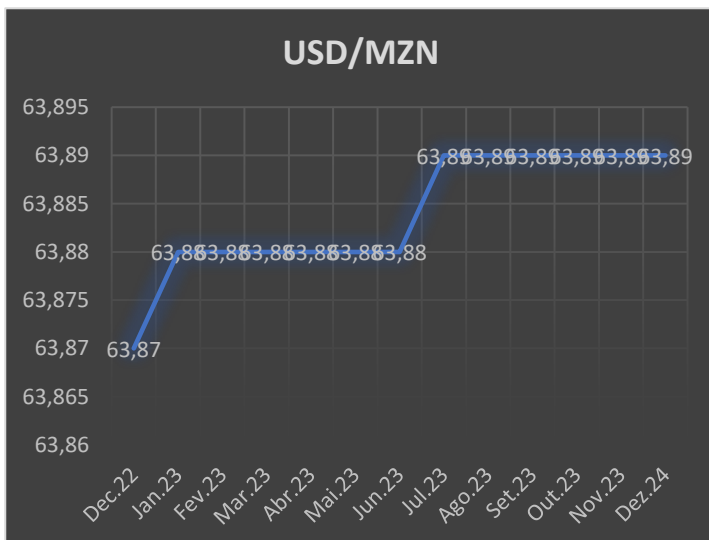
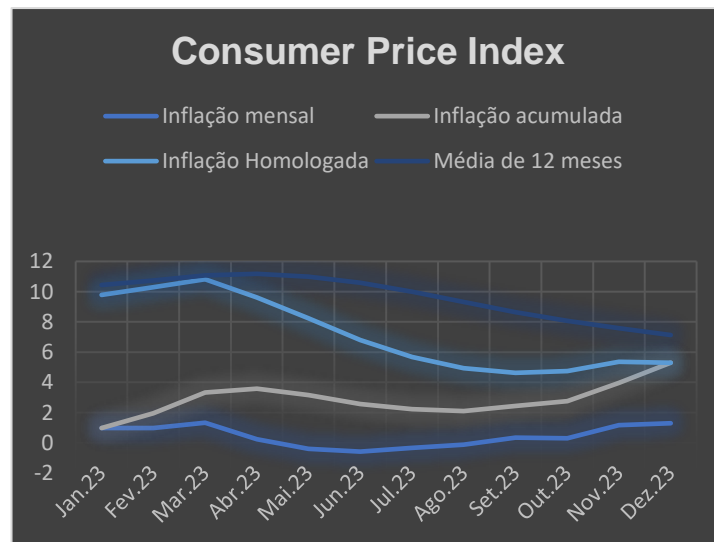
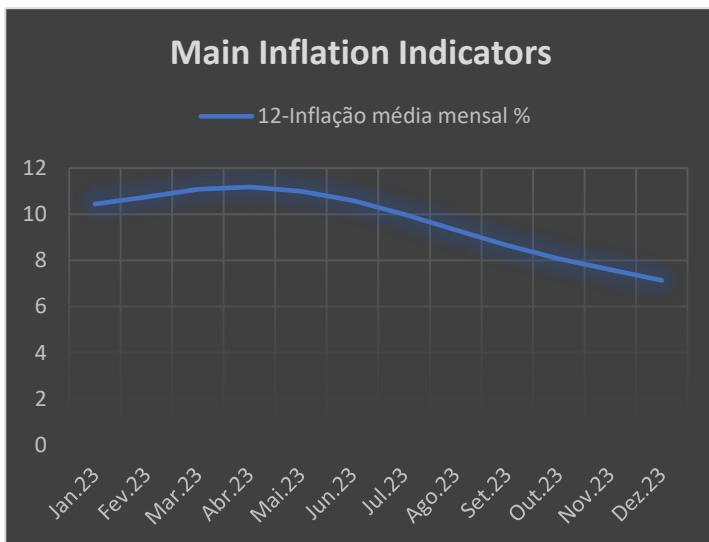




# MONTHLY ECONOMIC BULLETIN ON THE MOZAMBICAN ECONOMY

DECEMBER 2023

## MAIN HIGHLIGHTS



- Gross domestic product (GDP) grew by 5.36% in the fourth quarter;
- In December, the INE recorded a monthly inflation rate of 1.30%.
- In December, the main indices recorded positive developments throughout the month: the Dow Jones, the NASDAQ, the Eurostoxx and the CAC40 closed at 6.4%, 5.2%, 3.5% and 3.8% respectively;
- In December, the Bank of Mozambique closed rates, MIMO at 17.25%, FPD at 14.25%, FPC at 20.25%, and PRSF at 24.10%.

## Macroeconomic Indicators

Projection of Indicators	1 <sup>st</sup> Quarter 2023	2nd Quarter 2023	III Quarter 2023	IV Quarter 2023
GDP (quarterly growth year-on-year)	4,17%	4,67%	5,92%	5,36%
GDP (MZN mio at market prices)	186598	195299	182847	182809
Average inflation	10,30%	8,22%	5,58%	5,06%
Exports (USD million)	1699,3	2012,1	2220,7	2873,9
Imports (USD milhões)	2071,9	2248,6	2249,4	2948,1
MIMO Rate (%)	17,25	17,25	17,25	17,25
Prime Rate of the Financial System (%)	22,9%	23,7%	24,1%	24,1%
USD/MZN	63,88	63,88	63,89	63,89
International Reserves	2805,7	2804,7	3067,0	3169,7
Credit to the Economy	279,68	288,62	285,84	278,91

Source Instituto Nacional de Estatística, Banco de Moçambique e Trading Economics

## Economic Activity

With regard to economic activity in Mozambique, Banco Moçambique indicated that accumulated inflation rose to 5.3% in December, reflecting the favourable behaviour of prices. Food products and alcoholic beverages stood out.

The Mozambican government is taking important steps to recover the economic situation and stimulate growth in the private sector, including the package of economic acceleration measures (PAE).

In December, the FAO (Food and Agriculture Organisation) Food Price Index averaged 118.5, pp, down 1.8 pp (1.5%) on November, continuing the downward trend and 13.3pp (10.1%) below its value a year ago. In the specific case of the Cereals Price Index, it recorded an average of 122.8 pp in December, up 1.8 pp (1.5%) on November and 24.4 pp (16.6%) on a year ago. The Vegetable Oil Price Index averaged 122.4 pp in December, down 1.7 pp (1.4%) on November, marking the fourth consecutive monthly drop. Meat prices stood at 110.4 pp in December, down slightly (1.1%) on November, marking the fifth consecutive monthly drop and 2pp (1.8%) lower than a year ago. In December, international pork prices fell for the fourth month in a row, driven mainly by weak import demand in Asia. The Sugar Price Index recorded an average of 134.6 pp in December, down 26.8 points (16.6%) on November, the lowest value in 9 months.

Convenience	December 2022	November 2023	December 2023	VR(%)	VH(%)
Gold (\$/toz)	1,798	1,984	2,026	2,1	12,7
Wheat, EUA HRW (\$/mt)	386,3	283,6	291,1	2,6	-24,6
Rice, Thai 5% (\$/mt)	467	598	644	7,7	37,9
Sugar, World (\$/kg)	0,42	0,57	0,48	-15,8	14,3
Cotton (\$/kg)	2,22	1,99	2	0,5	-9,9
Aluminium(\$/mt)	2,402	2,202	2,182	-0,9	-9,2
Coal, South Africa (\$/mt)	162,8	109	108,8	-0,2	-33,2
Brent Oil (\$/bbl)	80,9	83,2	77,9	-6,4	-3,7
Natural, EUA (\$/mmbtu)	5,5	2,71	2,53	-6,6	-54,0
Liquefied natural gas, JPN(\$/mmbtu)	20,58	12,72	12,61	-0,9	-38,7

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

## Inflation

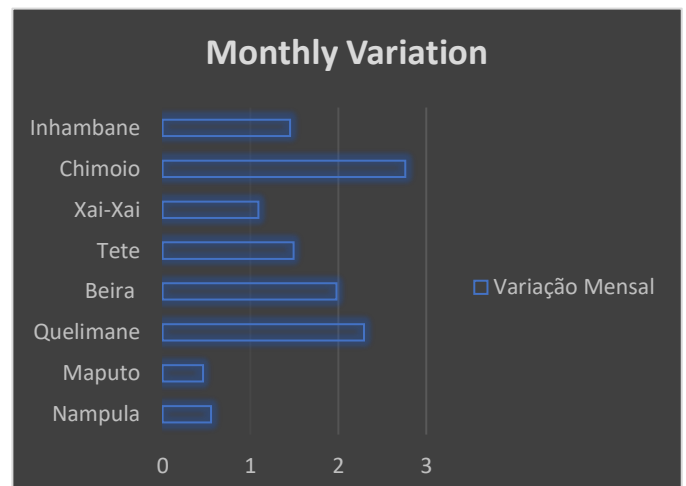
As for the Consumer Price Index (CPI) published by INE, the country recorded monthly inflation of 1.30 per cent, with the food and non-alcoholic drinks division being the most notable (1.15 pp positive). In terms of the monthly variation by product, we should highlight the increase in prices of tomatoes (9.8%), dried fish (6.6%), corn (9.3%), lettuce (23.7%), complete restaurant meals (1.1%), yams (43.9%) and nhemba beans (8.5%). These contributed around 1pp to the total monthly change. However, some products, particularly fresh hen's eggs (5%), horse mackerel (0.5%), cooking oil (0.5%), motorbikes (0.7%), corn flour (0.9%), lemons (3.3%) and fresh fish (0.2%) bucked the upward trend in prices by contributing a negative 0.09 pp.

The risks and uncertainties underlying inflation projections have worsened. Domestically, pressure on public spending and uncertainties about the evolution and effects of extreme weather events are expected to prevail. In the external environment, uncertainties about the magnitude of the impact of the prolongation and escalation of the conflict between Russia and Ukraine stand out, as well as the recent trend towards higher fuel prices. If these risks materialise, inflation could accelerate, deviating from the expected path.

Looking at the monthly variation for the eight collection centres, which served as a reference for the country's price variation, it can be seen that in December there was a rise in the general price level in Xai-Xai City (1, 09%), in Inhambane Province (1.45%), in the cities of Nampula (0.55%), Tete (1.49%), Chimoio (2.76%), Quelimane (2.29%), Beira (1.98%) and Maputo (0.46%).

Description	Contribution
Food products and non-alcoholic drinks	1,15
Alcoholic beverages and tobacco	0,00
Clothing and footwear	0,00
Housing, water, electricity, gas and others	0,03
Furniture, decorative items	0,02
Health	0,00
Transport	0,00
Communications	0,00
Education	0,00
Leisure, recreation and culture	0,00
Restaurants, hotels, cafés and similar	0,09
Miscellaneous goods and services	0,01
<b>Total</b>	<b>1,30</b>

Fonte: Instituto Nacional de Estatística



Fonte: Instituto Nacional de Estatística

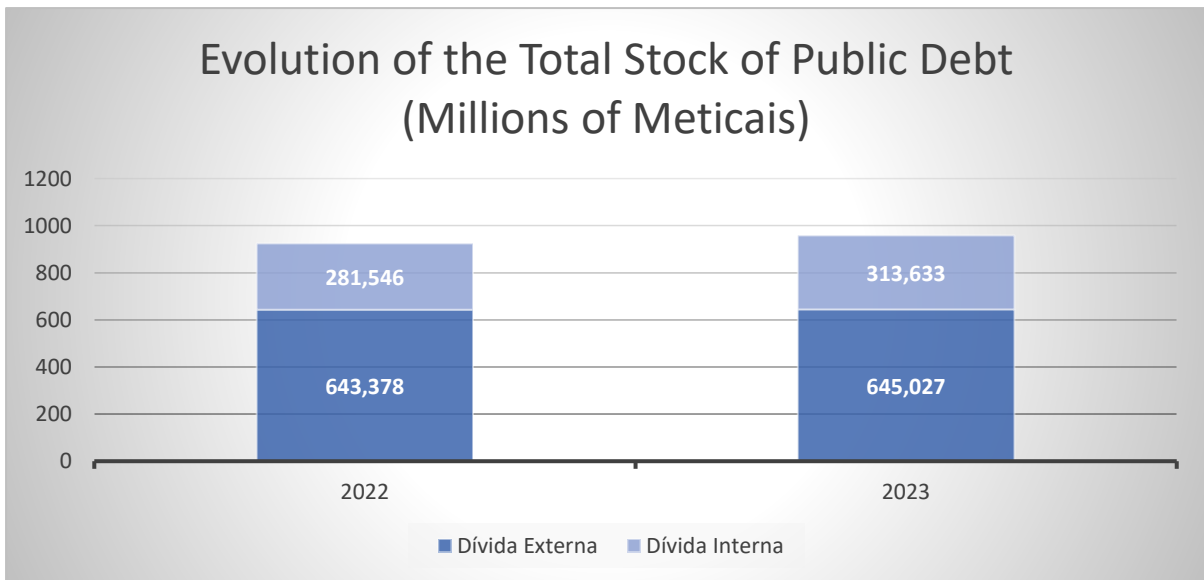
## Public Debt Market

The Mozambican state closed the fourth quarter with a public debt stock of 958.7 billion meticaais, an increase of 3.65 % compared to the end of 2022, according to the economic and social balance report on the implementation of the 2023 State Budget. This increase "was largely influenced by the evolution of domestic debt, in a context of relative stabilisation of external debt".

In the document, the Ministry of Economy and Finance (MEF) states that the external debt remained practically unchanged until December, at 645.03 billion meticaais (an increase of 0.26% compared to the end of 2022), while the domestic debt grew by 11.4 % compared to December 2022, reaching 313.63 billion meticaais at the end of 2023.

The weight of foreign debt at the end of 2022 was 69.6% while domestic debt accounted for 30.4 per cent of total debt. At the end of 2023, the weight of Domestic Debt rose to 32.7 %, while the weight of External Debt fell to 67.3%.

### Public Debt Data:



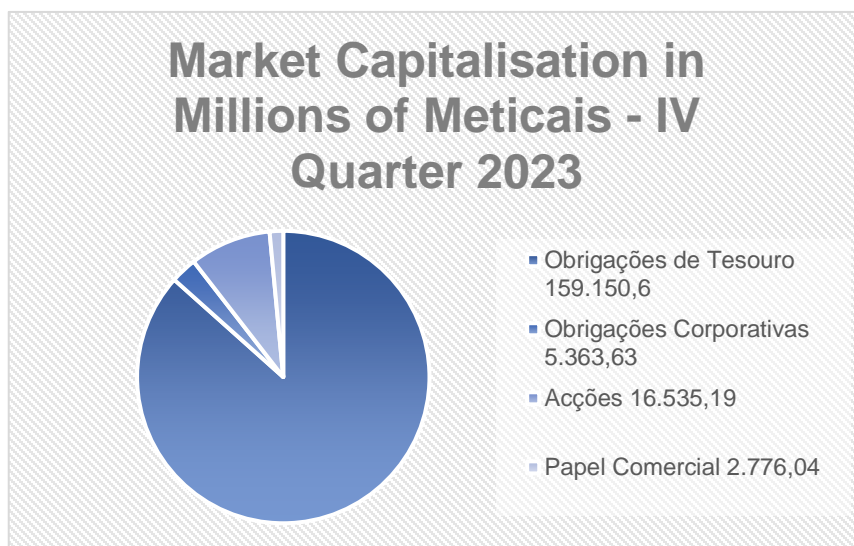
Source: Ministério da Economia e Finanças

## Capital Markets

BVM recorded an increase in turnover, from 6,855.64 million meticaís in the first quarter of 2023, to 13,933.05 in the second quarter, to 19,339.30 in the third quarter and finally 22,190.64 in the fourth quarter of 2023. Market capitalisation currently stands at 183,825.46 million meticaís and this is reflected in the daily market indicators of the Mozambique Stock Exchange.

The main indices showed positive variations throughout December: NASDAQ had a positive value of 5.2%, Euro ATX 50 and CAC 40, closed with positive values of 3.5%, 3.8% respectively. At a time when the US central bank is raising interest rates at an aggressive pace to combat soaring inflation. In this context, the stock markets globally reflect the confidence of investors to invest again. The Don Jones index closed at 37689.54, the S&P 500 rose significantly to 4769.83 pp, the DAX rose to 16751.64, the JSE Top 40 rose to 70494.80 compared to the previous month.

Indicators	December 2022	November 2023	December 2023	VM (%)	VH (%)
BVM (Moçambique)*	142844,73	201498,95	233303,01	15,8	63,3
JSE TOP 40	66966,50	69303,00	70494,80	1,7	5,3
Dow Jones futures	33147,25	35430,42	37689,54	6,4	13,7
S&P 500	3839,50	4550,58	4769,83	4,8	24,2
Nasdaq 100	10939,76	15987,60	16825,93	5,2	53,8
Euro Stoxx 50	3793,62	4370,53	4521,65	3,5	19,2
DAX	13923,59	16166,45	16751,64	3,6	20,3
CAC 40	6473,76	7267,64	7543,18	3,8	16,5



Regarding market capitalization in the fourth quarter of 2023: Shares ended at 16,535.19 (9%), Corporate Bonds at 5,363.63 (2.9%), Commercial Paper at 2,776.04 (1.5%) and Treasury Bonds at 159,150.6 (86.6%)

(BVM: Bolsa de valores de Moçambique).

Fonte: Bolsa de Valores de Moçambique

\*Valores expressões em milhões

## Money Market

The Monetary Policy Committee (MPC) of the Bank of Mozambique announced the reduction of the monetary policy interest rate, MIMO rate, from 17.25% to 16.50%, for January 2024. This decision was supported by the consolidation of the outlook for inflation to remain in single digits over the medium term, in a context in which the assessment of the risks and uncertainties associated with the inflation projection is more favourable. However, in December 2023 the rate remained at 17.25%.

The inflation outlook remains in the single digits over the medium term. In December 2023, annual inflation stood at 5.3%. This change is mainly due to the increase in the prices of food and non-energy drinks. Core inflation, which excludes fruits and vegetables and regulated goods, also increased. For the medium term, the prospects of single-digit inflation are consolidated, mainly reflecting the stability of the Metical and the impact of the measures taken by the MPC.

In December, the Central Bank closed the interest rates on the deposit facility (FPD) at 14.25% and the marginal lending facility (FPC) at 20.25%. According to data published by the Bacchus of Mozambique, the Prime Rate remained at 24.1%. (a year-on-year change of 1.5 p.p. compared to the previous year).

The interest rates on 91-day Treasury Bills rose to 18.25% (change of 0.08pp compared to the previous month and 0.59pp compared to December 2022) and 182-day Treasury Bills rose to 18.41% (change of 0.16pp compared to the previous month and 0.7% compared to December 2022).

Data for the month of December 2023:

Taxes	December 2022	November 2023	December 2023	VM (pp)	VH (pp)
FPD (%)	14,25	14,25	14,25	0,00	0
FPC (%)	20,25	20,25	20,25	0,00	0
MIMO (%)	17,25	17,25	17,25	0,00	0
PRSF (%)	22,6	24,1	24,1	0,00	1,5
BT - 91D	17,66	18,17	18,25	0,08	0,59
BT - 182D	17,710	18,250	18,410	0,16	0,7

Source: 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

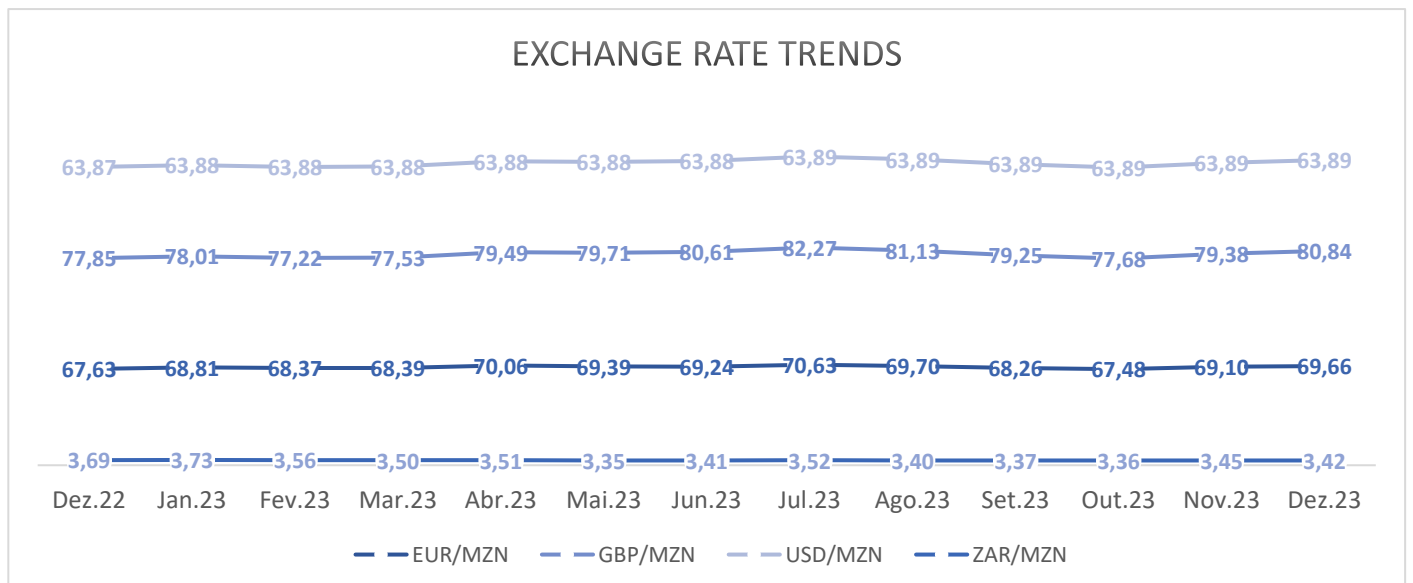
For this month of December, the US dollar did not change compared to previous months, suffering only a year-on-year change of 0.03%. The Rand against the metical observed a negative change decreasing to 3.42 in December, unlike the Euro which had a positive change increasing to 69.66 compared to 69.1 in the previous month. The Metical against the Libra saw a rise to 80.84.

The Metical retreated against the major trading currencies (USD, EUR, GBP). Against the EUR, the metical showed a positive figure of 0.56%, against the ZAR there was a deceleration equivalent to -0.03% and a positive figure of 1.46% against the GBP.

Data for the month of December 2023:

Currency	December de 2022	November 20223	December 2023	VM (%)	VH (%)
USD/MZN	63,87	63,89	63,89	0,00	0,03
EUR/MZN	67,63	69,1	69,66	0,56	3,00
GBP/MZN	77,85	79,38	80,84	1,46	3,84
ZAR/MZN	3,69	3,45	3,42	-0,03	-7,32
GBP/USD	1,2	1,26	1,27	0,01	5,83
USD/ZAR	16,98	18,81	18,43	19,21	8,54

Source: Banco de Moçambique / CUEX



Source: Banco de Moçambique



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### Sources

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- Trading economics: <https://tradingeconomics.com/countries/>
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