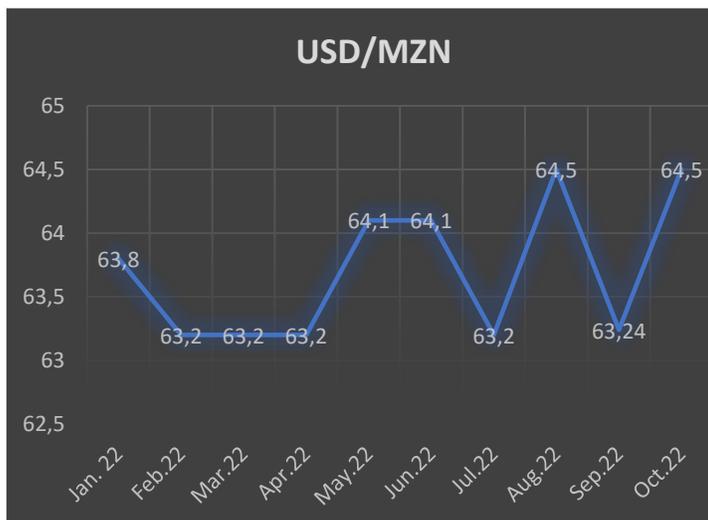
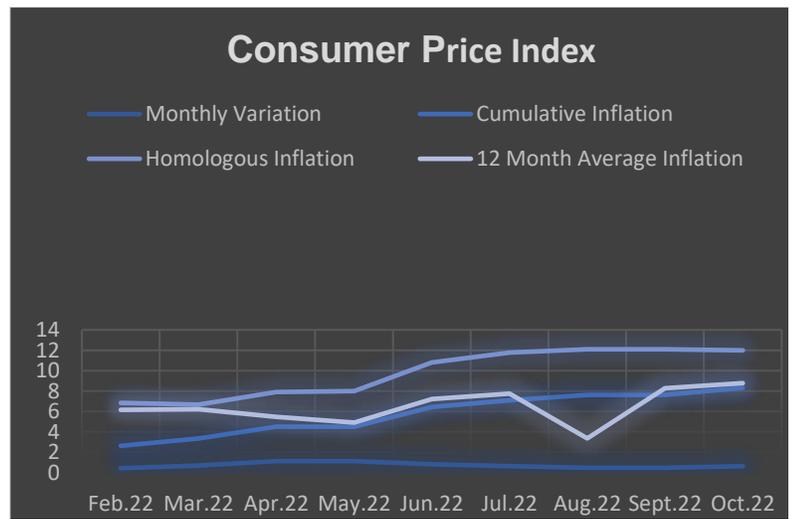
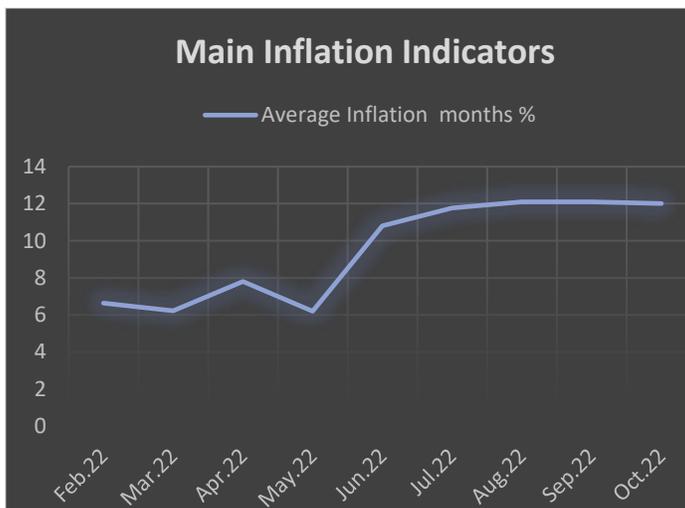




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

OCTOBER 2022

MAIN HIGHLIGHTS



- Gross domestic product stood at 4.6%;
- The domestic public debt went from 246,287.13 to 250,666.94 in the third semester;
- In October the Mozambican Stock Exchange (BVM) depreciated around 4.7%;
- In October the main indexes showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC, closed with falls of 14.4%, 5.2%, 8.9%, 8.9%
- The Bank of Mozambique in October closed the rates (FPD) at 14.25%, (FPC) at 20.25% and the (PRSF) at 20.6%.

Macroeconomic Indicators

Indicator Projection	III Quarter 2022	Projection for III 2022
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	178964	174346
Inflation	12.01	10.7
Exports USD MILLION	2164	1450
Imports	2310	1750
Public Debt	130.00	135
World Economy	4.59	4,7
MIMO Rate (%)	17.25	17.25
Prime Rate of the Financial System (%)	20.6	22.6
USD/MZN	64.5	64,33
International Reserves	2829	3,996
Credit to the Economy	3947	4183

Source: National Institute of Statistics, Bank of Mozambique and IMF

Economic Activity

In terms of economic activity, in October the gross domestic product was 4.59% driven by the upturn in economic activity but shows a depreciation of 0.01 compared with the previous month. The Government has been actively contributing to boost economic growth in line with the recovery measures announced in August this year. Mozambique's economy has been growing in comparison to 2021 and this GDP growth in the first two semesters of 2021 is due to spectacular performance in agriculture, fishing, tourism, transport, manufacturing, mining and services.

Mozambique's state budget provides for a reduction in the deficit to 8.7 percent of GDP in 2023 to 115 billion, equivalent to a 5.2 percentage point decrease from 2022. For next year, the exploration of Rovuma gas off Cabo Delgado is expected to contribute the equivalent of about 20 million euros to state revenues.

The Food and Agriculture Organization's (FAO) Food Price Index continued to decline in August and September and October, marking the sixth consecutive reduction represented by 7.2 pp. The reduction in September was caused by the fall in international prices of vegetable oils, sugar, meat and dairy products.

In the specific case of the Cereals Price Index, it ranged between 174.8 pp in October which is an increase of 14.9 pp above the September 2021 figure. Wheat prices is stable accompanied by the growth in price of rice.

Meat prices stood at 121.4 pp in October, a decrease of 0.6 points compared to August. Poultry meat prices fell too much as large export companies were restricted from importing as a result of the influenza outbreaks.

The Sugar Price Index ranged between 109.7 pp in October, with a drop of 0.8 pp related to the devaluation of the Brazilian Real against the US Dollar.

Data for the month of October 2022

Convenience	October 2021	September 2022	October 2022	VR (%)	VH (%)
Corn (\$/MT)	251	382.9	312.5	-18.4	24.5
Wheat, US HRW (\$/mt)	370.3	382.5	417.9	9.3	12.9
Rice, Thai 5% (\$/mt)	400.3	431	439	1.9	9.7
Sugar, World (\$/kg)	0.42	0.39	0.39	0.0	-7.1
Cotton, A index (\$/mt)	2.67	2.74	2.61	-4.7	-2.2
Aluminum(\$/mt)	2,755.00	2,431.000	2,228.000	-8.4	-19.1
Coal, South Africa (\$/mt)	156.7	290	321.5	10.9	105.2
Brent Oil (\$/bbl)	79.6	98.6	90.2	-8.5	13.3
Natural Gas, US (\$/mmbtu)	4.74	8.79	7.76	-11.7	63.7
Liquefied Natural Gas, JPN (\$/mmbtu)	14.32	20.15	21.7	7.7	51.5

Fonte: World Bank Commodity Price Data
Caption: VM- Variação mensal; VH- Variação homóloga

Inflation

The country's inflation is being controlled by the Government through measures to increase production and mitigate fuel prices. In September, inflation measured by the CPI (Consumer Price Index) in Maputo City, Beira and Nampula, when compared with the previous month, indicate that the country registered a monthly inflation of 0.64%. The Food and non-alcoholic beverages divisions were the most prominent, contributing around 0.53 pp to the total monthly variation.

In relation to the monthly variation per product, it is worth mentioning the increase in the prices of tomatoes (10.5%), dried fish (3.3%), charcoal (2.7%), taxi transport (4.2%), lemon (63.2 %) which contributed around 0.57 pp to the total monthly variation. However, some products such as potato (4.4%), lettuce (4.3%), fresh hen's eggs (2.3%) and live chicken (0.6%) countered the upward price trend by contributing around 0.04 pp negative.

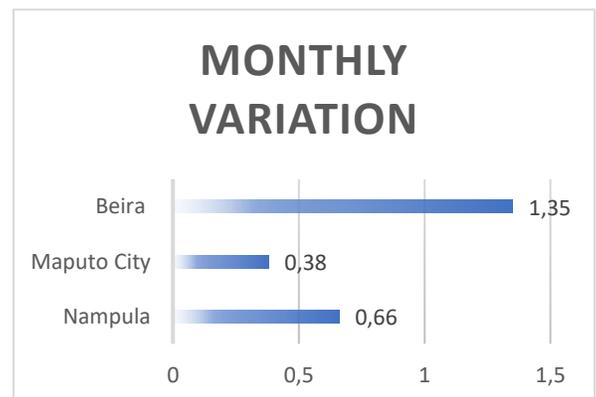
In relation to the same period of the previous year, the country recorded a slight increase of around 12.01% in the month under review. Transport and Food & Non-Alcoholic Beverages were the divisions which recorded the highest year-on-year change in prices, up by 21.47% and 17.38% respectively. The MIMO rate remained at 17.25% and this decision is with hopes of reducing inflation to single digits. Beira City led the general price level increase trend with approximately 14.90%, followed by Nampula City with around 13.02% and lastly Maputo City with 10.45%.

Analysing the monthly variation for the three collection centres, which serve as a reference for the variation of prices in the country, it can be seen that in October the City of Beira had the greatest increase in the general price level with approximately 1.35% followed by the Cities of Nampula with 0.66% and Maputo with 0.38%.

Data for the month of September 2022

Description	Contribution
Food products and non-alcoholic beverages	4.02
Alcoholic beverages and tobacco	0.00
Clothing and footwear	0.09
Housing, water, electricity, gas and others	0.36
Furniture, decoration articles	0.22
Health	0.02
Transport	2.83
Communications	0.01
Education	0.08
Leisure, recreation and culture	0.04
Restaurants, hotels, cafés and the like	0.52
Miscellaneous goods and services	0.11
Total	8.30

Source: Instituto Nacional de Estatística



Source: Instituto Nacional de Estatística

Public Debt Market

Mozambique's public debt in the second 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.

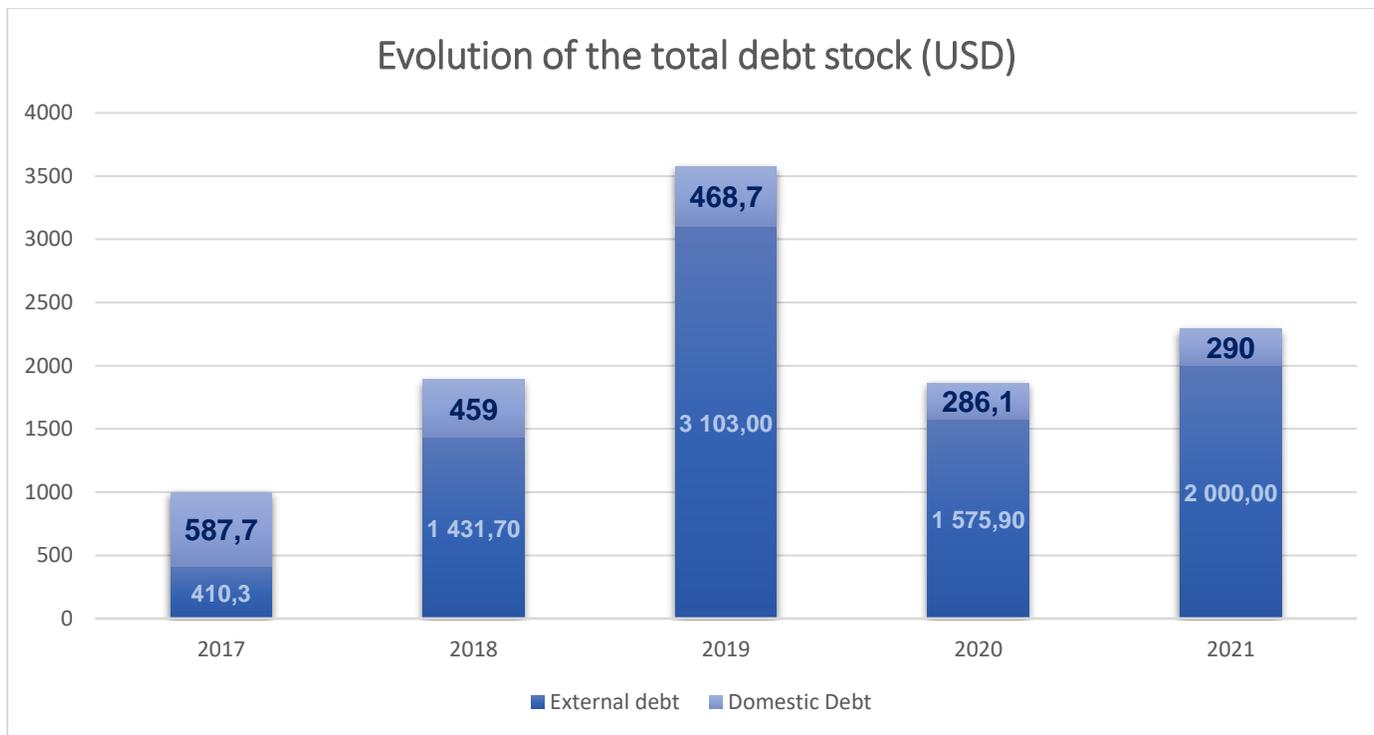
Stock of External Public Debt by Currency Type in Quarter I and II of 2022

Currency	I Trimester of 2022	II Trimester of 2022
USD	20%	20%
SDR	33%	33%
EUR	8%	8%
JPY	4%	4%
Outras Moedas	35%	35%
Total	100%	100%

Domestic public debt increased from 246,287.13 MZN in the first quarter of 2022 to 250,666.94 MZN in the second quarter of the year, a variation of 1.8%. 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 30 November 2022

Data relative to the 1st Quarter of 2022



Capital Markets

BVM registered a growth in turnover, standing at 6543.49 million meticaais in the second half of the year. Currently the market capitalization is at 142 241.03 compared to 130 364.85 in the second quarter of the year. The volume of transactions per category of securities showed an increase in the third quarter with treasury bonds at 86.9% compared to 83.9% in the previous semester and shares maintained at 11% compared to 14% in the second quarter.

The main indexes showed negative variations throughout the month: NASDAQ, Eurostoxx, and CAC 40, closed with increases of 5.2%, 8.9% and 8.9% respectively. At a time when the central bank of the USA 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 32861.80, S&P 500 with a significant increase to 3901.06 pp, DAX ended the month at 13243.33, JSE Top 40 also accelerated in the month of October to 59940.54.

Data for the month of October 2022

Indicators	October 2021	September 2022	October 2022	VM (%)	VH (%)
BVM (Moçambique)*	121627.06	130634.85	130634.85	0.0	7.4
JSE TOP 40	60807.87	57390.00	59940.54	4.4	-1.4
Dow Jones futures	35819.56	28725.51	32861.80	14.4	-8.3
S&P 500	4605.38	3585.62	3901.06	8.8	-15.3
Nasdaq 100	15850.47	10971.22	11546.21	5.2	-27.2
Euro Stoxx 50	4250.56	3318.20	3613.02	8.9	-15.0
DAX	15688.77	12114.36	13243.33	9.3	-15.6
CAC 40	6830.34	5762.34	6273.05	8.9	-8.2



Regarding shares in the Third Quarter: Shares ended with 15,728.95 (11%), Corporate Bonds 2,686.62 (1.9%) and Treasury Bonds at 123,825.46 (86.9%) (BVM: Mozambique Stock Exchange).

Source: Financial Market Investing.com and Mozambican Stock Exchange
*Values expressed in millions

Money market

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

In October inflation remained at 12.01% from 12.10% in September, the Central Bank in October closed the deposit facility (FPD) interest rates at 14.25% and the lending facility (FPC) at 20.25%. In October, according to data published by INE the Prime rate of the Mozambican financial system was 20.6%. This increase in the MIMO rate and the Prime Rate will contribute to dampening pressure on core inflation.

The economy is expected to recover more slowly in 2022 and 2023, sustained by weak domestic demand coupled with the suspension of the gas exploration project by Total, notwithstanding the forecast gradual recovery of external demand and the trend towards containment of the Covid-19 spread. The forecast for the recovery of the economy is dependent on the energy projects to be implemented in Inhambane and in the Rovuma Basin and by the start of liquefied gas exports.

Data for the month of October 2022

Taxes	Oct-22	Set-20222	Oct-222	VM(pp)	VH (pp)
FPD (%)	10.25	14.25	14.25	0.0	4
FPC (%)	16.25	20.25	20.25	0.0	4
MIMO (%)	13.25	17.25	17.25	0.0	4
PRSF (%)	18.9	20.6	20.6	0.0	1.7
BT - 91D	13.33	15.28	15.28	0.0	1.95
BT - 182D	13.43	15.410	15.410	0.0	1.98

Source: National Institute of Statistics and Bank of Mozambique

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

Foreign Exchange

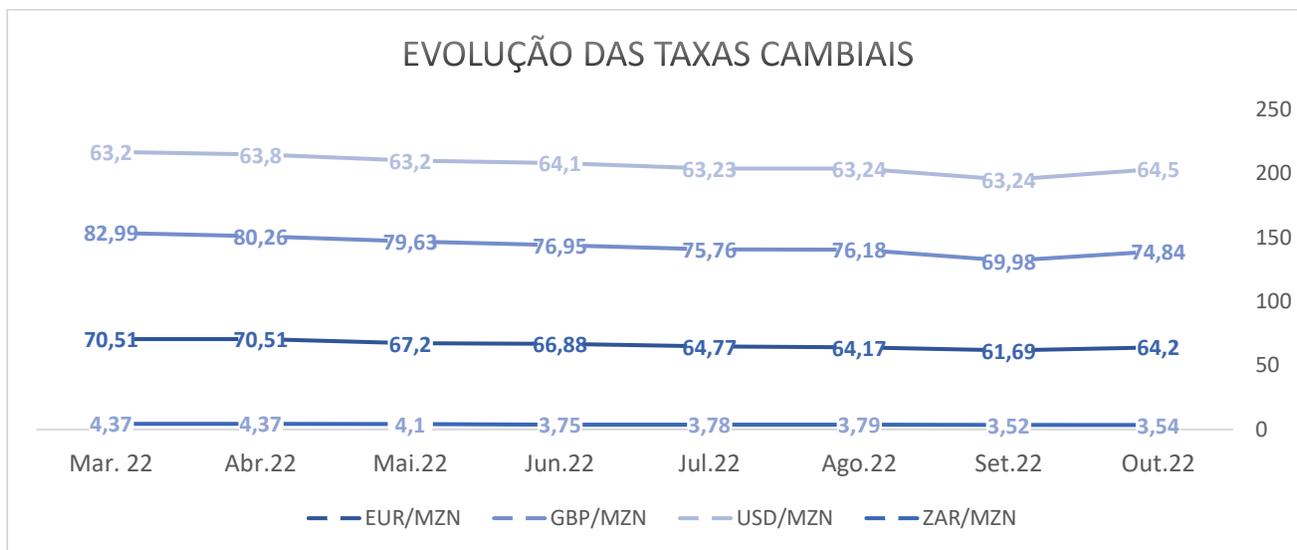
The US Dollar was stable against the Metical, holding at 64.5 while over the same period the Rand depreciated against the Metical from 3.59 in September to 3.54 in October and the Euro against the Metical rebounded from 62.92 in September to 64.20 in October. The Pound recovered again during October from 69.98 to 74.84 against the Metical.

For the short term we expect a recession of the dollar and pound and consequently an increase in fuel and energy prices. The metical retreated against the main currencies (USD, EUR, GBP). Against the EUR, the metical showed a positive figure of 1.28% and against the ZAR there was a deceleration equivalent to 0.05% and a positive figure of 0.04% against the GBP. The trend indicated by various 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 October 2022

Currency	October 2021	September 2022	October 2022	VR (%)	VH (%)
USD/MZN	63.2	64.5	64.5	0.00	2.06
EUR/MZN	70.70	62.92	64.2	1.28	-9.19
GBP/MZN	88.14	69.98	74.84	4.86	-15.09
ZAR/MZN	4.30	3.59	3.54	-0.05	-17.67
GBP/USD	1.30	1.12	1.16	0.04	-10.77
USD/ZAR	14.80	18.09	18.28	0.19	23.51

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



Source: The Global economic

About Mazars

Mazars, Lda. is a multinational company, which is present in 91 countries and territories, is the fifth largest audit firm of IPPs throughout the EU and the only non-Big Four firm to audit the 100 largest European companies. It also operates in Mozambique with a local office, where 80 professionals work in the areas of consulting, auditing, accounting, and tax advisory services, to assist clients of all sizes at all stages of their development.

<https://www.mazars.co.mz/>

<http://www.linkedin.com/company/mazars>

Note:

This document has been prepared based on sources which the Group believes are reliable. All opinions, forecasts and estimates contained in this document may be changed after publication and at any time. Historical performance is not indicative of future results. The investments and strategies discussed herein may not be suitable for any particular group of investors. This document has been prepared for information purposes, for clients only, and must not be reproduced or distributed to any other person without the prior consent of a member of Mazars Group.

Sources

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