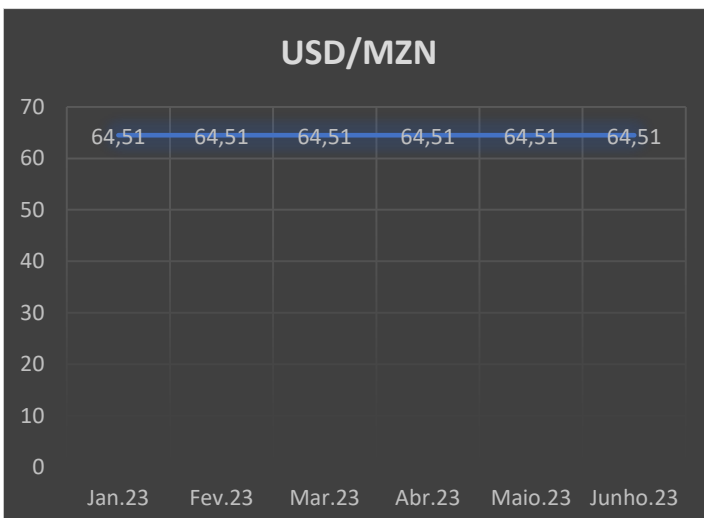
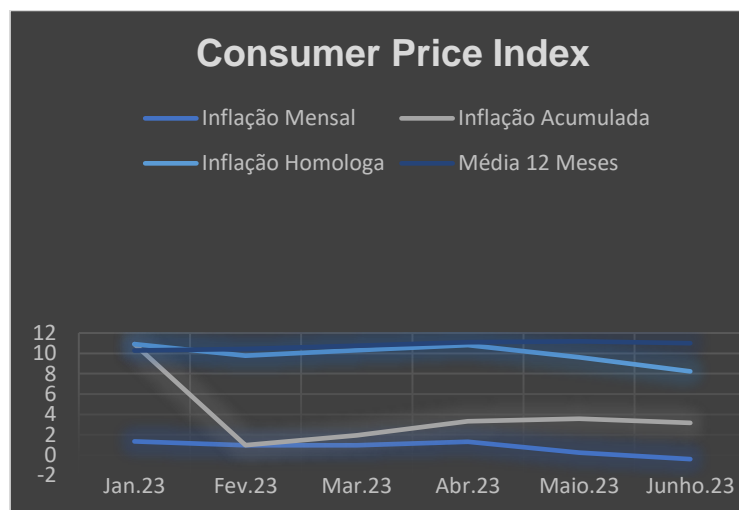
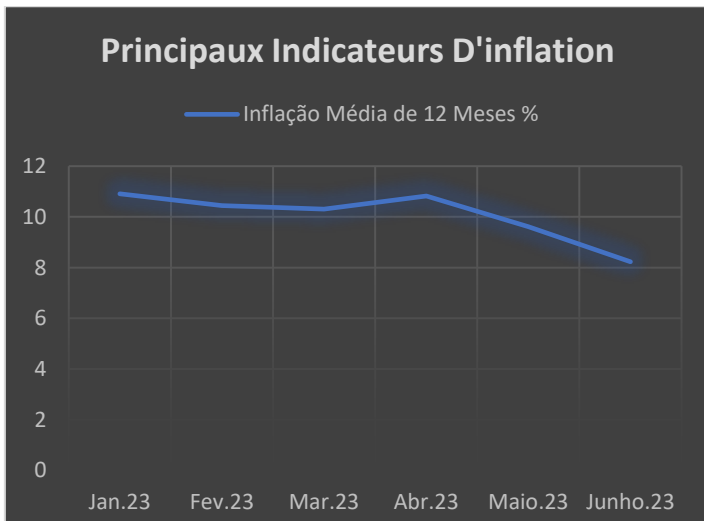




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

JUNE 2023

MAIN HIGHLIGHTS



- Gross domestic product stood at 4.2%;
- In June the Mozambique Stock Exchange (BVM) had a positive variation of 4.4 pp;
- In May, the main indices showed negative changes over the month: Dow Jones, NASDAQ, Eurostoxx, and CAC40 closed at 5.2, 6.5, 4.3 and 4.4 respectively;
- The Bank of Mozambique in May closed rates, MIMO at 17.25%, (FPD) at 14.25%, (FPC) at 20.25% and (PRSF) at 24.10%.

Macroeconomic indicators

Indicator Projection	II Quarter 2023	Projection for 2023
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	173702	1320178.7
Inflation	8.23	11.5
Exports USD MILLION	1699	8806.0
Imports	2072	9518.0
Public Debt	101.10	135
World Economy	2.70	4,7
MIMO Rate (%)	17.25	17.25
Prime Rate of the Financial System (%)	24.10	22.6
USD/MZN	64.51	65.2
International Reserves	2707	2936.6
Credit to the Economy	3.30	3.30

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

Economic Activity

Regarding economic activity in Mozambique, the World Bank indicated that inflation has peaked in Mozambique in the last five years, amounting to an overall average of 9.61%, influenced by floods on the supply of fresh produce and higher 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 recover the economic situation and stimulate private sector growth including the Economic Acceleration Package (EAP).

The Food and Agriculture Organization (FAO) Food Price Index continued to decline, marking the ninth consecutive reduction represented by 124.3 pp, a drop of 3.4 pp. This fall in June is the result of falls in the price indices of vegetable oils, cereals and daily products which were balanced by the food price indices of sugar and meat. In the specific case of the Cereals Price Index ranged between 129.7 pp in May which is a reduction of 6.5 points compared to the previous month. The vegetable oil price index reflects a value of 118.7 pp for the month of May, a reduction of 11.3 pp resulting in a drop in prices of soybean oil and sunflower oil. The Meat Price stood at 117.9 pp in May, poultry meats dropped too much with the import limitation of major export companies that were affected by the influenza outbreaks. The reduction in this index is the fourth consecutive price cut. The Sugar Price Index averaged 157.6 pp in May.

Data for the month of June 2023

Comodity	June 2022	May 2023	June 2023	VR (%)	VH (%)
Milho (\$/mt)	342.9	298.2	268.1	-10.1	-21.8
Wheat, US HRW (\$/mt)	492.4	394.8	367.7	-6.9	-25.3
Rice, Thai 5% (\$/mt)	446.3	492	510	3.7	14.3
Sugar, World (\$/kg)	0.43	0.45	0.56	24.4	30.2
Cotton, A index (\$/mt)	3.48	2.19	2.07	-5.5	-40.5
Aluminum(\$/mt)	2,879.00	2,416.000	2,269.000	-6.1	-21.2
Coal, South Africa (\$/mt)	291.1	144.7	103	-28.8	-64.6
Brent Oil (\$/bbl)	112.7	82.7	75.7	-8.5	-32.8
Natural Gas, US (\$/mmbtu)	7.45	2.38	2.15	-9.7	-71.1
Liquefied Natural Gas, JPN (\$/mmbtu)	16.17	19.74	14.04	-28.9	-13.2

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

Inflation

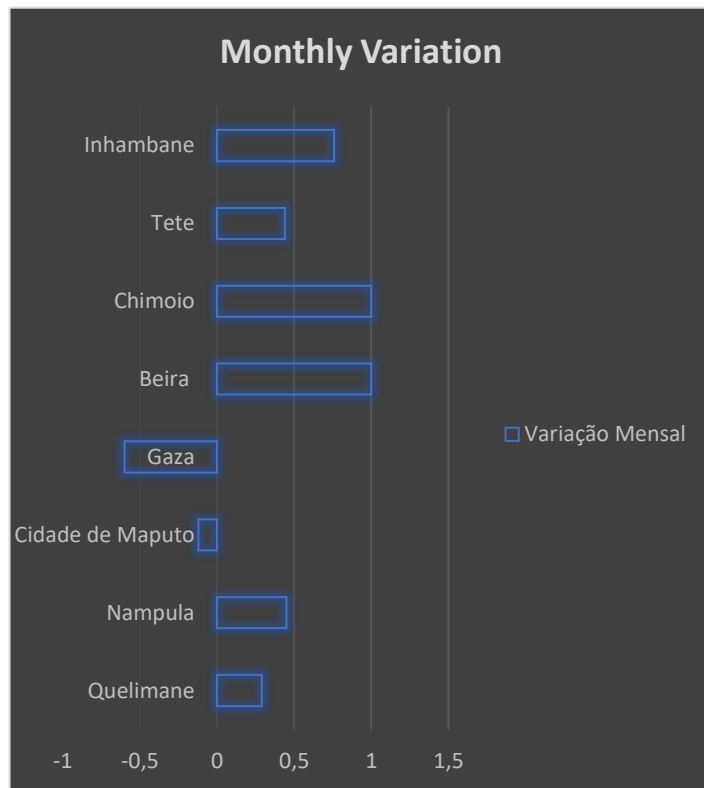
As for the Consumer Price Index (CPI) published by INE, the country registered a monthly inflation of 11.0% with a homologous inflation of 8.23% which is a significant reduction due to the greater supply of fruits and vegetables in the market. The Food and non-alcoholic beverages divisions were the most prominent classes, contributing in the total monthly variation with about 0.16 pp positive. Regarding the monthly change by product, it is worth highlighting the increase in prices of tomatoes (2.5%), onions (15.5%), maize flour (5.5%), peanuts (4.5%), butter beans (2.8%), light second-hand motor vehicles (2.3%) and cabbage (3.7%), which contributed to the total monthly change with around 0.38 pp positive. However, some products, such as grain maize (19.5%), edible oil (1.6%), coconut (2.9%), lettuce (6.6%), live chicken (1.9%), motorbikes (0.9%) and television receivers (3.1%), bucked the upward price trend by contributing around 0.34 pp to the total month-on-month change.

The risks and uncertainties underpinning the inflation projections have been exacerbated by recent weather-related shocks to the prices of goods and services in the short term and by increased pressure on public spending. Annual inflation accelerated to 11.18% in May 2023, reflecting higher food prices in the face of weather-related shocks and higher prices of administered goods and services.

Analysing the monthly variation by the eight collection centres, which serve as a reference for the country's price variation, all cities registered a positive figure. Inhambane province stood out with a significant increase of 13.48%, followed by Tete with (12.17%), Quelimane (12.09%) Chimoio with (9.26%), Beira with (9.11%) Nampula with (8.30%) Maputo with (8.17%) and Xai Xai with 7.75%, Tete with 12.17%.

Data for the month of May 2023 :

Description	Contribution
Food products and non-alcoholic beverages	2.66
Alcoholic Beverages and Tobacco	0.03
Clothing and Footwear	0.08
Housing, water, electricity, gas and others	0.04
Furniture, decoration articles	0.07
Health	0.01
Transport	0.26
Communications	0.04
Education	0.14
Leisure, recreation and culture	0.00
Restaurants, hotels, cafés and the like	0.16
Miscellaneous goods and services	0.09
Total	3.58



Source: Instituto Nacional de Estatística

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Public Debt Market

The volume of domestic public debt increased by 24 per cent over the course of fiscal year 2022, bringing its stock to USD 4.41 billion (MT 281.5 billion), equivalent to 30 per cent of total central government debt. Fiscal activity in 2022 was characterised by a high pace of domestic debt issuance and refinancing.

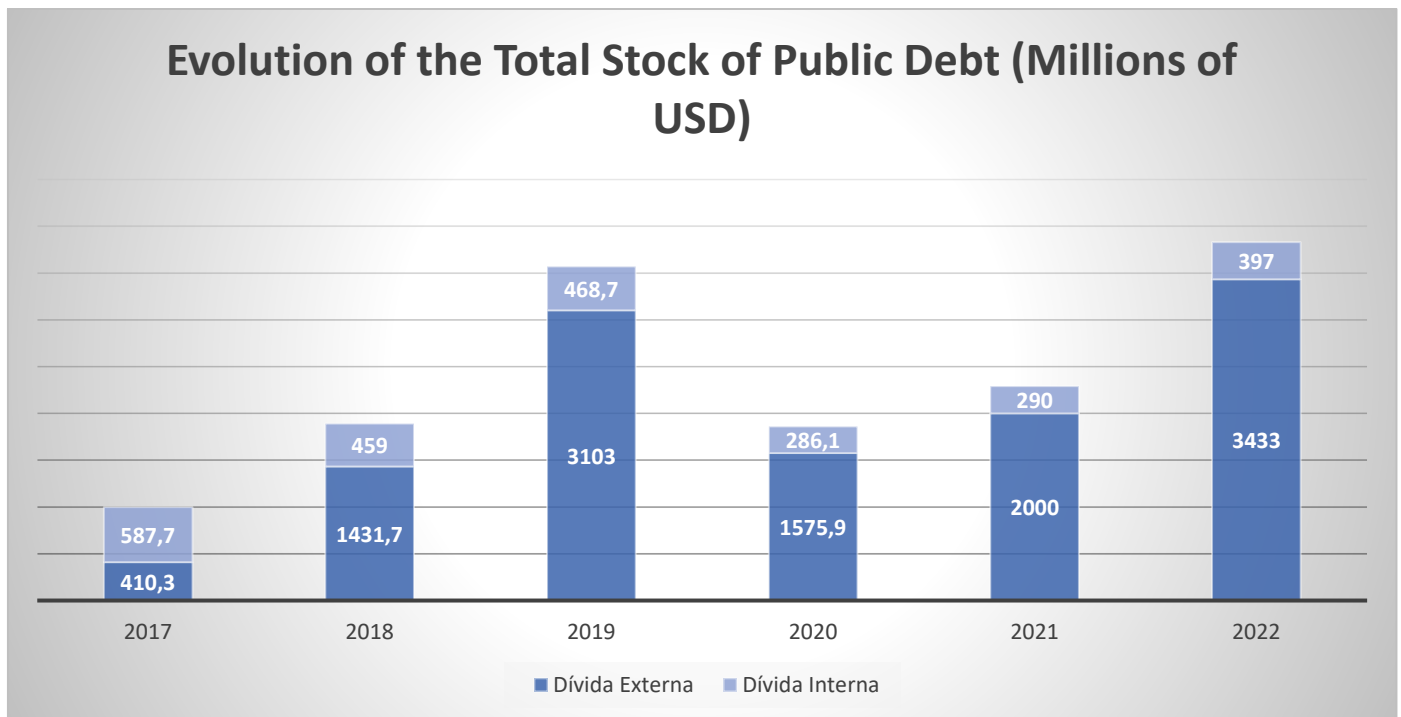
As part of its debt management strategy, the Government will continue to give priority to:

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

Mozambique's public debt in the fourth quarter of 2022 decreased by 10.2 million dollars, which is the equivalent of 657,409.15 million meticaís, a decrease of -0.3% compared to the first quarter of the year. USD 5.8 million corresponds to 57% of the total allocated to multilateral creditors and the remaining USD 4.3 million corresponds to 43% allocated to bilaterals. Public external debt by type of currency remained constant for all foreign currencies compared with the first quarter of 2022.

The 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 the securities debt. Compared to the figures for 2020 - 2021, external debt grew by 0.1% until September 2022. An amount of 41,400 million MT is foreseen for 2023 for public debt expenditure, of which 29,950.0 million MT is linked to domestic interest and 11,450.0 MT to external interest corresponding to 2.3% and 0.9% of GDP respectively.

Public debt data :



Source: Ministério da Economia e Finanças

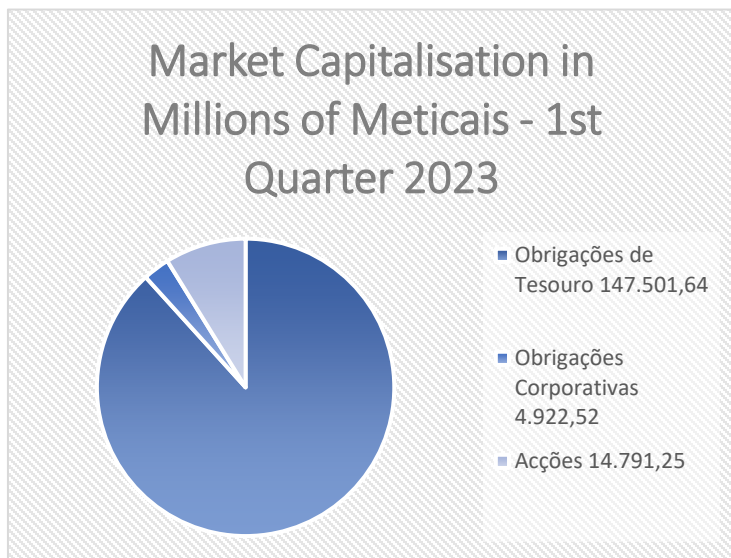
Capital Markets

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 175,492.19 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 changes over the month of May: NASDAQ, Eurostoxx, and CAC 40, closed with increases of 6.5%, 4.3% and 4.4% respectively. At a time when the US central bank is raising interest rates at an aggressive pace to combat skyrocketing inflation. In this context, stock markets globally reflect investors' confidence to invest again. The Dow Jones index closed at 34612.00 S&P 500 rose significantly to 4449.63 pp, DAX increased to 16147.90, JSE Top 40 also accelerated in the month of May with a figure of 70794.81 compared to 77015.21 in the previous month.

Data for the month of June 2023:

Indicators	June 2022	May 2023	June 2023	VM (%)	VH(%)
BVM (Moçambique)*	131116.91	124095.76	123861.11	-0.2	-5.5
JSE TOP 40	10974.00	77015.21	70794.81	-8.1	545.1
Dow Jones futures	30775.43	32908.27	34612.00	5.2	12.5
S&P 500	3785.38	4179.83	4449.63	6.5	17.5
Nasdaq 100	11503.72	14254.09	15174.67	6.5	31.9
Euro Stoxx 50	3454.86	4218.04	4399.09	4.3	27.3
DAX	12783.77	15664.02	16147.90	3.1	26.3
CAC 40	5868.58	7098.70	7408.35	4.4	26.2



Regarding market capitalisation in the first quarter of 2023: Equities ended at 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 Banco de Moçambique (BM) decided to maintain the monetary policy interest rate, MIMO rate at 17.25% and this decision is underpinned by the prevalence of high risks and uncertainties associated with inflation projections, notwithstanding the prospects of single digit inflation in the medium term.

The risks and uncertainties underlying the inflation projections remain high. On a domestic level, the maintenance of pressure on public expenditure in a context of weak revenue collection and the uncertainties regarding the evolution of the price of administered goods, especially liquid fuels, should be highlighted.

The next ordinary meeting of the CPMO is scheduled for 26 July 2023.

Inflation fell to 8.23% in May due to higher supply of fruit and vegetables. The Central Bank in June closed the interest rates on the deposit facility (FPD) at 14.25% and the lending facility (FPC) at 20.25%. According to data published by the INE, the prime rate increased to 24.10%.

The CPMO's decision to increase the Required Reserve Ratios for liabilities in domestic currency from 28.0% to 39.0% and in foreign currency from 28.5% to 39.5% aims to absorb excessive liquidity in the banking system with the potential to generate inflationary pressure.

The outlook for moderate economic growth remains favourable. In the first quarter of 2023, gross domestic product (GDP) stood at 4.17%, mainly 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 May 2023:

Taxes	June-22	May-23	June-232	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 (%)	20.4	23.5	24.1	0.60	3.7
BT - 91D	13.04	17.75	17.78	0.03	4.74
BT - 182D	13.430	17.760	17.800	0.04	4.37

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

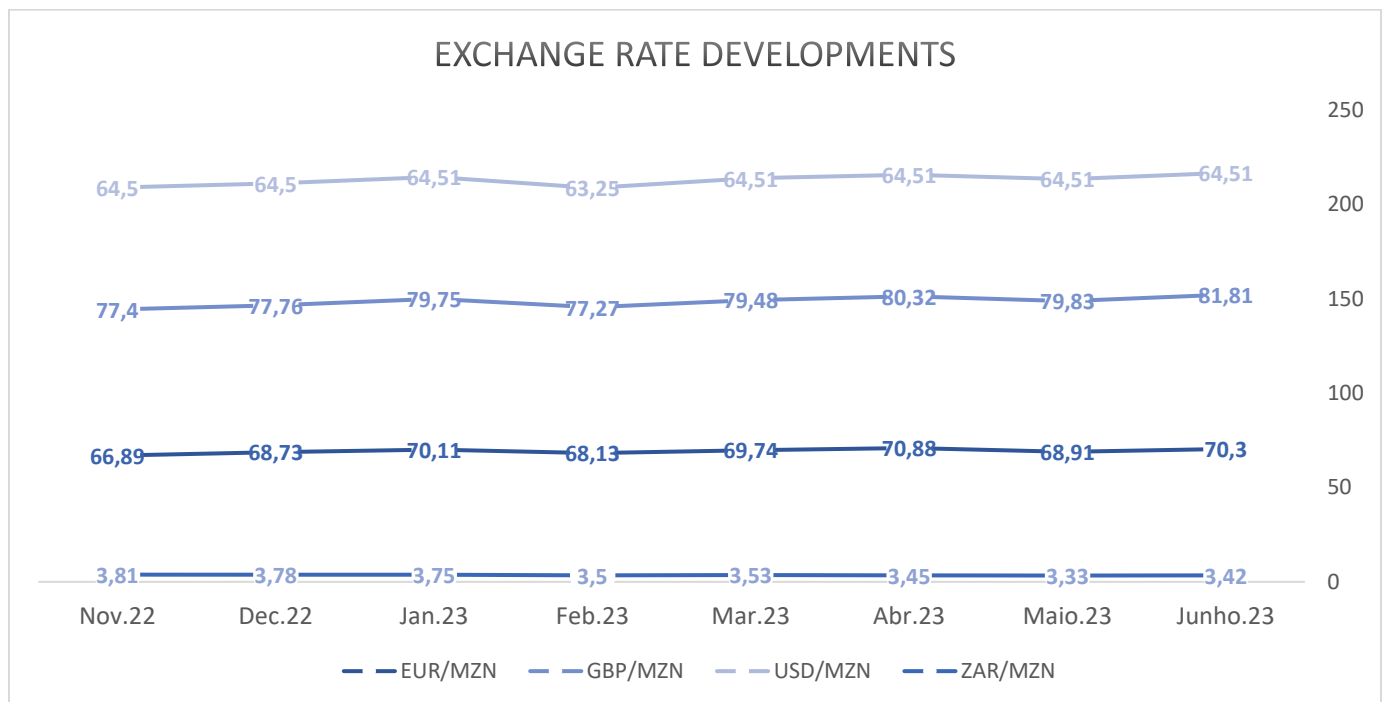
The US Dollar remained in the same numerical range compared to the previous month, ending the month at 64.51, the Rand against the Metical saw a positive change from 3.33 to 3.42 in June, the Euro against the Metical is recovering showing significant monthly increases and currently has a figure of 70.3. The Metical against the Pound has seen a rise to 81.81.

The Metical retreated against the major trading currencies (USD, EUR, GBP). Against the EUR, the Metical showed a positive figure of 1.39% and against the ZAR there was a slowdown equivalent to 0.09% and a positive figure of 1.98% against the GBP.

Data for the month of June 2023:

Currency	June 2022	May 2023	June 2023	VR(%)	VH(%)
USD/MZN	64.1	64.51	64.51	0.00	0.64
EUR/MZN	66.47	68.91	70.3	1.39	5.76
GBP/MZN	76.95	79.83	81.81	1.98	6.32
ZAR/MZN	3.98	3.33	3.42	0.09	-14.07
GBP/USD	1.22	1.24	1.27	0.03	4.10
USD/ZAR	16.09	19.28	18.83	-0.45	17.03

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



Source: The Global economic

About Mazars

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