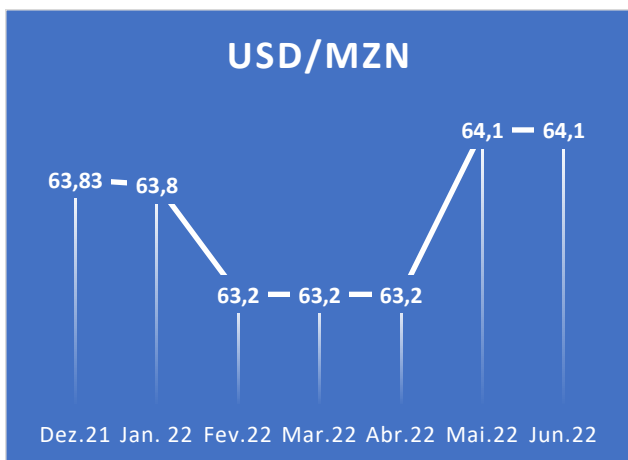
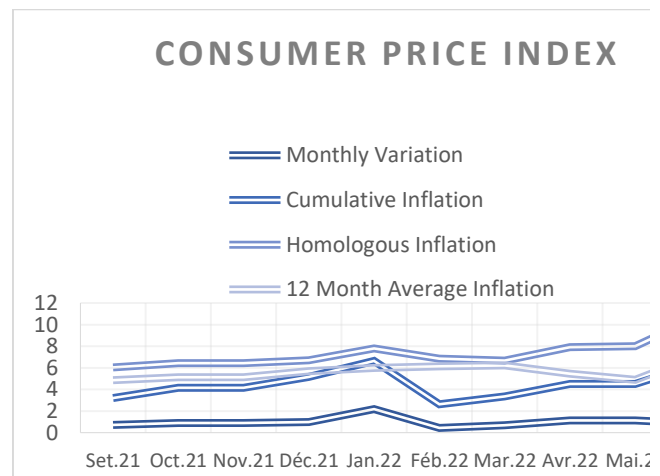
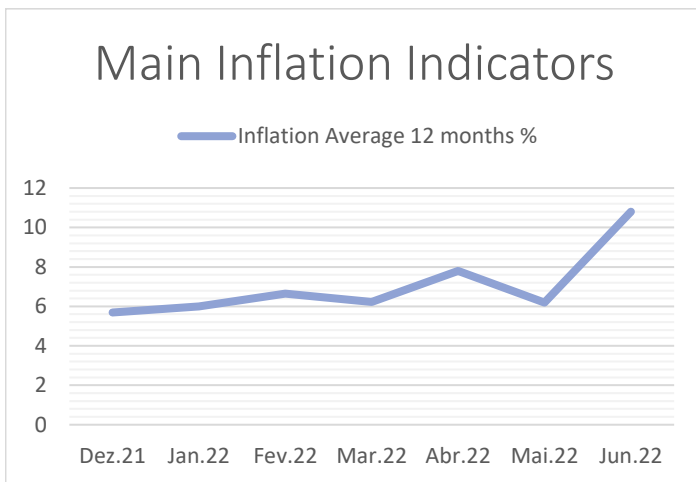




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

JULY 2022

KEY HIGHLIGHTS



- Gross domestic product was 2.6%, a year-on-year growth of 1.4%;
- Domestic public debt increased by 220.8 billion to 248.216 billion;
- In June the Mozambique Stock Exchange (BVM) depreciated about 4.7%;
- In June the main indexes showed negative variations throughout the month: JSE top 40, NASDAQ, Eurostoxx, and CAC, closed with falls of 7%, 2.9%, 8%, 3.0%;
- The Central Bank in June closed the rates (FDP) at 12.25%, (FPC) at 18.25% and the (PRSF) at 20.40.

Macroeconomic Indicators

Projection of Indicators	II Quarter of 2022	Projection for 2022
GDP (quarterly growth)	0.039	0.029
GDP (mzn mio)	140000	144060
Inflation	9.3%	7.5
Exports USD MILLIONS	922.9	38
Import	1431.3	20
Public debt	248.2 billion	106.2
World economy	5,624	4.4
MIMO rate (%)	15.25	14
Prime Rate of the Financial System (%)	13.25	18.6
USD/MZN	63.23	64.33
International Bookings	3947	3,996
Credit to the Economy	3947	4183

Source: National Institute of Statistics, Bank of Mozambique and IMF

Economic Activity

With regards to economic activity, in June the gross domestic product stood at 4.1% and this performance is due to the easing of restrictive measures at the domestic and external level. The rise in energy prices aggravated by the conflict is expected to put a brake on economic expansion and in part motivated by the acceleration of private consumption. According to INE, these forecasts result from the shock of the Russian invasion of Ukraine.

The side effects of the conflict between Russia and Ukraine creating a slowdown in the growth of the world economy are still notable.

The natural gas contract in the US market depreciated by 0.47, ending up around 7.67%, and the JPN liquefied gas had an increase of 0.39 over the previous month, this due to the bet by the European Union on the basis on which to replace Russian energy.

South African coal prices increased by 4.87 from \$280/mt in May to \$284.87/mt in June due to the process of easing the country's energy problems by 2022. Food prices, which have soared this year to levels similar to those reached during the 2007/2008 food crisis, fell by 1% in May. The slight decrease was mainly due to the reduction in the prices of cereals and sugar, which mitigated the effect of the rise in the cost of meat and dairy products.

The Food and Agriculture Organization's (FAO) Food Price Index decreased in May, closing the month with an average of 157.4 points, 0.6% lower than in April. The conflict between Russia and Ukraine has led to a significant increase in the prices of food, fuel and fertilizers causing a threat to world food security.

In the specific case of the Cereal Price Index, there was a reduction of 62.7, driven by the increase in the price of wheat, there are concerns about the conditions of plantations in several exporting countries and wheat production in Ukraine remains reduced due to the war. The price of milk and dairy products also dropped 3.5% in May, due to uncertainties in the powdered milk market caused by restrictions imposed by China related to Covid-19. **The invasion of Ukraine and the resurgence of the pandemic in Asia, in particular in China, have constrained economic activity, trade and global inflation.**

Data for the month of June 2022

Column1	June 2021	May 2022	June 2022	VR (%)	VH (%)
Corn (\$/ mt)	291.9	344.84	335.71	-2.6	15.0
Wheat, US HRW (\$/ mt)	285.55	522.3	459.6	-12.0	61.0
Rice, Thai 5% (\$/ mt)	466	464	444	-4.3	-4.7
Sugar , World (\$/kg)	0.38	0.43	0.42	-2.3	10.5
Cotton, The index (\$/ mt)	2.08	3.61	3.4	-5.8	63.5
Aluminum (\$/ mt)	2,446.65	2,830,300	2,563,440	-9.4	4.8
Coal, South Africa (\$/ mt)	112.92	280	284.87	1.7	152.3
Brent oil (\$/ bbl)	73.07	112.37	120.08	6.9	64.3
Natural gas, USA (\$/ mmbtu)	3.23	8.14	7.67	-5.8	137.5
Liquefied natural gas, JPN (\$/ mmbtu)	9.62	16.68	07.17	2.3	77.4

Source: World Bank Commodity Price Data
Caption: VM- Monthly variation; VH- Homologous variation

Inflation

In June, the inflation measured by the CPI (Consumer Price Index) in the City of Maputo, Beira and Nampula, when compared to the previous month, indicates that the country registered a monthly inflation of 0.83%. (Figure 5) The Food and Non-Alcoholic Beverages and Transport divisions were the most prominent classes, contributing to the total monthly variation with around 0.42 and 0.13 pp positive, respectively. This rise in inflation is in line with all forecasts for the Mozambican economy, according to the Consumer Price Index (CPI) bulletin, published by INE.

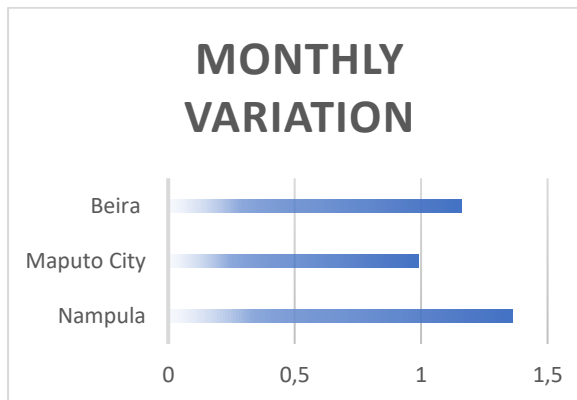
In relation to the monthly change by product, it is worth mentioning the increase in the prices of gasoline (5.4%), cooking oil (3.3%), wheat bread (5.1%), among others that contributed to the total change monthly with around 0.88 pp positive. However, some products such as dried fish (5.8%), coconut (6.2%) and onion (5.9%) bucked the trend of rising prices, contributing to the trend with around 0.34 pp negative.

In relation to the same period of the previous year, the country registered a price increase in the order of 10.81% in the month under analysis. The City of Nampula led the trend of increasing the general level of prices with approximately 12.64%, followed by the City of Beira with approximately 10.69% and finally the City of Maputo with 9.91%.

Analyzing the monthly variation by the three collection centers, which serve as a reference for the country's price variation, it is noted that in last June, all cities registered price increases, with Maputo City standing out with about 0.96 %, followed by the City of Beira with 0.85% and finally the City of Nampula with approximately 0.56%.

Data for the month of June 2022

Description	Contribution
Food products and non-alcoholic beverages	0.13
Alcoholic beverages and tobacco	0.00
Housing, water, electricity , gas and others	0.09
Furniture, decorative items	0.04
communications	0.00
transport	0.42
Restaurants, hotels, cafes and the like	0.10
Miscellaneous goods and services	0.02
Total	0.83



Source: National Institute of Statistics

Source: National Institute of Statistics

Public Debt Market

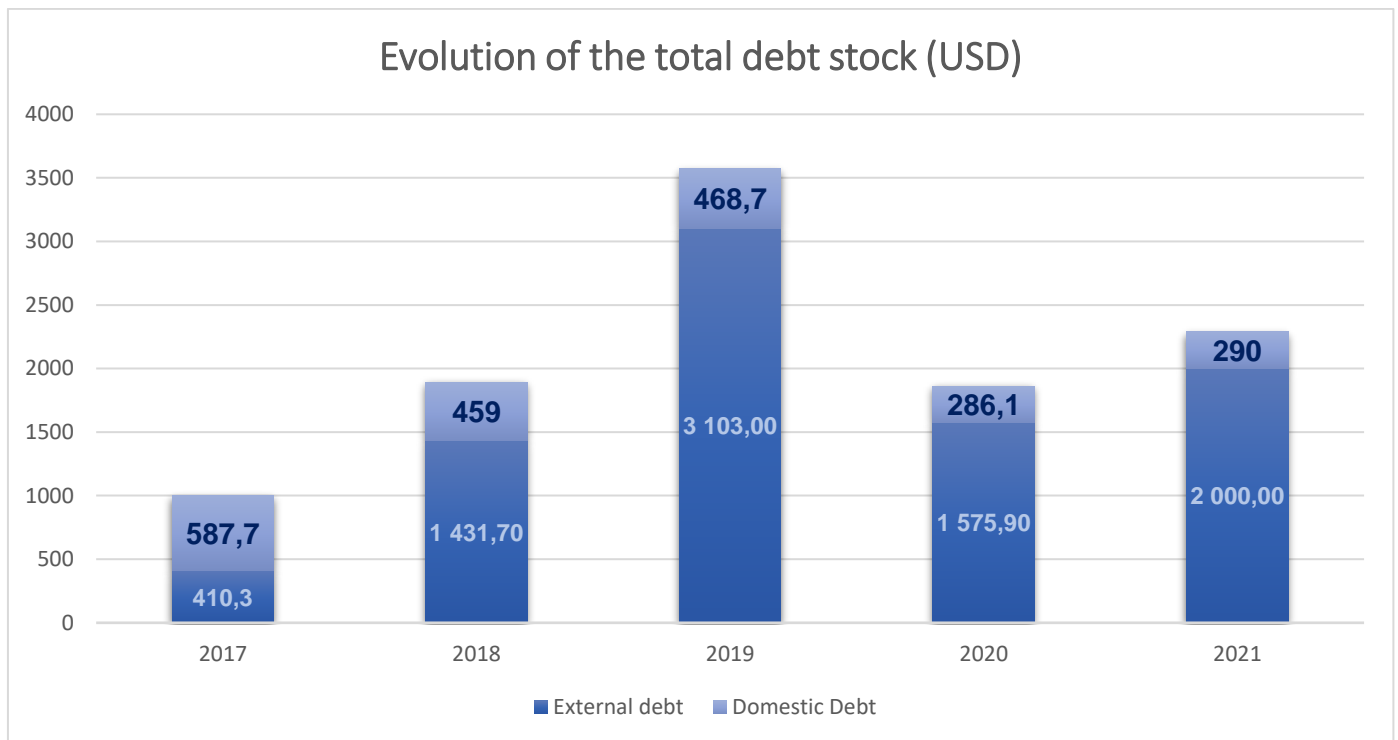
Mozambique’s public debt worsened in 2021 by 8%, positioning at US\$14 billion and continues to be composed mostly of external debt, which represents 86% of public debt, there was growth in a context of disbursements and external loan contracts that rose to 3%.

The stock of domestic debt in the first quarter of 2022 reached the amount of 3 billion dollars (243,277.8 MZN).

Domestic public debt increased to 248,216.00 million meticaais and the inflow of funds from partners is expected to relieve pressure on domestic sources of public debt. The CPMO will then continue to monitor the evolution of risks and uncertainties associated with the projections, to keep inflation low and stable. The external debt grew by 114% (10,256.4 million MZN), it should be noted that in this period no credit agreements or donations were signed.

In December 2021, domestic debt, excluding loan and lease agreements and arrears, increased by 2.4 billion to 220.6 billion meticaais, around 3 million dollars. (Bank of Mozambique).

Data for the I Quarter of 2022



Source: Ministry of Economy and Finance

Capital market

BVM recorded a business growth of 148% in the first quarter of 2022. Comparative data from the end of the 1st half of 2022 and 2nd half of 2022 show an improvement in both market capitalisation which was valued at 126,457.02 and 130,364.85 respectively. Market transactions recorded by the Mozambique Stock Exchange (BVM) were 37,913,672 in the 1st semester and 66,787,849 in the 2nd semester, a difference of 0,762.

June was not an easy month for the stock market. The main indices showed negative variations throughout the month: JSE top 40, NASDAQ, Eurostoxx, and CAC, closed with drops of 7%, 2.9%, 8% and 3.0% respectively, where the responsible factor was the reinforcement of restrictions in several countries to fight the COVID-19 outbreak, with fears that the world is entering a period of recession taking over the market. At a time when the US central bank is raising interest rates at an aggressive pace to combat soaring inflation. In this context, stock markets globally reflect the bad mood of investors with a greater aversion to risk.

Dow Jones index ended at 31990.04, 3.9% more than in June, the S&P 500 had an increase of 4.8%, thus ending the month with 3966.84 pp and the DAX with 13093.50, an increase of 2.4% over the previous month.

Data for the month of June 2022

Indicators	June 2021	June 2022	Jul 2022	VM (%)	VH (%)
BVM (Mozambique)*	118935.97	131116.91	125007.40	-4.7	5.1
JSE TOP 40	11406.00	10974.00	10202.00	-7.0	-10.6
Dow Jones futures	34502.51	30775.43	31990.04	3.9	-7.3
S&P 500	4297.50	3785.38	3966.84	4.8	-7.7
Nasdaq 100	14504.00	11503.72	12328.41	7.2	-15.0
Euro Stoxx 50	4078.89	3454.86	3582.99	3.7	-12.2
DAX	15531.04	12783.77	13093.50	2.4	-15.7
CAC 40	6507.83	5868.58	6238.85	6.3	-4.1

Source: Investing.com Financial Market and Mozambique Stock Exchange

* Expression values in millions

Market capitalisation ended the first quarter of 2022 at 126,457.02 million meticaís and a value of 130,364.85 was recorded in the second quarter of 2022.

As for equities in the second quarter: Equities ended at 17,906.52 (14.2%), Corporate Bonds 2,723.93 (2.2%) and Treasury Bonds at 105,576.58 (83.5%). (BVM: Mozambique Stock Exchange).

Money market

The Monetary Policy Committee (CPMO) of the Bank of Mozambique (BM) decided to maintain the monetary policy interest rate, the MIMO rate, at 15.25%. This decision is supported by the prospects of maintaining single-digit inflation in the medium term, despite the high risks and uncertainties associated with these projections, especially the effects of geopolitical tension in Europe. However, inflation will remain high in the short term and a slowdown in the medium term. In June inflation increased to 10.8% from 9.3% in May which reflects the increase in managed goods such as fuel and transport. Consequently, the Central Bank in June closed the interest rates on the permanent deposit facility (FDP) at 12.25% and on the permanent assignment facility (FPC) at 18.25%.

In June, according to data published by INE, the prime rate of the Mozambican financial system was 20.6%. This increase in the MIMO rate and in the Prime Rate will help to cushion the pressure on core inflation.

A slower recovery of the economy is expected in 2022, supported by weak domestic demand, combined with the suspension of the gas exploration project by Total, despite the forecast of a gradual recovery in external demand and the tendency to contain the spread of Covid-19.

Data for the month of July 2022

Fees	July 2021	June 2022	July 2022	VM (pp)	VH (pp)
FPD (%)	10.25	12.25	15.25	3.0	5
FPC (%)	16.25	18.25	18.25	0.0	2
MIMO (%)	13.25	15.25	12.25	-3.0	-1
PRSF (%)	18.6	20.4	20.6	0.2	2
BT - 91D	13.33	13.04	15.28	2.2	1.95
BT - 182D	13.43	13,430	15,410	2.0	1.98

Source: National Institute of Statistics and Bank of Mozambique

Caption: FDP: Permanent Deposit Facility; FCP: Permanent Assignment Facility; MIMO: Monetary Policy Interest Rate; PRSF: Prime Rate of the Financial System; VM- Monthly variation; VH- Homologous variation; pp: perceptual points

Exchange Market

In July 2022, after nine consecutive months, the metical remained stable in the second quarter of 2022, ending with an exchange rate of 63.23.

In the same period, the Rand depreciated against the metical, going from MZN 3.98 to MZN 3.78

The Euro against the metical also showed a devaluation with the current exchange rate of 64.77. There was also a devaluation in GBP/MZN, which was 1.19%, going from MZN 76.95 to closing at MZN 75.76 in July.

In the international sphere, the fears observed, the British pound recorded the worst week since December 2020 against the dollar in which it is expected to rise by 25 basis points by the end of the year. Note that the euro retreats against the dollar, at 0.95 dollars, the lowest level since May 2020, due to the war in Ukraine and the increase in the price of oil. For the short term, the pair is expected to rise to the downtrend line.

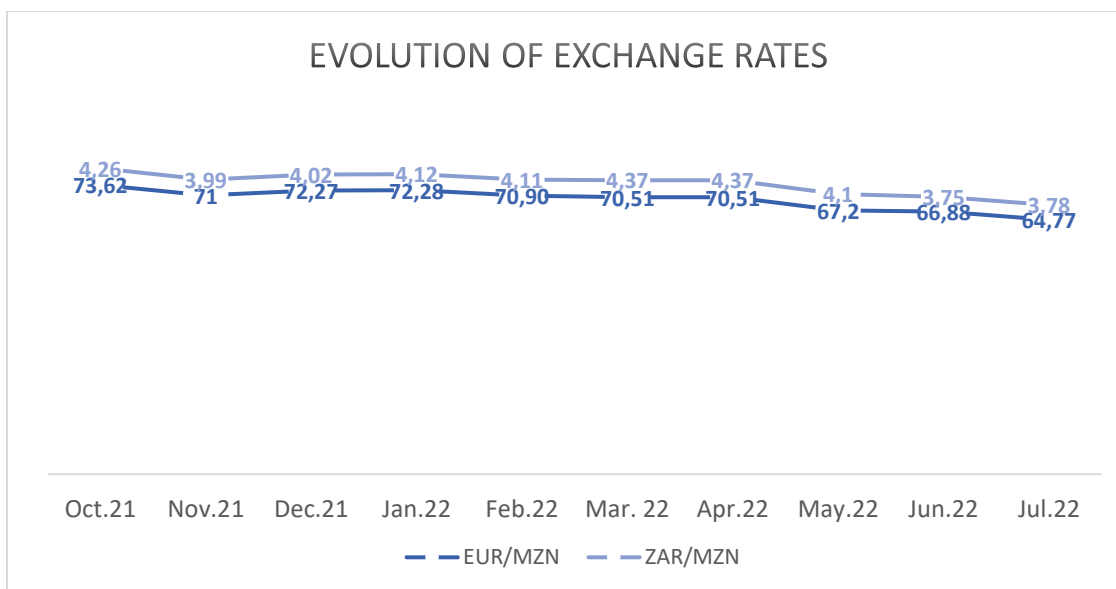
There was a retreat of the dollar against the main transaction currencies (USD, EUR, GBP) , which suffered a decrease of 0.87%, 1.70%, and 0.02% , respectively.

The trend pointed out by several economists is that the dollar will continue to fall, due to interest rates in the US, greater exports in the United States, as well as the Federal Reserve, which does not take measures to prevent the dollar from falling in the international market.

Data for the month of July 2022

Coins	June 2021	June 2022	July 2022	VR (%)	VH (%)
USD/MZN	63.63	64.1	63.23	-0.87	-0.63
EUR/MZN	75.63	66.47	64.77	-1.70	-14.36
GBP/MZN	88.79	76.95	75.76	-1.19	-14.68
ZAR/MZN	4.36	3.98	3.78	-0.20	-13.30
GBP/USD	1.39	1.22	1.20	-0.02	-13.67
USD/ZAR	14.56	16.09	16.70	0.61	14.70

Source: Bank in Mozambique | macrotrends date | investing.com



Source: The Global Economic

About Mazars

Mazars, Lda., is a multinational company, which is present in more than 90 countries and territories, is the fifth largest PIE auditor in the entire EU and the only non- Big Four auditing the 100 largest European companies. Also operating in Mozambique with a local office, where 70 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 on the basis of sources that the Group believes and are reliable. All opinions, forecasts and estimates contained in this document are subject to change after publication at any time. Historical performance does not indicate future results. The investments and strategies discussed here may not be suitable for any particular group of investors. This document has been prepared for informational purposes, for customers only and must not be reproduced or distributed to any other person without the prior consent of a member of the Mazars Group.

Sources

- [Bank](https://www.bancomundial.org/) : <https://www.bancomundial.org/>
- Monetary Fund International [International Monetary Fund - Homepage \(imf.org\)](https://www.imf.org/)
- Mozambique Stock Exchange: <http://bvm.co.mz/>
- Bank of Mozambique : <https://www.bancomoc.mz/>
- National Institute of Statistics of Mozambique: <http://www.ine.gov.mz/>
- Ministry of Economy and Finance of Mozambique: [Home \(mef.gov.mz\)](http://www.mef.gov.mz/)
- Trading economics: <https://tradingeconomics.com/countries/>
- The global economy: <https://www.theglobaleconomy.com//>