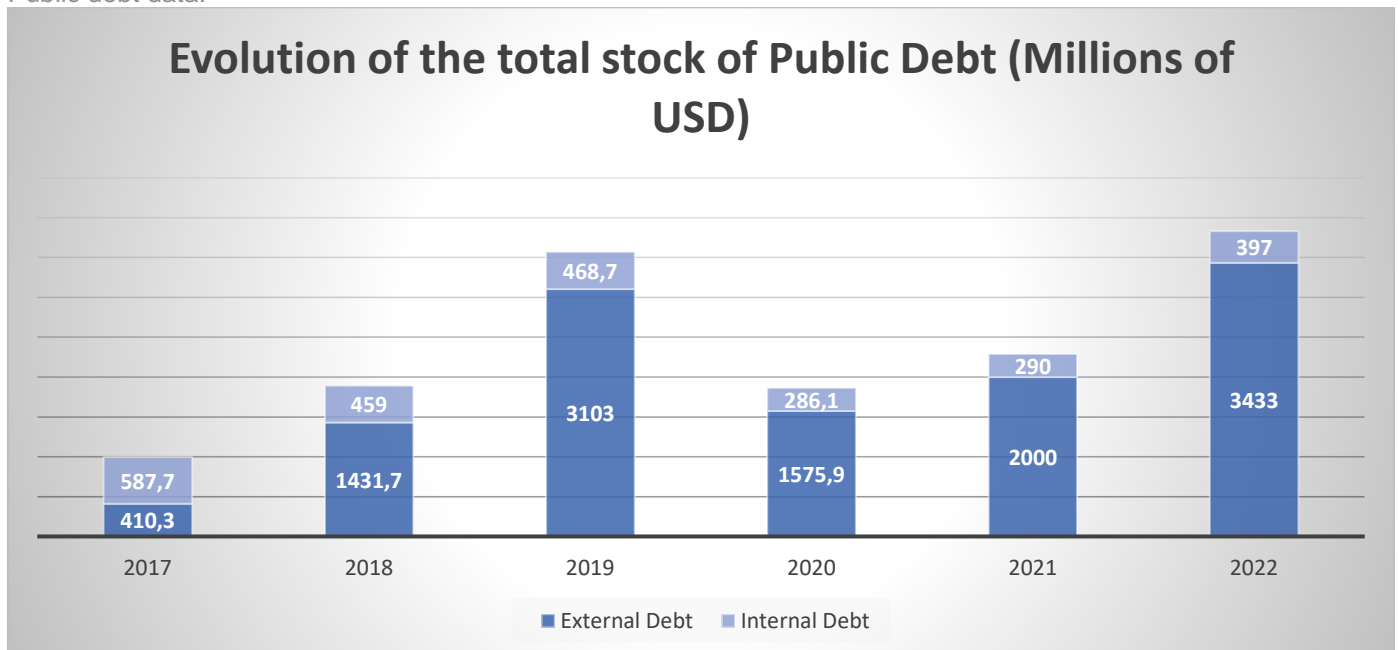
The country was lent a total of 726.6 million dollars from 2014 to 2022 by the World Bank, which is the government's main financial partner in SUSTENTA (the government's main agricultural development project), according to the IMF, which lent a total of 566.9 million dollars, totalling 1.2 million dollars in loans from the Bretton Woods institutions.

China, which has become an important partner in infrastructure construction, was responsible for a loan of 359 million dollars, while the African Development Fund lent Mozambique 347.4 million dollars.

The loans came at a time when most of Mozambique's Western partners had suspended direct support for the state budget, due to the discovery in April 2016 of the true scale of the "hidden debts" scandal.

"Between 2014 and 2022, the domestic debt stock increased by around 300 per cent, compared to the external debt which increased by 42 per cent. This expansive dynamic of domestic indebtedness was determined by the need to finance a growing primary deficit in the midst of a persistently adverse macroeconomic environment (natural disasters, covid-19 and terrorism in Cabo Delgado), combined with a scenario of falling tax revenues and restrictions on access to external resources".

Public debt data:



Source: Ministério da Economia e Finanças

Capital Markets

BVM recorded an increase in turnover, from 6,855.64 million meticaís in the first quarter of 2023 to 13,933.05 in the second quarter of 2023. Market capitalisation currently stands at 175,351.98 million meticaís and this is reflected in the daily market indicators of the Mozambique Stock Exchange. Interest rates on debt instruments reflect 18.0743% for treasury bonds, 17.7494% for private bonds and 18.9000% for commercial paper.

The main indices showed positive variations throughout August: NASDAQ was up 8.0%, Euro Stoxx 50 and CAC 40 closed down -4.9%, -3.6% respectively. At a time when the US central bank is raising interest rates at an aggressive pace to combat soaring inflation. Against this backdrop, the global stock markets are reflecting investor confidence to invest again. The Dow Jones index closed at 34837.71, the S&P 500 fell significantly to 4515.77 pp, the DAX fell to 15780.05, the JSE Top 40 also fell to 62230.00 compared to the previous month.

Data for August 2023

Indicators	August 2022	July 2023	August 2023	VM (%)	VH(%)
BVM (Moçambique)*	134663,95	146740,08	146740,08	0,0	9,0
JSE TOP 40	60735,70	73509,44	62230,00	-15,3	2,5
Dow Jones futures	31511,09	35643,00	34837,71	-2,3	10,6
S&P 500	3955,00	4587,03	4515,77	-1,6	14,2
Nasdaq 100	11816,20	14340,28	15490,86	8,0	31,1
Euro Stoxx 50	3517,25	4478,99	4261,36	-4,9	21,2
DAX	12834,96	16469,19	15780,05	-4,2	22,9
CAC 40	6125,10	7506,67	7234,49	-3,6	18,1



Regarding market capitalisation in the second quarter of 2023: Shares ended at 14,500.07 (8.30%), Corporate Bonds at 4326.29 (2.50%) and Treasury Bonds at 156,525.63 (89.30%).

(BVM: Bolsa de valores de Moçambique).

Source: Mercado Financeiro Investing.com e Bolsa de Valores de Moçambique

*Valores expressões em milhões

Money Market

The Monetary Policy Committee (CPMO) of the Bank of Mozambique (BM) decided to maintain the monetary policy interest rate, MIMO rate at 17.25 per cent and this decision is underpinned by the prevalence of high risks and uncertainties associated with pressure on public spending, as well as the prolongation and intensification of the conflict between Russia and Ukraine, despite the prospects of single-digit inflation in the medium term. Annual inflation fell to 5.67% mainly due to the fall in food prices, favoured by the cool season, in a context of exchange rate stability. Domestically, there was continued pressure on public spending in a context of weak revenue collection, and uncertainties over the evolution of the price of administered goods, especially liquid fuels.

The CPMO will continue to monitor the evolution of the risks and uncertainties associated with inflation projections, and will not hesitate to take the necessary corrective measures. The next ordinary meeting of the CPMO is scheduled for 22 September 2023.

In August, the Central Bank cut the interest rates on the deposit facility (FPD) to 14.25 per cent and the lending facility (FPC) to 20.25 per cent. According to data published by INE, the prime rate remained at 24.10 per cent. The CPMO's decision to increase the coefficients of Mandatory Reserves for liabilities in national currency from 28.0% to 39.0% and in foreign currency from 28.5% to 39.5% was aimed at absorbing excessive liquidity in the banking system with the potential to generate inflationary pressure.

The outlook is for moderate economic growth. During the second quarter of 2023, gross domestic product (GDP) stood at 4.7 per cent, essentially reflecting the good performance of the extractive industry. For 2023 and 2024, the extractive industry is expected to continue to contribute to the acceleration of GDP growth. Excluding gas projects, moderate economic growth is expected.

Data for the month of August 2023:

Taxes	ago-22	jul-23	ago-23	VM(pp)	VH(pp)
FPD (%)	12,25	14,25	14,25	0,00	2
FPC (%)	18,25	20,25	20,25	0,00	2
MIMO (%)	15,25	17,25	17,25	0,00	2
PRSF (%)	20,6	24,1	24,1	0,00	3,5
BT - 91D	15,28	17,84	17,82	-0,02	2,54
BT - 182D	15,410	17,820	17,830	0,01	2,42

Source: Instituto Nacional de Estatística e Banco de Moçambique

Legenda: FDP: Facilidade Permanente de Depósito; FCP: Facilidade Permanente de Cedência; MIMO: Taxa de juro de Política Monetária; PRSF: Prime Rate do Sistema Financeiro; VM- Variação mensal; VH- Variação homóloga; pp: pontos percentuais

Foreign Exchange

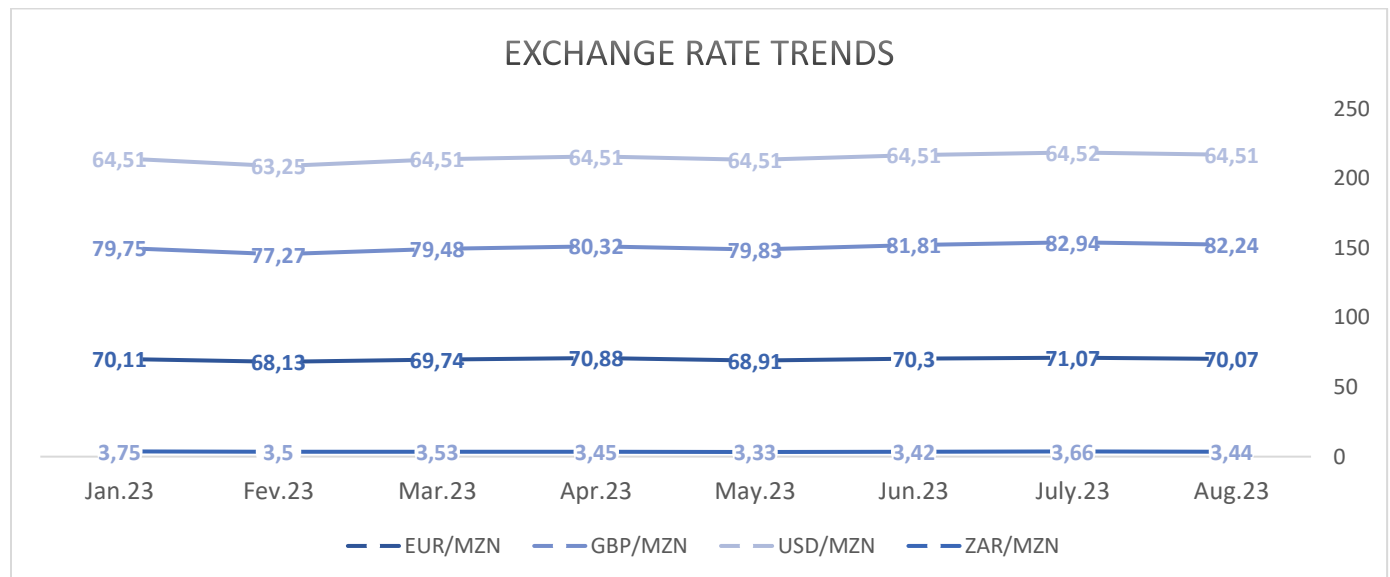
The US Dollar remained in the same numerical range compared to the previous month, ending the month at 64.52, the Rand against the Metical saw a negative change reducing from 3.66 to 3.49 in August, the Euro against the Metical also saw a negative change reducing to 70.45 compared to 71.07 the previous month. The Metical against the Pound fell to 81.99.

The Metical fell against the main trading currencies (USD, EUR, GBP). Against the EUR, the metical showed a relatively negative figure of 0.62 per cent and against the ZAR there was a slowdown equivalent to 0.17 per cent and a negative figure of 0.95 per cent against the GBP.

Data for August 2023:

Currency	August 2022	July 2023	August 2023	VR (%)	VH (%)
USD/MZN	63.24	64.52	64.52	0.00	2.02
EUR/MZN	64.17	71.07	70.45	-0.62	9.79
GBP/MZN	76.18	82.94	81.99	-0.95	7.63
ZAR/MZN	3.79	3.66	3.49	-0.17	-7.92
GBP/USD	1.18	1.28	1.27	-0.01	7.63
USD/ZAR	17.02	17.74	18.7	0.96	9.87

Source: Banco de Moçambique | Macrotrends data | Investing.com



Source: The Global economic

About Mazars

Mazars, Lda. is a multinational company, which is present in over 95 countries and territories, is the fifth largest audit firm of IPPs throughout the EU and the only non-Big Four firm to audit the 100 largest European companies. It also operates in Mozambique with a local office, where 80 professionals work in the areas of consulting, auditing, accounting and tax advisory services, to assist clients of all sizes at all stages of their development.

<https://www.mazars.co.mz/>

<http://www.linkedin.com/company/mazars>

Note

This document has been prepared based on sources which the Group believes are reliable. All opinions, forecasts and estimates contained in this document may be changed after publication and at any time. Historical performance is not indicative of future results. The investments and strategies discussed herein may not be suitable for any particular group of investors. This document has been prepared for information purposes, for clients only, and must not be reproduced or distributed to any other person without the prior consent of a member of Mazars Group.

Sources

- Banco Mundial: <https://www.bancomundial.org/>
- Fundo Monetário Internacional [International Monetary Fund - Homepage \(imf.org\)](https://www.imf.org/)
- Bolsa de Valores de Moçambique: <http://bvm.co.mz/>
- Banco de Moçambique: <https://www.bancomoc.mz/>
- Instituto Nacional de Estatística de Moçambique: <http://www.ine.gov.mz/>
- Ministério da Economia e Finanças de Moçambique: [Início \(mef.gov.mz\)](https://www.mef.gov.mz/)
- Trading economics: <https://tradingeconomics.com/countries/>
- The global economy: <https://www.theglobaleconomy.com//>