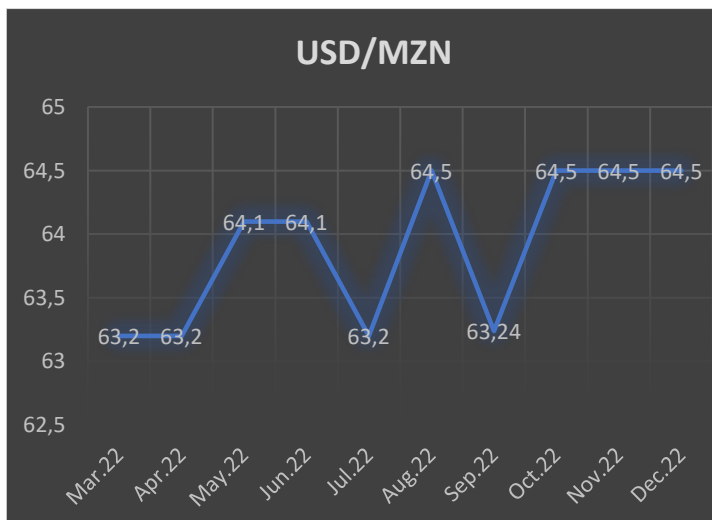
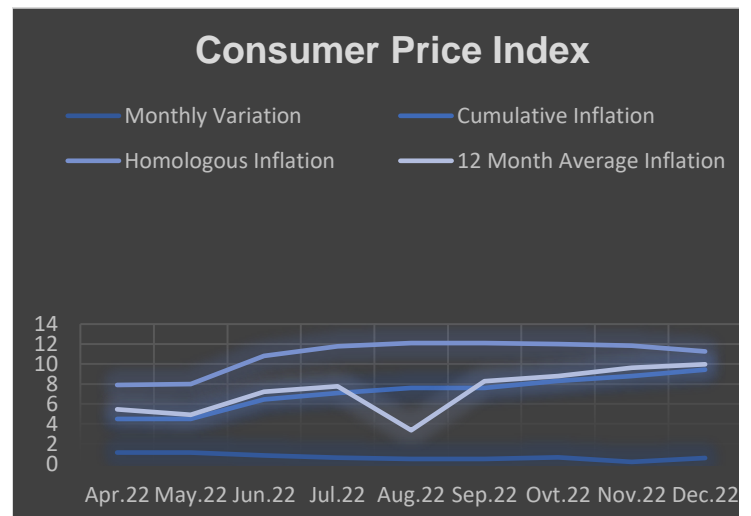
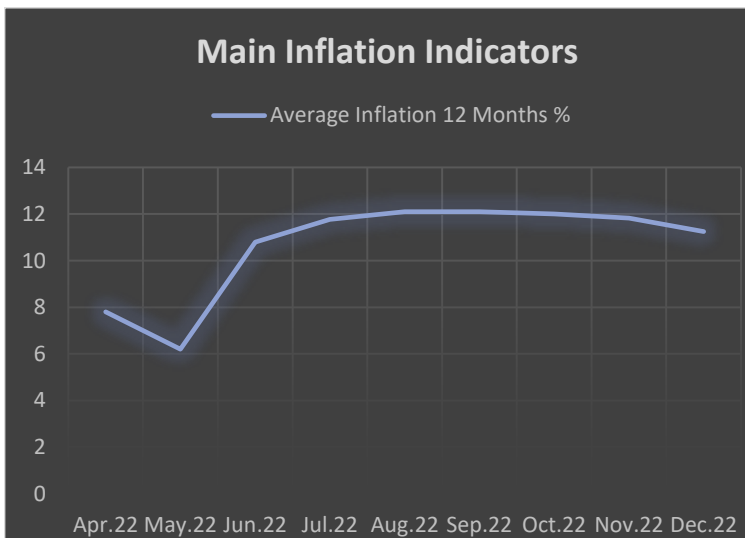




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

DECEMBER 2022

MAIN HIGHLIGHTS



- Gross domestic product stood at 3.6%.
- Domestic public debt rose from 250,666.94 to 274.8 billion meticals
- In December the Mozambique Stock Exchange (BVM) had a variation of 9.1pp;
- In December the main indexes showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC, closed with -2.6, -7.2, -2.7 and -1.7 respectively.
- The Bank of Mozambique in November closed the rates, MIMO at 17.25%, (FPD) at 14.25%, (FPC) at 20.25% and the (PRSF) at 22.60%.

Macroeconomic Indicators

Indicator Projection	II Quarter 2022	Projection to 2023
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	178964	1320178.7
Inflation	11.25	11.5
Exports USD MILLION	2163.6	8806.0
Imports	2309.70	9518.0
Public Debt	130.00	135
World Economy	4.59	4,7
MIMO Rate (%)	17.25	17.25
Prime Rate of the Financial System (%)	22.60	22.6
USD/MZN	64.5	65.2
International Reserves	2763.4	3,996
Credit to the Economy	3947	2936.6

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

Economic Activity

Fiscal policy for the year ahead aims to safeguard economic growth and achieve sustainability of public accounts. The main policies that will embody the fiscal reform package in 2023 include: (i) reform of the new VAT code which will reduce the tax rate from 17.0% to 16.0% and eliminate exemptions for some services that are not part of the basic basket; (ii) revision of the customs tariff which will change 26 tariff lines and customs rates from 2.5% to 7.5%; (iii) Revision of the IRPC code to 10% to make private investment more attractive in the agribusiness and aquaculture sectors; (iv) Broadening of the IRPS base; (v) Revision of the ICE code which is expected to generate a gain of about 7.9% billion meticaís.

Regarding economic activity, in December, the gross domestic product stood at 3.6% which reflects the weak performance of the secondary sector.

According to INE, 20.4% of Mozambique's imports in July and September 2022 originated from the United Arab Emirates, making it the biggest supplier of oil, soybean oil and cement. Mozambique invested about US\$540 million between July and September the equivalent of 34 billion meticaís. Other suppliers of goods and services to Mozambique during the year include South Africa, China and India which accounted for 19%, 12% and 8% respectively of goods and services bought.

Total exports during the third quarter of 2022, aluminium represented 25.42%, hard coal 24.07%, coking coal and semi-coke 13.71% and electricity 5.45%. As for imports, diesel accounted for 17.85%, machinery for 10.91% and cereals for 5.65%. The FAO Food Price Index (Food and Agriculture Organization) continued to decline, marking the seventh consecutive reduction representing 135.7 p.p.

In the specific case of the Cereals Price Index, it ranged between 150.4pp in December which is a reduction of 1.9 points compared to the previous month. The vegetable oil price index reflected a value of 154.7pp for the month of December, an increase of 3.4pp resulting from the increase in prices of soybean oil and international palm oil. The Meat Price stood at 117.1pp in December, poultry meats have fallen too much with the limitation of imports from major export companies who have been affected by the influenza outbreaks. The reduction in this index is the fourth consecutive price reduction. The Sugar Price Index averaged 114.3 pp in December.

Data for the month of December 2022

Comodity	November 2021	November 2022	December 2022	VR (%)	VH (%)
Corn (\$/MT)	251	343.6	320.9	-6.6	27.8
Wheat, US HRW (\$/mt)	370.3	438	422.7	-3.5	14.2
Rice, Thai 5% (\$/mt)	400.3	431	440	2.1	9.9
Sugar, World (\$/kg)	0.42	0.39	0.41	5.1	-2.4
Cotton, A index (\$/mt)	2.67	2.2	2.23	1.4	-16.5
Alumínium(\$/MT)	2,755.00	2,256.000	2,351.000	4.2	-14.7
Coal, South Africa (\$/MT)	156.7	326.6	320.9	-1.7	104.8
Brent Oil (\$/bbl)	79.6	93.1	91.1	-2.1	14.4
Natural Gas, US (\$/mmbtu)	4.74	5.62	5.28	-6.0	11.4
Liquefied Natural Gas, JPN (\$/mmbtu)	14.32	23.69	21.75	-8.2	51.9

Source: World Bank Commodity Price Data
Legend: VM- Monthly variation; VH- Year-on-year variation

Inflation

The country's inflation is being controlled by the government through measures to increase production and mitigate fuel prices. In December, inflation measured by the CPI (Consumer Price Index) in Maputo City, Beira and Nampula, Quelimane, Tete, Chimoio, Xai Xai and Inhambane when compared with the previous month, indicate that the country registered a drop in inflation of around 0.58%. The Food and non-alcoholic beverages divisions were the most prominent, contributing around 0.54 pp to the total monthly variation.

In relation to the monthly change per product, the increase in the prices of tomato (4.0%), maize grain (7.3%), fresh fish (2.2%), dried fish (2.1%), horse mackerel (1.2%), onion (4.9%) and peanut (3.3%) contributed around 0.46 pp to the total monthly change. However, some products like cooking oil (0.8%), cabbage (5.1%), motorbikes (0.8%), fresh hen's eggs (2.6%), butter beans (0.6%), bananas (6.2%) and charcoal (0.5%) countered the upward price trend by contributing around negative 0.08 pp.

Compared to the same period last year, the country recorded a rise from 11.08% in the previous month to 11.25% in December. Economic growth is underpinned by buoyant private investment and will also drive growth in agriculture, industry, construction and public investment.

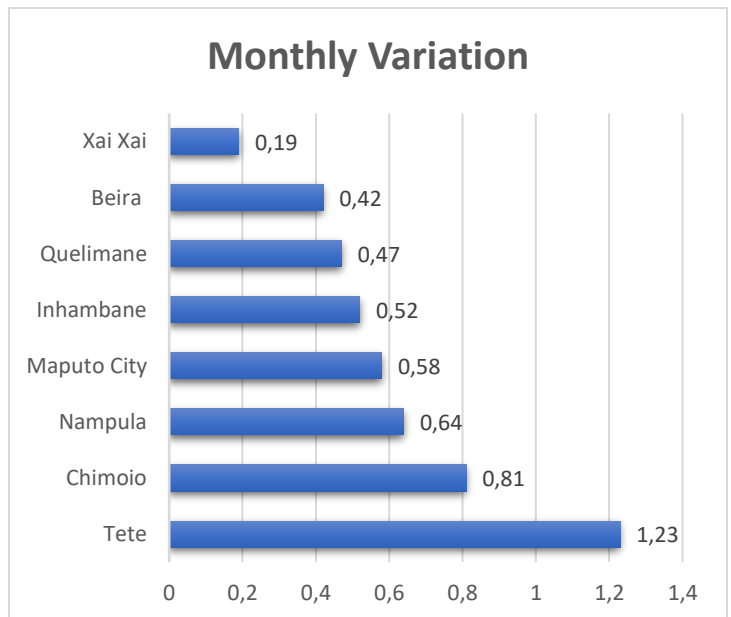
The Transport and Food & Non-Alcoholic Beverages divisions were in year-on-year terms the divisions with the highest cumulative change with 5.19pp and 2.80pp positive respectively and in year-on-year terms recorded the highest price change with around 20.23% and 16.98% respectively. The MIMO rate remained at 17.25% and this decision is with hopes of reducing inflation to single digits.

Analysing the monthly variation by the three collection centres, which serve as a reference for the variation of prices in the country, all the cities registered a positive figure. The city of Tete stood out with a significant increase of 1.23% and then the city of Chimoio with 0.81%, Nampula with 0.64%, Maputo with 0.58%, Inhambane with 0.52%, Quelimane Beira and Xai Xai with 0.47%, 0.42% and 0.19% respectively.

Data for the month of December 2022

Description	Contribution
Food products and non-alcoholic beverages	5.19
Alcoholic Beverages and Tobacco	0.02
Clothing and Footwear	0.12
Housing, water, electricity, gas and others	0.31
Furniture, decoration articles	0.27
Health	0.02
Transport	2.80
Communications	0.01
Education	0.06
Leisure, recreation and culture	0.01
Restaurants, hotels, cafés and the like	0.49
Miscellaneous goods and services	0.14
Total	9.44

Source: Instituto Nacional de Estatística



Source: Instituto Nacional de Estatística

Public Debt Market

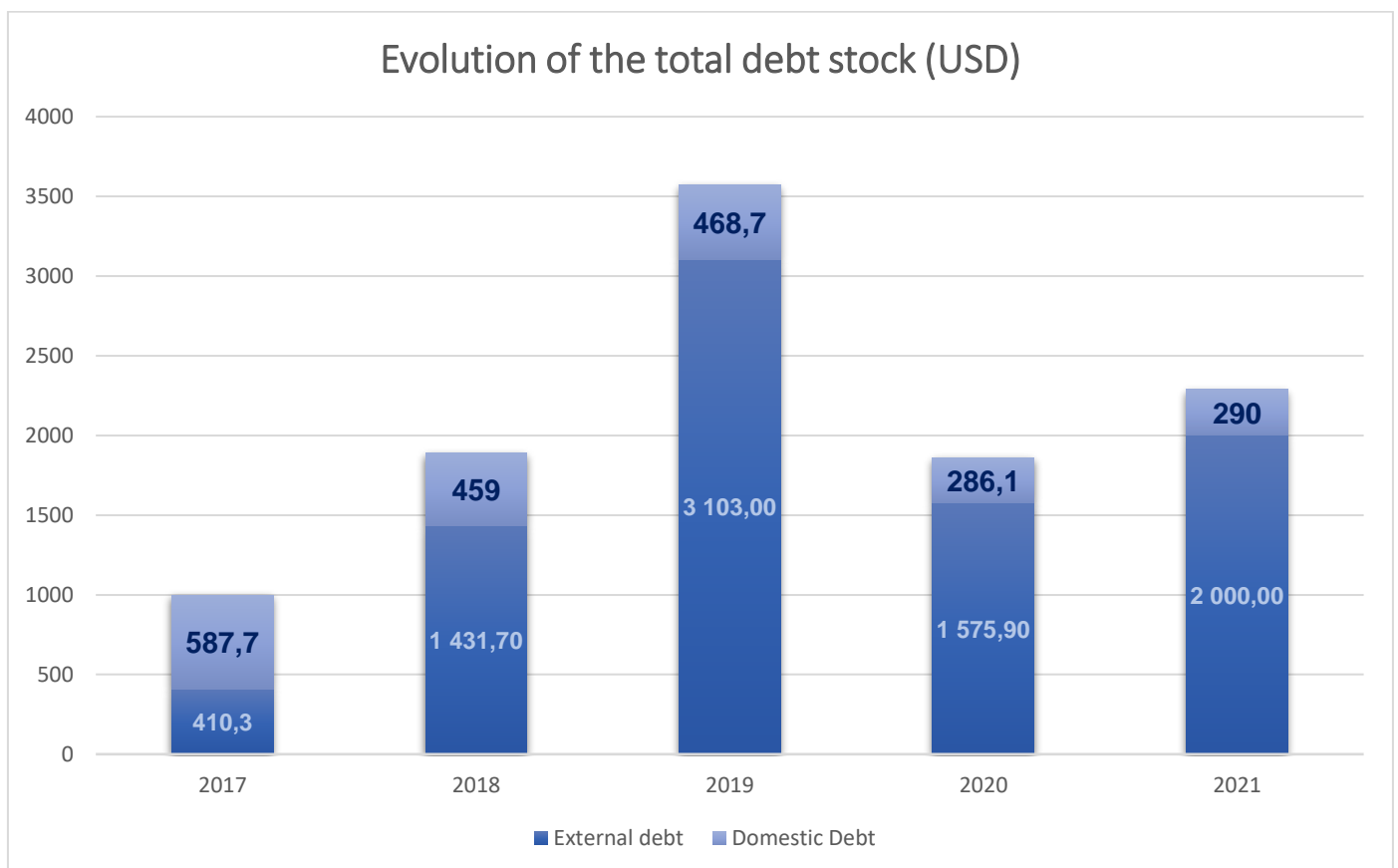
The government will continue its efforts to ensure the containment of public expenditure and allow greater predictability in the availability of financial resources. Mozambique's public debt in the third quarter of 2022 decreased to 10.2 million dollars which is the equivalent of 657,409.15 million meticaís, a decrease of -0.3% in comparison to the first quarter of the year. 5.8 million dollars corresponds to 57% of the total relating to multilateral creditors and the remaining 4.3 million dollars corresponds to 43% allocated to bilateral creditors. External public debt by type of currency remained constant for all foreign currencies in relation to the first quarter of 2022.

Domestic public debt increased from 250,666.94 MZN in the second quarter to 274.8 billion in the third quarter, which represents an increase of 56 billion since December 2021. Of the figure representing the domestic public debt for the second quarter, 43% is related to State Budget Financing and Restructuring and Consolidation (OT's), 29% to BT's and 27% to other causes (Central Bank, Restructuring and Consolidation and Bank Financing).

The next ordinary meeting of the CPMO is scheduled for 25 January 2023.

An amount of MT 41.4 billion is foreseen for 2023 for public debt burden expenditure of which MT 29.950.0 million is linked to domestic interest and MT 11.450.0 to external interest corresponding to 2.3% and 0.9% of GDP respectively.

Public debt data



Fonte: Ministério da Economia e Finanças

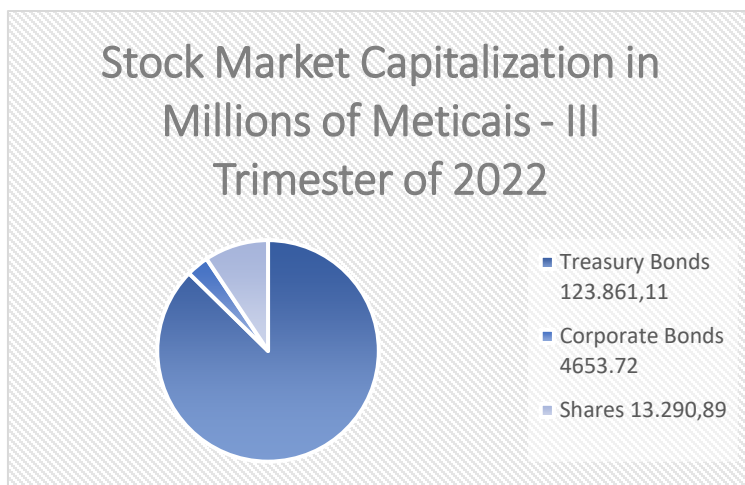
Capital Markets

BVM recorded a growth in turnover, standing at 13801.56 million meticaís in the third quarter of the year. Currently, the market capitalization stands at 142491.03 and this is reflected in the current month's stock market indicators. Interest rates on debt instruments reflect 16.17% for treasury bonds, 16.09% for private bonds and 18.9% for commercial paper.

The main indexes showed negative variations throughout the month: NASDAQ, Eurostoxx, and CAC 40, closed with increases of 7.2%, -2.7% and -1.7% respectively. At a time when the US central bank is raising interest rates at an aggressive pace to combat skyrocketing inflation. In this context, the stock markets globally reflect the confidence of investors to invest again. Dow Jones index closed at 33337.41, S&P 500 with a significant increase to 3842.91 pp, DAX increased to 13967.78, JSE Top 40 also accelerated in the month of December with a figure of 67323.76 compared to 67083.95 in the previous month.

Dados relativos ao mês de Dezembro de 2022

Indicators	December 2021	November 2022	Dezember 2022	VM (%)	VH (%)
BVM (Mozambique)*	121627.06	142491.03	142055.73	-0.3	16.8
JSE TOP 40	67052.40	67083.95	67323.76	0.4	0.4
Dow Jones futures	36398.08	34212.03	33337.41	-2.6	-8.4
S&P 500	4766.18	4004.67	3842.91	-4.0	-19.4
Nasdaq 100	16320.08	11721.48	10879.00	-7.2	-33.3
Euro Stoxx 50	4306.07	3936.28	3830.12	-2.7	-11.1
DAX	15884.86	14406.91	13967.78	-3.0	-12.1
CAC 40	7153.03	6661.60	6545.80	-1.7	-8.5



Regarding shares in the Third Quarter: Shares ended with 13.290,89 (9,37%), Corporate Bonds 4653,72 (3,28%) and Treasury Bonds at 123.861,11 (87,39%) (BVM: Mozambique Stock Exchange).

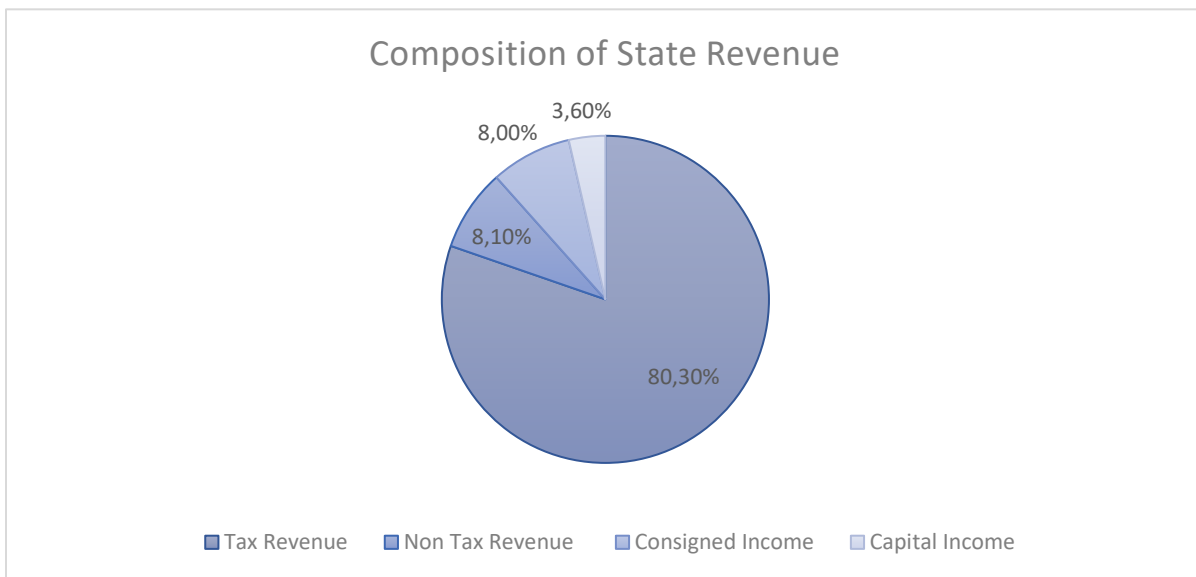
Source: Mercado Financeiro Investing.com e Bolsa de Valores de Moçambique

*Valores expressões em milhões

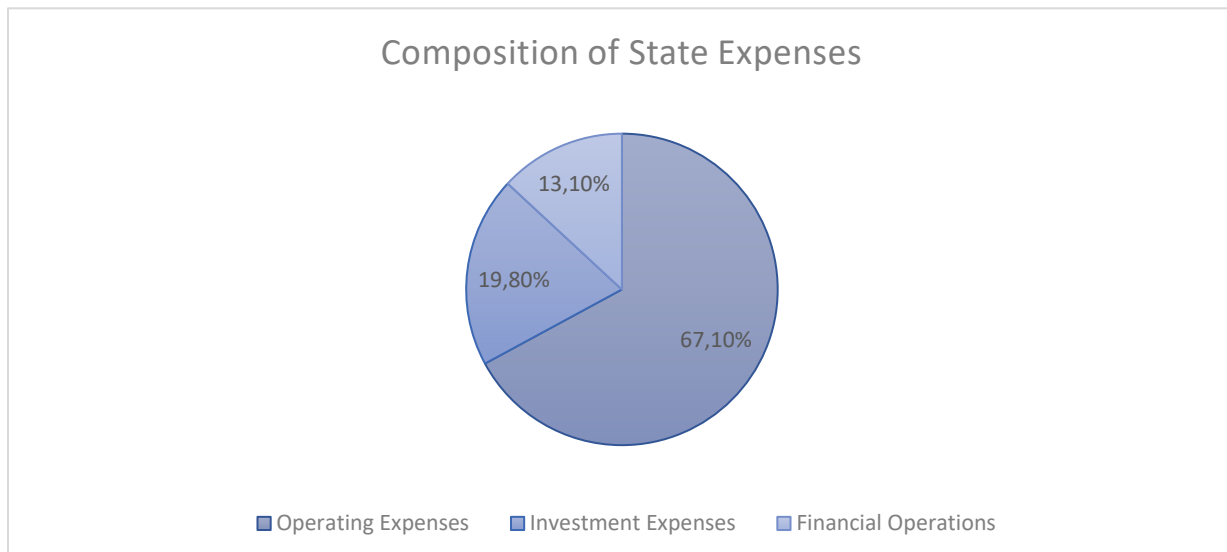
Money Market

The Monetary Policy Committee (CPMO) of the Bank of Mozambique (BM) decided to maintain the monetary policy interest rate, MIMO rate at 17.25%. This decision is underpinned by the prospects of maintaining single-digit inflation in the medium term, where the prospect of maintenance of international energy and food prices in view of the prolongation of the conflict between Ukraine and Russia shows a potential to increase prices at domestic level.

The composition for state revenues are projected to reach 357,063.8 million MT- 27.0% of annual GDP and will be allocated to the following sectors:



On the other hand, State expenses are evaluated at 472,122.4 million MT equivalent to 35.8% of the annual GDP. This percentage is divided between operational expenses which represent 67.1%; investment expenses which represent 19.8% and finally financial operations with 13.1%.



ECONOMIC BULLETIN DECEMBER 2022

In December inflation fell from 11.83% in November to 11.25% in December, the Central Bank in November closed the interest rates on the deposit facility (FPD) at 14.25% and on the lending facility (FPC) at 20.25%. In December, according to data published by INE, the prime rate of the Mozambican financial system rose from 22.50% to 22.60%. The increase in the prime rate is due to the macroeconomic behaviour that had a stagnation trend, thus making it more difficult for SMEs to meet their financial obligations and contract other financial services such as credits.

The total volume of domestic resources for 2023 is estimated at 393.711 million meticaais which corresponds to 29.8% of GDP against 351.998,2 million MT of the PESOE 2022 Law. The IRPS and IRPC are forecasted to reach 4.1% and 5.9% respectively in 2023. The cost of living in 2023 will increase due to inflation pressure at the international level, and the Economic and Social Plan and State Budget (PESOE) for 2023 shows that the inflation rate could reach 11.5% against the 2.7% of the current year. The same plan also mentions GDP growth of 5%.

Data for the month of December 2022

Taxes	Dec-22	Nov-22	Dec-22	VM (pp)	VH (pp)
FPD (%)	16.25	14.25	14.25	0.0	-2
FPC (%)	10.25	20.25	20.25	0.0	10
MIMO (%)	13.25	17.25	17.25	0.0	4
PRSF (%)	18.6	22.5	22.6	0.1	4
BT - 91D	10.5	15.28	15.28	0.0	4.78
BT - 182D	11.50	15.410	15.410	0.0	3.91

Source: Instituto Nacional de Estatística e Banco de Moçambique

Caption: FDP: Deposit Facility; FCP: Transfer Facility; MIMO: Monetary Policy Interest Rate; PRSF: Prime Rate of the Financial System; VM- Monthly change; VH- Year-on-year change; pp: percentage points

Foreign Exchange

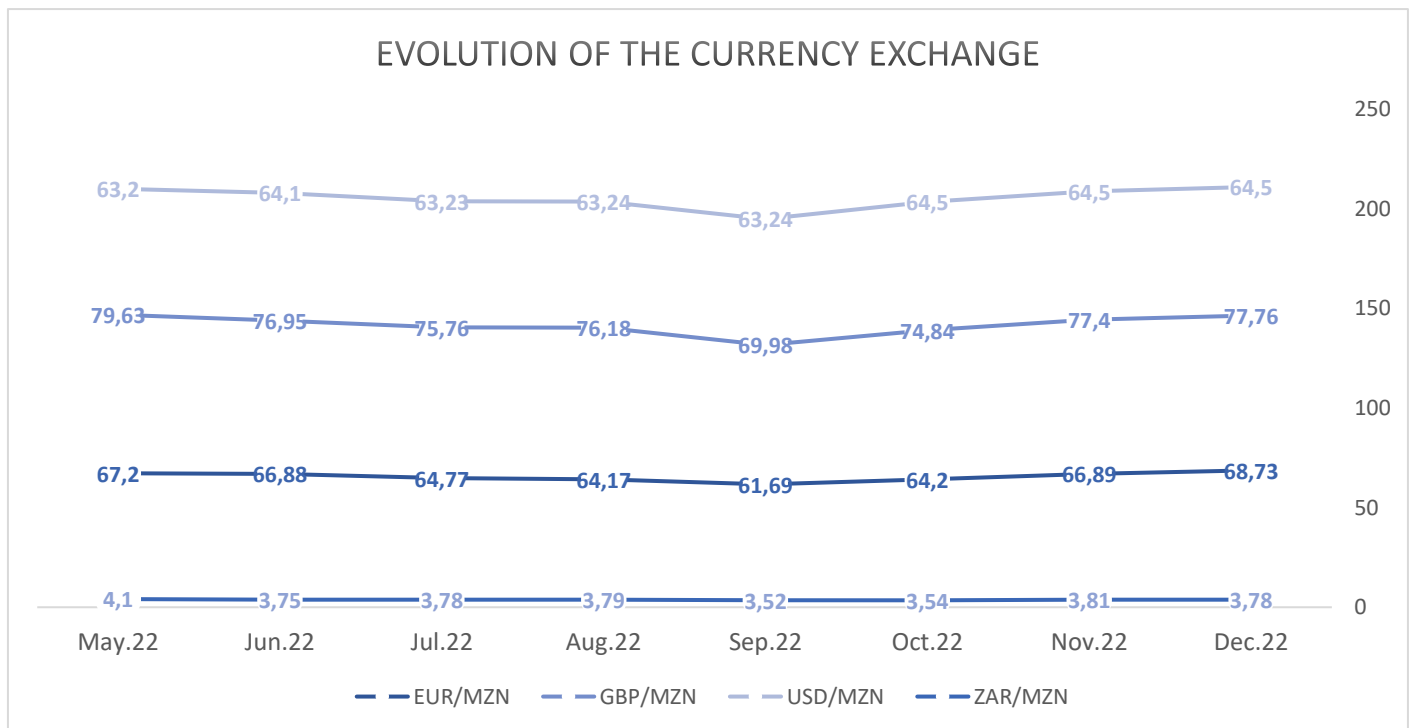
The US Dollar has been stable against the Metical, holding at 64.5 which is reported to be the same value as the last 4 months, the Rand against the Metical has seen a slight fall from 3.81 in November to 3.78 in December, the Euro against the Metical is recovering showing significant monthly increases and currently has a figure of 68.73. The Metical against the Pound has shown one in December with a figure of 77.76.

The Metical has retreated against the major currencies (USD, EUR, GBP). Against the EUR, the metical showed a positive figure of 1.84% and against the ZAR there was a deceleration equivalent to -0.03% and a negative figure of -0.1% against the GBP. The trend indicated by several economists is that the dollar will continue to fall and inflation will remain above 9% for the rest of the year.

Data for the month of December 2022

Currency	December 2021	November 2022	December de 2022	VR (%)	VH (%)
USD/MZN	63.2	64.5	64.5	0.00	2.06
EUR/MZN	71.53	66.89	68.73	1.84	-3.91
GBP/MZN	84.69	77.4	77.76	0.36	-8.18
ZAR/MZN	4.10	3.81	3.78	-0.03	-7.80
GBP/USD	1.35	1.21	1.2	-0.01	-11.11
USD/ZAR	15.19	17.13	17.18	0.05	13.10

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



Source: The Global economic

About Mazars

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Source

- Banco Mundial: <https://www.bancomundial.org/>
- Fundo Monetário Internacional [International Monetary Fund - Homepage \(imf.org\)](https://www.imf.org/)
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- Trading economics:
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- The global economy:
<https://www.theglobaleconomy.com/>