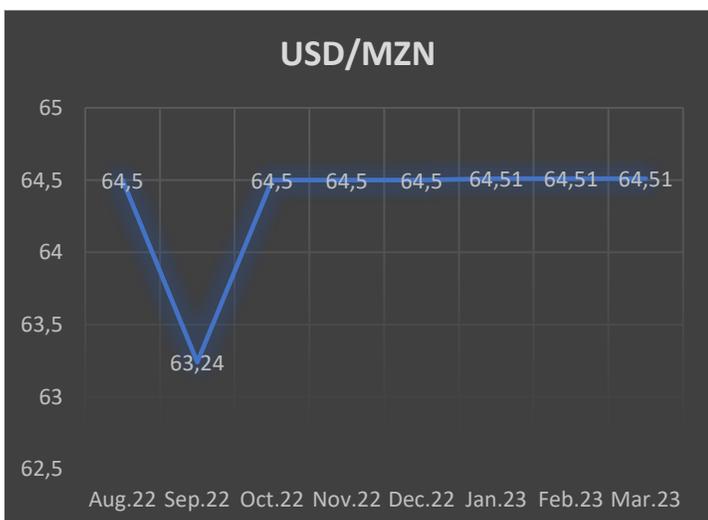
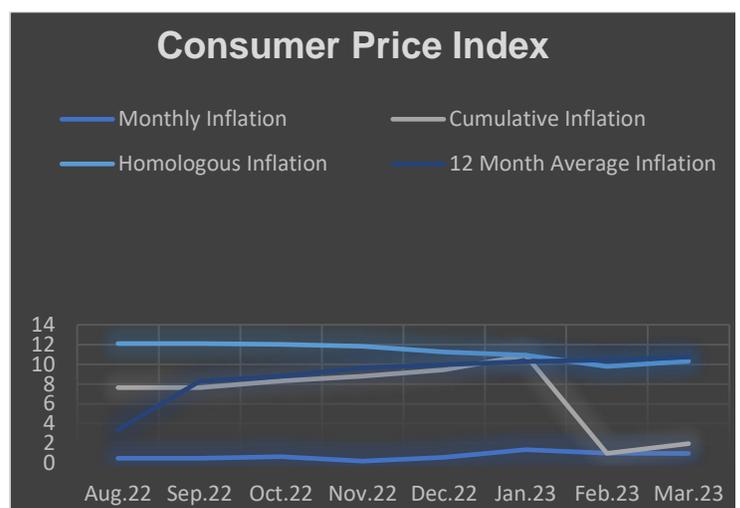




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

MARCH 2023

MAIN HIGHLIGHTS



- Gross domestic product stood at 4.15%;
- In the second quarter of 2022 the domestic public debt rose from 250,666.94 to 274.8 billion meticaais
- In March the Mozambique Stock Exchange (BVM) had a positive variation of 4.4 pp;
- In March the main indexes showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC40, closed with -1.6, -2.7, -2.0 and -3.2 respectively;
- The Bank of Mozambique in March closed rates, MIMO at 17.25%, (FPD) at 14.25%, (FPC) at 20.25% and (PRSF) at 23.50%.

Macroeconomic Indicators

| Indicator Projection | Quarter I 2023 | Projection for 2023 |
|--|----------------|---------------------|
| GDP (quarterly growth) | 0.039 | 0,029 |
| GDP (mzn mio) | 173702 | 1320178.7 |
| Inflation | 10.30 | 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 (%) | 22.60 | 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 the global average of 10.3%, influenced by the increase in fuel and food prices in the international market. The global increase in oil and food prices has contributed to inflationary pressures and stable nominal and real exchange rates help to minimize 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). During the current month, the report for Mozambique to be removed from the grey list was submitted to the Financial Action Task Force (FATF) which is an authorized entity to promote the fight against money laundering and terrorism. In order to be removed from the grey list, Mozambique will have to conduct national risk assessments for non-governmental organisations and install identification systems for beneficial owners and develop national and international cooperation actions on money laundering and terrorism.

The FAO (Food and Agriculture Organization) Food Price Index continued to decline, marking the ninth consecutive reduction represented by 129.8 pp, a drop of 0.6 pp marking the 11th consecutive monthly drop. In the specific case of the Cereals Price Index ranged between 147.3 pp in February which is a reduction of 0.1 points compared to the previous month. The vegetable oil price index reflects a value of 135.9 pp for the month of February, a reduction of 4.5 pp resulting in a drop in prices of soybean oil and sunflower oil. The Meat Price stood at 112.0 in February, poultry meats dropped 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 124.9 pp in February.

Data for the month of February 2023

| Convenience | 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
Caption: VM- Variação mensal; VH- Variação homóloga

Inflation

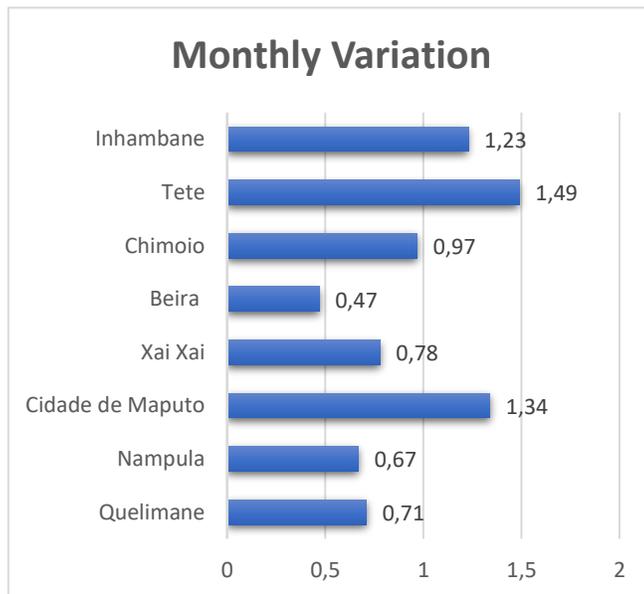
As for the Consumer Price Index (CPI) published by INE, the country registered a monthly inflation of 0.97% with a homologous inflation of 10.30% which is a significant reduction due to food products and domestic gas. The Food and non-alcoholic beverages divisions were the most prominent, contributing around 0.81 pp to the total monthly variation. In relation to the monthly change per product, it is worth mentioning the increase in the prices of tomato (11.7%), maize grain (9.1%), public higher education (23.3%), cabbage (16.5%), kale (6.2%), horse mackerel (1.5%) and lettuce o (10.0%) which contributed in the total monthly change with about 0.87 pp positive. However, some products like coconut (2.6%), live chicken (2.4%), rice grain (1.2%), cooking oil (0.8%), dried fish (0.5%), bed sheets and pillowcases (3.8%) and bottled butane gas (3.4%), bucked the upward trend by contributing about 0.14 pp negative to the total monthly change.

The risks and uncertainties underlying the inflation projections have worsened, the recent climatic shocks on the prices of goods and services in the short term as well as the increased pressure on public spending. In March 2023, annual inflation accelerated from 9.78% to 10.30% 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 education were in year-on-year terms those which recorded the highest increase in prices with positive changes of 1.52 pp and 0.17 pp respectively. Analysing the monthly variation for the eight collection centres, which serve as a reference for price variation in the country, all cities registered a positive figure. The province of Tete stood out with a significant increase of 1.49%, followed by Maputo with 1.34%, Inhambane with 1.23%, Chimoio with 0.97%, Xai-Xai with 0.78%, Quelimane with 0.71%, Nampula with 0.67% and finally the city of Beira with 0.47%.

Data for the month of February 2023

| Description | Contribution |
|---|--------------|
| Food products and non-alcoholic beverages | 1.52 |
| Alcoholic Beverages and Tobacco | 0.02 |
| Clothing and Footwear | 0.03 |
| Housing, water, electricity, gas and others | -0.01 |
| Furniture, decoration articles | 0.03 |
| Health | 0.00 |
| Transport | 0.04 |
| Communications | 0.01 |
| Education | 0.17 |
| Leisure, recreation and culture | 0.02 |
| Restaurants, hotels, cafés and the like | 0.09 |
| Miscellaneous goods and services | 0.05 |
| Total | 1.97 |



Source: Instituto Nacional de Estatística

Public Debt Market

The Monetary Policy Committee (CPMO) of the Bank of Mozambique met again last day and declared that public debt has worsened where domestic public debt, excluding loan and lease agreements and overdue liabilities, stands at 301.3 billion meticaís which represents an increase of 26.1 billion meticaís in relation to December 2022.

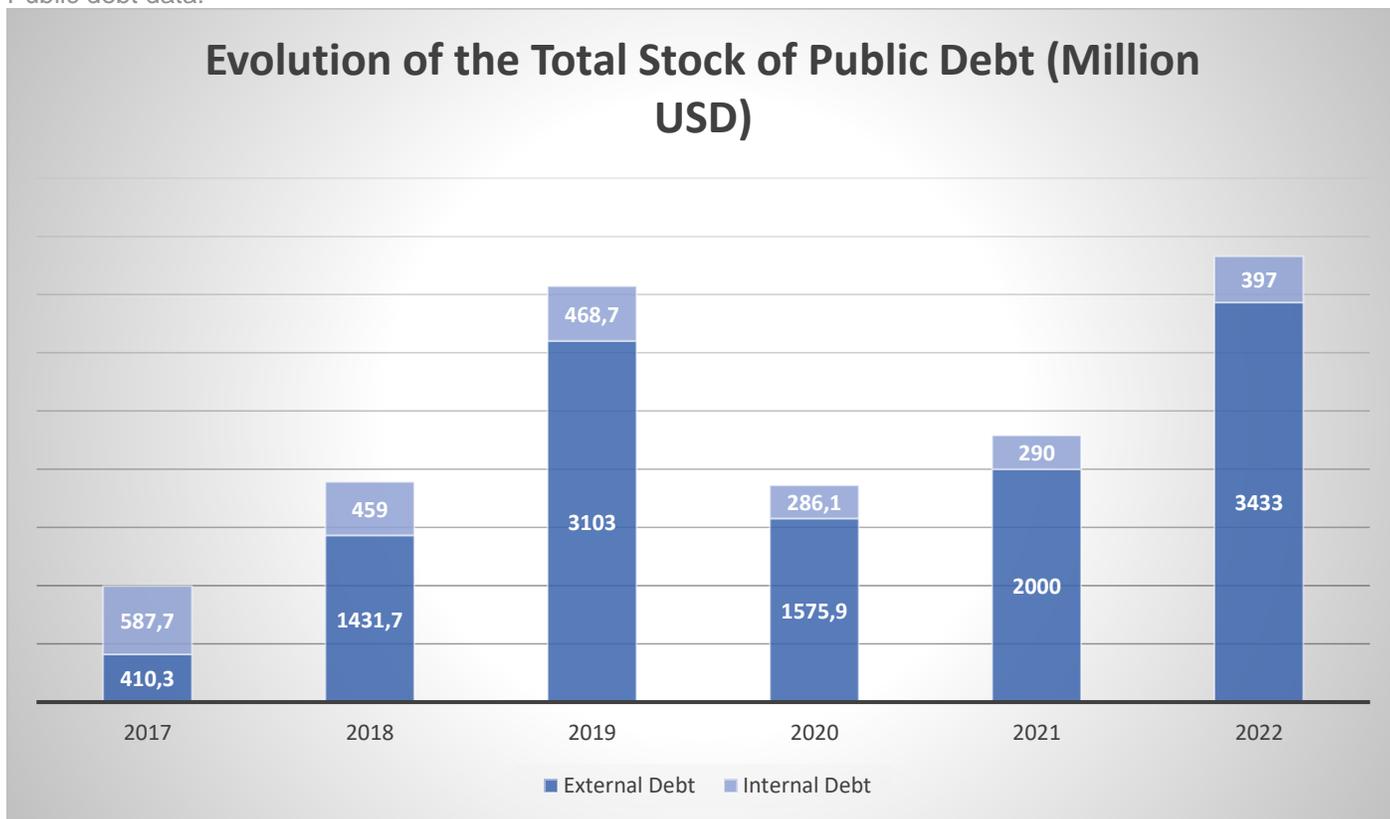
Within the scope of the public debt management strategy, the government will continue to give priority to:

- (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 concessional external credits and increasing the proportion of external financing from 30% to 36.5% and the consequent reduction of internal financing from the 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 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 projected for public debt burden expenditure of which MT 29.950.0 million is linked to domestic interest and MT 11.450.0 million to external interest corresponding to 2.3% and 0.9% of GDP respectively.

Public debt data:



Source: Ministério da Economia e Finanças

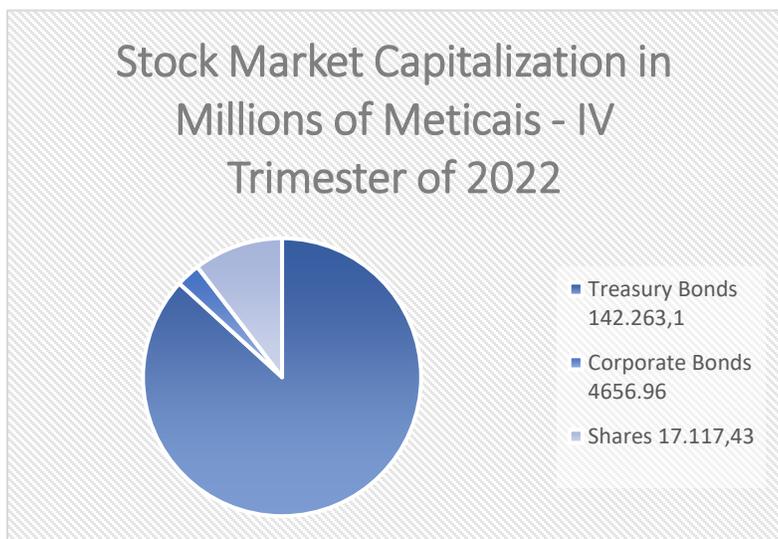
Capital Markets

BVM recorded growth in turnover, standing at 16,669.77 million meticaís in the fourth quarter of 2022. Currently, the market capitalization stands at 169.391,45 million meticaís and this is reflected in the daily market indicators of the Mozambique Stock Exchange. Interest rates on debt instruments reflect 17.49% for treasury bonds, 17.26% for private bonds and 18.9% for commercial paper.

The main indices showed negative variations throughout the month of March: NASDAQ, Eurostoxx, and CAC 40, closed with increases of -18.5%, 5.1% and 5.0% 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 32432.08, S&P 500 with a significant increase to 3977.53 pp, DAX increased to 15124.86, JSE Top 40 also accelerated in the month of March with a figure of 70178.61 compared to 71518.00 in the previous month.

Data for the month of March 2023

| Indicators | March 2022 | February 2023 | March 2023 | VM (%) | VH(%) |
|-------------------|------------|---------------|------------|--------|-------|
| BVM (Moçambique)* | 122668.10 | 142491.03 | 142491.00 | 0.0 | 16.2 |
| JSE TOP 40 | 6989.22 | 71518.00 | 70178.61 | -1.9 | 904.1 |
| Dow Jones futures | 35228.82 | 32946.60 | 32432.08 | -1.6 | -7.9 |
| S&P 500 | 4602.45 | 2691.36 | 3977.53 | 47.8 | -13.6 |
| Nasdaq 100 | 14442.27 | 12095.04 | 11768.84 | -2.7 | -18.5 |
| Euro Stoxx 50 | 3959.14 | 4248.01 | 4163.00 | -2.0 | 5.1 |
| DAX | 14606.05 | 15381.43 | 15124.86 | -1.7 | 3.6 |
| CAC 40 | 6729.94 | 7308.63 | 7076.07 | -3.2 | 5.1 |



Regarding shares in the Fourth Quarter 2022: Shares ended at 17,117.43 (10.40%), Corporate Bonds 4656.96 (2.80%) and Treasury Bonds at 142,263.1 (86.60%) (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, 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. The implementation of energy projects is expected to continue to favour economic growth with the potential for reduced external demand.

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

In March inflation stood at 10.30%, a significant drop compared to the previous month. The Central Bank in March 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 remained at 22.60%.

The decision made by the CPMO to increase the Mandatory Reserve coefficients for liabilities in local currency from 10.5% to 28%, and in foreign currency 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 March 2023

| Taxas | Mar-22 | Feb-22 | Mar-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 | 22.6 | 22.6 | 0.00 | 4 |
| BT - 91D | 13.38 | 17.69 | 17.71 | 0.02 | 4.33 |
| BT - 182D | 13.37 | 17.720 | 17.750 | 0.03 | 4.38 |

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

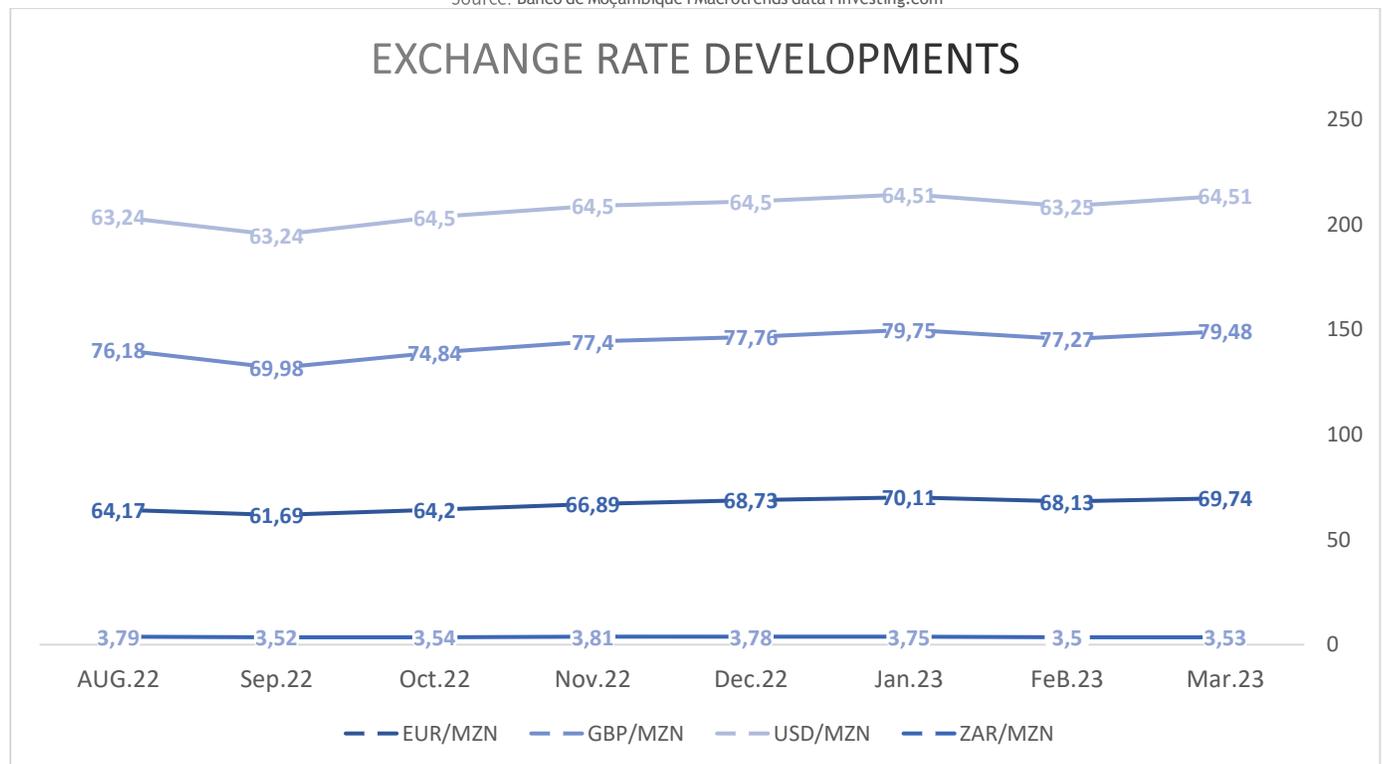
The US Dollar has shown a fall in the month of March compared to the previous month, ending the month at 64.51, the Rand against the Metical has seen a slight fall to 3.53, the Euro against the Metical is recovering showing significant monthly increases and currently has a figure of 69.74. The Metical against the Pound has fallen in the current month to 79.48.

The Metical has retreated against the major currencies (USD, EUR, GBP). Against the EUR, the Metical showed a negative figure of 1.61% and against the ZAR there was a deceleration equivalent to 0.03% and a negative figure of 2.21% against the GBP.

Data for the month of March 2023

| Currencies | March 2022 | February 2023 | March 2023 | VR(%) | VH(%) |
|------------|------------|---------------|------------|-------|--------|
| USD/MZN | 63.84 | 63.25 | 64.51 | 1.26 | 1.05 |
| EUR/MZN | 70.33 | 68.13 | 69.74 | 1.61 | -0.84 |
| GBP/MZN | 84.07 | 77.27 | 79.48 | 2.21 | -5.46 |
| ZAR/MZN | 4.27 | 3.5 | 3.53 | 0.03 | -17.33 |
| GBP/USD | 1.32 | 0.83 | 1.23 | 0.40 | -6.82 |
| USD/ZAR | 14.94 | 18.44 | 18.23 | -0.21 | 22.02 |

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/)
- 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//>