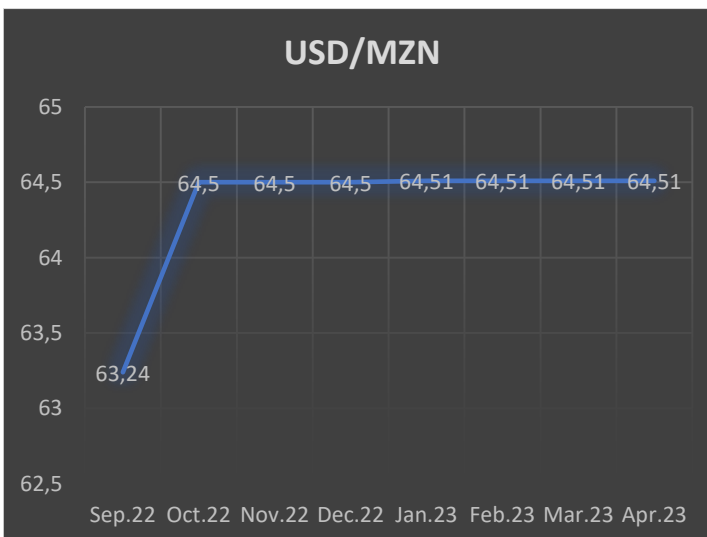
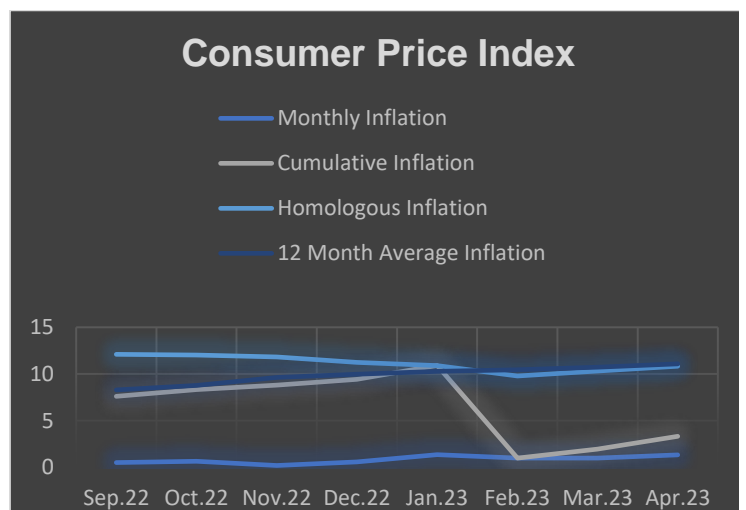
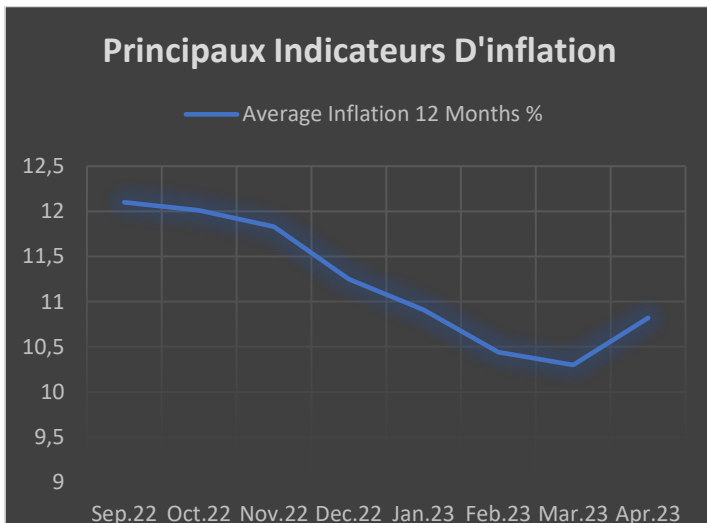




# MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

APRIL 2023

## MAIN HIGHLIGHTS



- Gross domestic product stood at 4.24%;
- In April the Mozambique Stock Exchange (BVM) had a positive variation of 4.4 pp;
- In April the main indexes showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC40, closed with 5.5, 12.6, 4.7 and 5.7 respectively;
- The Bank of Mozambique in April closed rates, MIMO at 17.25%, (FPD) at 14.25%, (FPC) at 20.25% and (PRSF) at 23.50%

## Macroeconomic Indicators

Indicator Projection	I Quarter 2023	Projection for 2023
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	173702	1320178.7
Inflation	10.82	11.5
Exports USD MILLION	2110.50	8806.0
Imports	2452.0	9518.0
Public Debt	101.00	135
World Economy	4.15	4,7
MIMO Rate (%)	17.25	17.25
Prime Rate of the Financial System (%)	23.50	22.6
USD/MZN	64.51	65.2
International Reserves	2711.00	2936.6
Credit to the Economy	3947	2936.6

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

## Economic Activity

Regarding economic activity in Mozambique, the World Bank indicated that inflation has reached its highest in Mozambique in the last five years, amounting to an overall average of 10.82%, influenced by floods on the supply of fresh produce and the increase in public passenger transport fares. Rising global oil and food prices have contributed to inflationary pressures and stable nominal and real exchange rates help to minimise further price pressures.

The Government of Mozambique is taking important steps to restore the economic situation and stimulate private sector growth including the Economic Acceleration Package (EAP). During the current month, a report was submitted to the Financial Action Task Force (FATF), which is a body authorised to promote the fight against money laundering and terrorism, to remove Mozambique from the grey list. In order to be removed from the grey list, Mozambique will have to conduct national risk assessments for non-governmental organizations and install identification systems for beneficial owners and develop national and international cooperation actions on money laundering and terrorism.

The FAO Food Price Index (Food and Agriculture Organization) continued to decline, marking the ninth consecutive reduction represented by 126.9 pp, a drop of 2.8 pp marking the 12th consecutive monthly drop. In the specific case of the Cereals Price Index ranged between 138.6 pp in March which is a reduction of 8.2 points compared to the previous month. The vegetable oil price index reflects a value of 131.8 pp for the month of March, a reduction of 4.1 pp resulting in a drop in prices of soybean oil and sunflower oil. The Meat Price stood at 113.0 in March, poultry meats fell too much with the import limitation of large export companies that were affected by the influenza outbreaks. The reduction in this index is the fourth consecutive price reduction. The Sugar Price Index averaged 127.0 pp in March.

Dados Relativos ao mês de Março de 2023

Comodity	February 2022	January 2023	February 2023	VR(%)	VH(%)
Corn (\$/mt)	2944.2	302.8	298.2	-1.5	-89.9
Wheat, US HRW (\$/mt)	486.3	380.4	394.8	3.8	-18.8
Rice, Thai 5% (\$/mt)	422	517	492	-4.8	16.6
Sugar, World (\$/kg)	0.42	0.42	0.45	7.1	7.1
Cotton, A index (\$/mt)	3.11	2.21	2.19	-0.9	-29.6
Aluminum(\$/mt)	3,498,370.00	2,502.000	2,416.000	-3.4	-99.9
Coal, South Africa (\$/mt)	294.42	326.2	144.7	-55.6	-50.9
Brent Oil (\$/bbl)	115.59	83.1	82.7	-0.5	-28.5
Natural Gas, US (\$/mmbtu)	4.88	3.27	2.38	-27.2	-51.2
Liquefied Natural Gas, JPN (\$/mmbtu)	18.03	20.15	19.74	-2.0	9.5

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

## Inflation

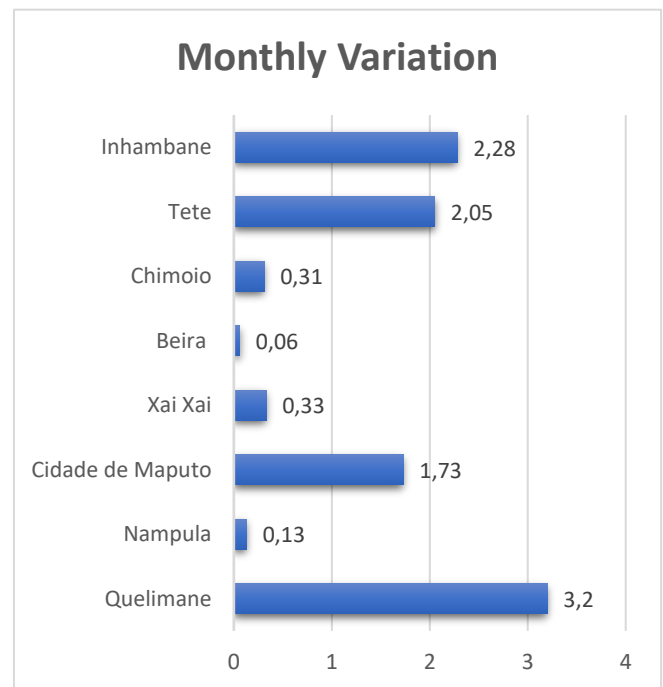
As for the Consumer Price Index (CPI) published by INE, the country registered a monthly inflation of 1.33% with a homologous inflation of 10.82% which is a significant reduction due to food products and domestic gas. The Food and non-alcoholic beverages divisions were the most prominent, contributing around 0.95 pp to the total monthly variation. In relation to the monthly change per product, the increase in the prices of tomatoes (4.2%), urban semi-collective passenger transport (6.0%), maize grain (10.9%), cabbage (9.6%), lettuce (15.3%), cowpeas (13.9%) and butter beans (2.9%) contributed around 0.83 pp to the total monthly change. However, some products such as cooking oil (0.9%), coconut (1.5%), miscellaneous materials for house maintenance and repair (1.4%), fresh shrimp (6.0%), lemon (12.9%), capulanas (0.4%) and men's shirts (2.2%), bucked the upward price trend by contributing about 0.11 pp to the total monthly change.

The risks and uncertainties underlying the inflation projections have increased, the recent climatic shocks on the prices of goods and services in the short term as well as the increased pressure on public expenditure. In March 2023 annual inflation accelerated from 10.30% to 10.82% reflecting the increase in food prices due to climatic shocks and the increase in prices of administered goods and services.

The divisions of Transport and Food and non-alcoholic beverages and transport were in year-on-year terms the ones which registered the highest price increase with 18.20% and 15.74% respectively. Analysing the monthly variation for the eight collection centres, which serve as reference for the variation of prices in the country, all cities registered a positive figure. The province of Quelimane stood out with a significant increase of 3.20% and then Inhambane with 2.28%, Tete City 2.05%, Maputo with 1.73%, Xai-Xai with 0.33%, Chimoio with 0.31%, Nampula with 0.13% and finally the city of Beira with 0.06%.

Dados relativos ao mês de Março de 2023

Description	Contribution
Food products and non-alcoholic beverages	2.49
Alcoholic Beverages and Tobacco	0.03
Clothing and Footwear	0.06
Housing, water, electricity, gas and others	0.00
Furniture, decoration articles	0.07
Health	0.00
Transport	0.23
Communications	0.04
Education	0.15
Leisure, recreation and culture	0.01
Restaurants, hotels, cafés and the like	0.15
Miscellaneous goods and services	0.09
<b>Total</b>	<b>3.32</b>



Source: Instituto Nacional de Estatística

## Public Debt Market

The Monetary Policy Committee (CPMO) of the Bank of Mozambique met again last day and said that public debt had worsened where domestic public debt, excluding loan and lease contracts and default liabilities, stood at 301.3 billion meticaís, which was an increase of 26.1 billion meticaís against December 2022.

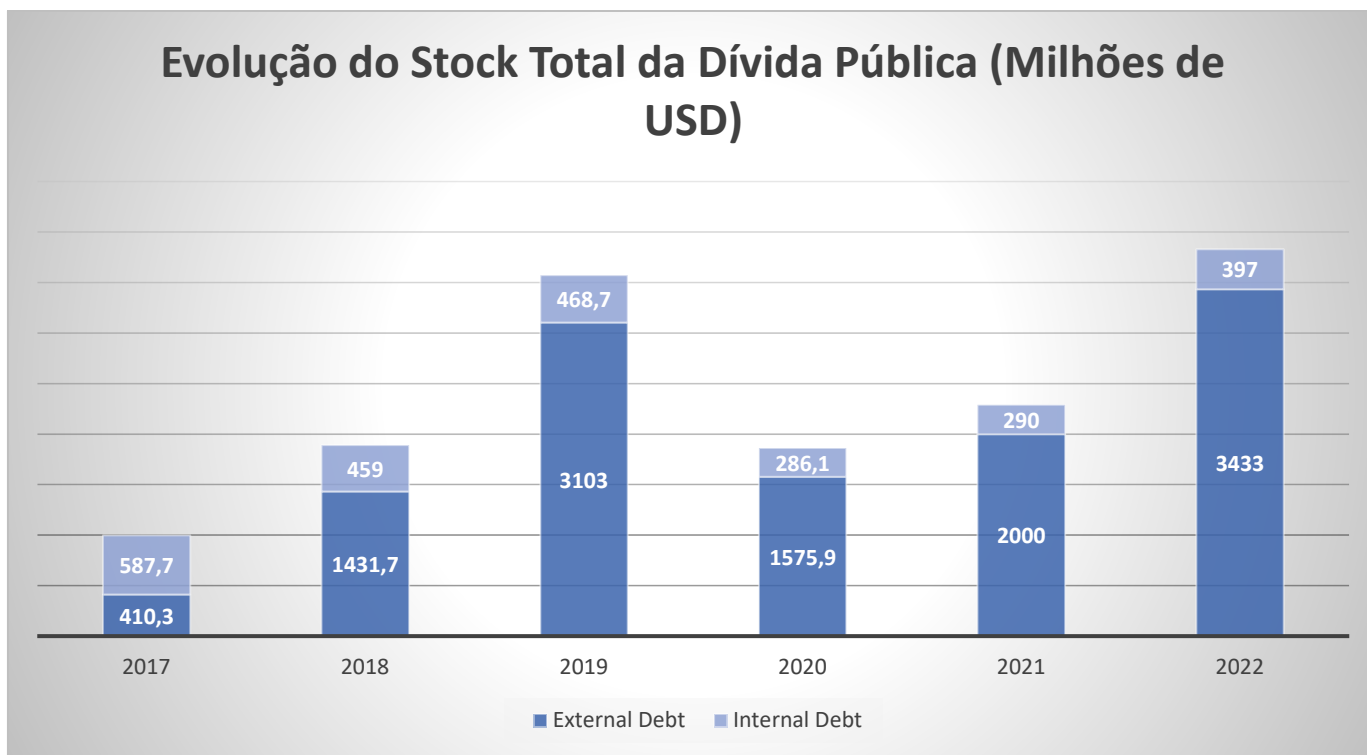
In the framework of the public debt management strategy, the Government will continue to give priority:

- (i) Reduction of the primary deficit through the implementation of measures to improve sources of revenue and contain public expenditure, which will reduce recourse to domestic credit to finance the budget deficit;
- (ii) The prioritisation of contracting external concessional credits and increasing the proportion of external financing from 30% to 36.5% and the consequent reduction of internal financing from 70% in 2022 to 63.6% in 2023.
- (iii) The continuation of debt restructuring negotiations.

Mozambique's public debt in the fourth 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 reflected a value of 281,545.8 million meticaís at the end of 2022 where the increase in domestic debt mainly reflects the expansion of securities debt. Compared to the figures for 2020 - 2021, the external debt grew by 0.1% up to September 2022. For 2023, an amount of MT 41.4 billion is foreseen for public debt charges, of which MT 29.950.0 million is linked to internal interest and MT 11.450.0 to external interest, corresponding to 2.3% and 0.9% of GDP respectively..

Public debt data



Source: Ministério da Economia e Finanças

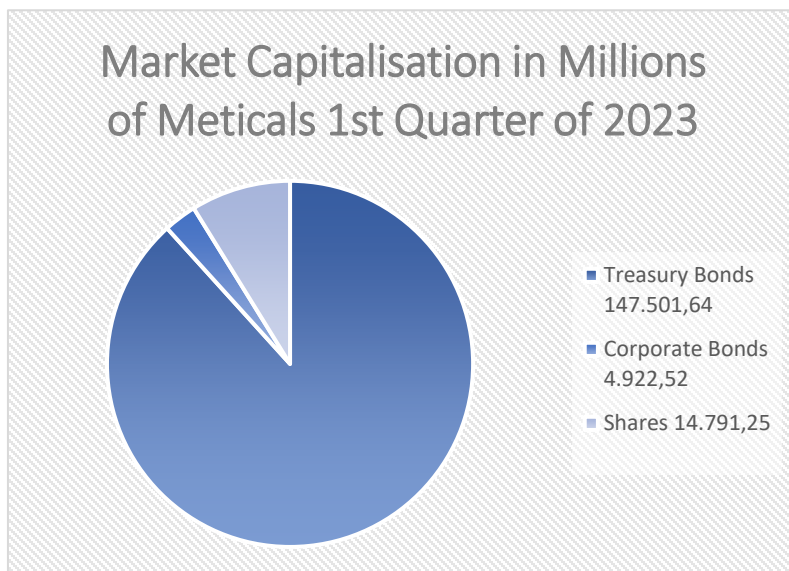
## Capital Markets

BVM recorded a decrease in turnover from 16,669.77 million meticaís in the fourth quarter of 2022 to 6,855.64 in the first quarter of 2023. Currently, the market capitalisation stands at 167,465.41 million meticaís and this is reflected in the daily market indicators of the Mozambique Stock Exchange. Interest rates on debt instruments reflect 18.018% for treasury bonds, 17.769% for private bonds and 18.900% for commercial paper.

The main indices showed positive variations throughout the month of April: NASDAQ, Eurostoxx, and CAC 40, closed with increases of 12.6%, 4.7% and 5.7% 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 34209.00, S&P 500 with a significant increase to 4170.06 pp, DAX increased to 15922.38, JSE Top 40 also accelerated in the month of April with a figure of 71950.24 compared to 70178.61 in the previous month.

Data for the month of April 2023

Indicators	April 2022	March de 2023	April 2023	VM (%)	VH(%)
BVM (Moçambique)*	125775.81	142491.00	147501.64	3.5	17.3
JSE TOP 40	6333.92	70178.61	71950.24	2.5	1036.0
Dow Jones futures	32977.21	32432.08	34209.00	5.5	3.7
S&P 500	4131.93	3977.53	4170.06	4.8	0.9
Nasdaq 100	13504.53	11768.84	13247.39	12.6	-1.9
Euro Stoxx 50	4006.87	4163.00	4359.31	4.7	8.8
DAX	14097.88	15124.86	15922.38	5.3	12.9
CAC 40	6889.98	7076.07	7481.31	5.7	8.6



As for market capitalisation in the first quarter of 2023: Equities finished with 14,791.25 (8.80%), Corporate bonds 4922.52 (2.90%) and Treasury bonds at 147,501.64 (88.10%). (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, the MIMO rate at 17.25% to ensure that inflation returns to single digits in the medium term. There are still prospects of a deceleration of inflation in the short and medium term bringing it down to a single digit and, at an external level, uncertainties still prevail in relation to the effects of the prolonged conflict between Russia and Ukraine and the risks of global economic recession. It is expected that the implementation of energy projects will continue to favour economic growth with the potential for a reduction in external demand.

The next ordinary meeting of the CPMO is scheduled for 31 May 2023.

In April inflation stood at 10.82%, a slight increase compared to the previous month. The Central Bank in April closed the interest rates on the deposit facility (FPD) at 14.25% and on the lending facility (FPC) at 20.25%. According to data published by INE the Prime rate increased to 23.50%.

The decision made by the CPMO to increase the Mandatory Reserve coefficients for domestic currency liabilities from 10.5% to 28%, and for foreign currency liabilities from 11.5% to 28.5%. The IRPS and IRPC are projected 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% as against 2.7% for the current year. The same plan also mentions GDP growth of 5%.

Data for the month of April 2023

Taxes	April-22	March-23	April-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 (%)	18.6	23.5	23.5	0.00	4.9
BT - 91D	13.4	17.71	17.75	0.04	4.35
BT - 182D	13.43	17.750	17.760	0.01	4.33

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 Político Monetária; PRSF: Prime Rate do Sistema Financeiro; VM- Variação mensal; VH- Variação homóloga; pp: pontos percentuais

## Foreign Exchange

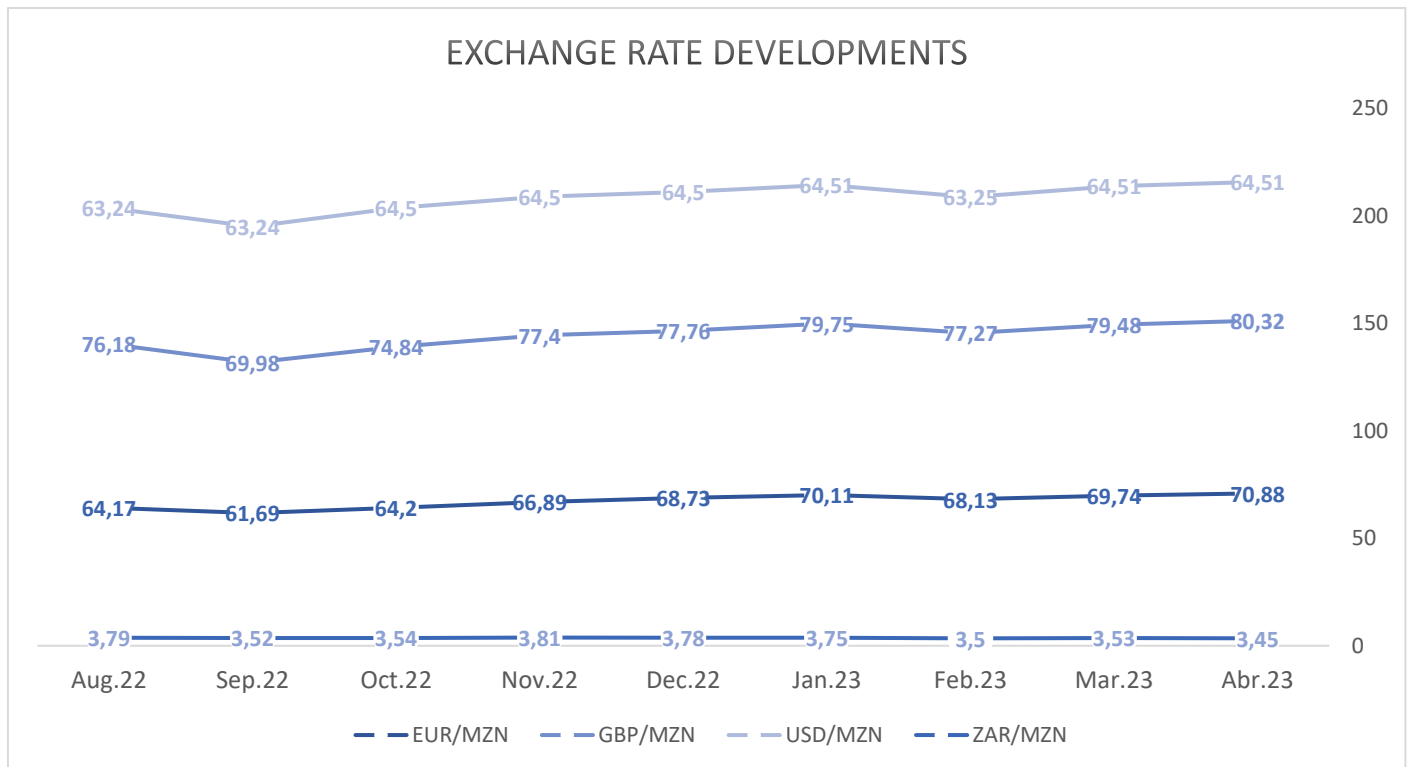
The US Dollar remained in the same numerical range compared to the previous month ending the month at 64.51, the Rand against the Metical saw another drop to 3.45, the Euro against the Metical is recovering showing significant monthly increases and currently has a figure of 70.88. The Metical against the Pound has fallen in the current month to 80.32.

The Metical has retreated against the major currencies (USD, EUR, GBP). Against the EUR, the Metical showed a negative figure of 1.14% and against the ZAR there was a deceleration equivalent to -0.08% and a negative figure of 0.84% against the GBP.

Data for the month of April 2023

Moedas	April 2022	March2023	April 2023	VR(%)	VH(%)
USD/MZN	63.8	64.51	64.51	0.00	1.11
EUR/MZN	67.53	69.74	70.88	1.14	4.96
GBP/MZN	80.26	79.48	80.32	0.84	0.07
ZAR/MZN	4.36	3.53	3.45	-0.08	-20.87
GBP/USD	1.26	1.23	1.25	0.02	-0.79
USD/ZAR	15.76	18.23	18.31	0.08	16.18

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



Source: The Global economic



## About Mazars

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## Sources

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