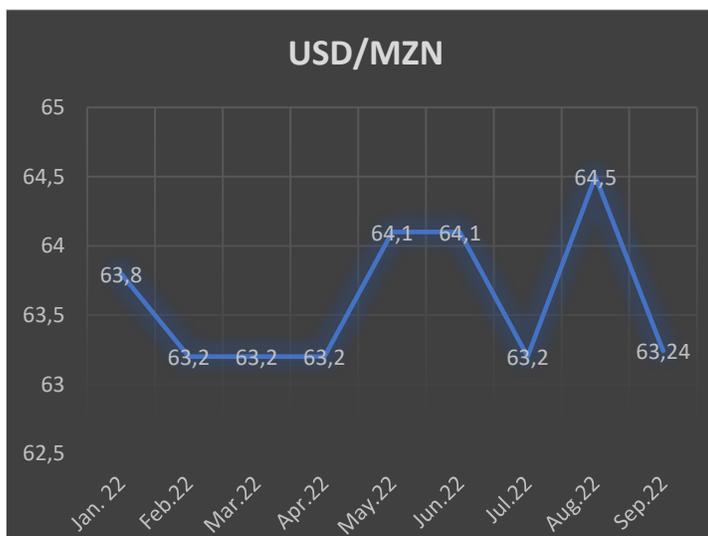
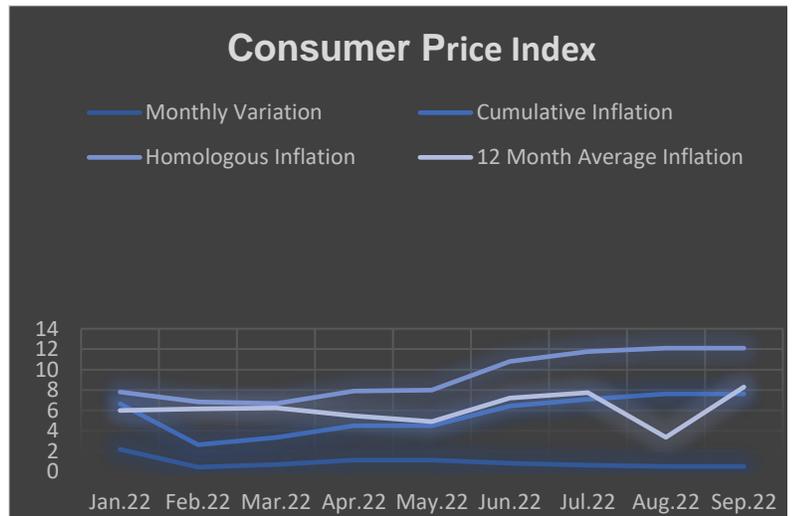
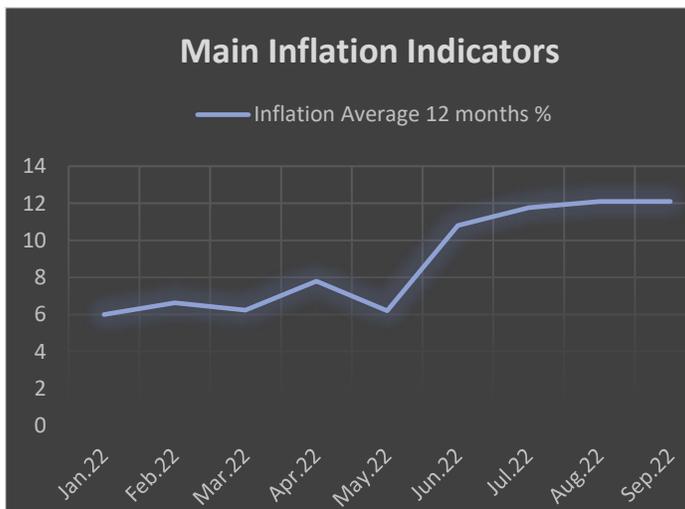




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

SEPTEMBER 2022

MAIN HIGHLIGHTS



- Gross domestic product stood at 4.59%, a year-on-year growth of 4.37%;
- Domestic public debt increased by 220.8 billion to 248.216 billion;
- In September the Mozambique Stock Exchange (BVM) depreciated around 4.7%;
- In September the main indexes showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC, closed with falls of 13.1%, 13.6%, 56%, 9.7%
- The Central Bank in September closed the rates (FPD) at 12.25%, (FPC) at 18.25% and the (PRSF) at 20.6%.

Macroeconomic Indicators

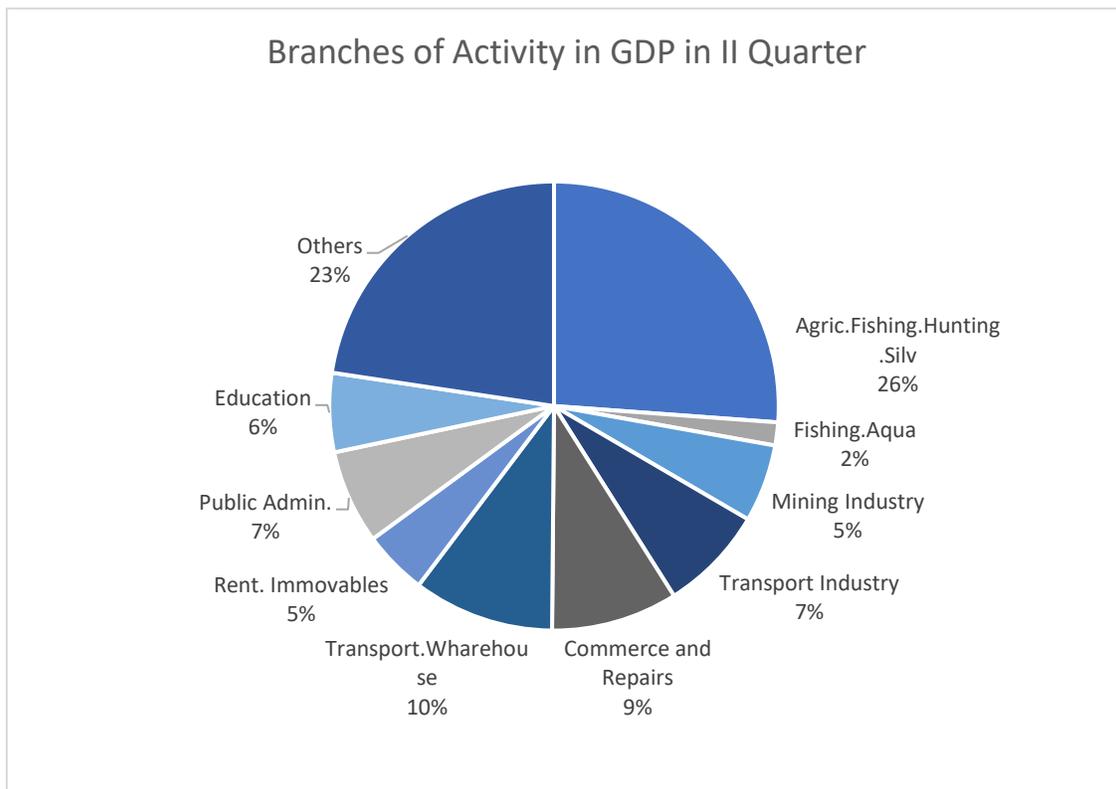
Indicator Projection	II Quarter 2022	Projection for III 2022
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	178964	144060
Inflation	12.10%	7.5
Exports USD MILLION	1664	38
Imports	6273	20
Public Debt	248,2 bilion	106.2
World Economy	5.624	4,4
MIMO Rate (%)	17.25	14
Prime Rate of the Financial System (%)	20.6	18,6
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

Regarding economic activity, September's gross domestic product stood at 4.6% driven by the recovery in economic activity. Rising energy prices aggravated by the conflict are expected to dampen economic expansion and partly driven by the acceleration in private consumption. According to INE, these forecasts result from the shock of the Russian invasion of Ukraine. The side effects of the conflict between Russia and Ukraine creating a slowdown in the growth of the world economy are still notable.

The Mining sector had a variation of 9.14% followed by the Agriculture, Livestock, Hunting, Forestry, Logging branch with a variation of 5.07% and in the Fishing and Aquaculture branch with a variation of 2.51%. The Electricity, Gas and Water Supply with a variation of 6.93% followed by Manufacturing with a variation of 3.19% and Construction with a variation of 2.27%.



Source: Instituto Nacional de Estatística
Caption: Publicação II TRIM 2022 August 2022

The FAO Food Price Index (Food and Agriculture Organization) continued to decline in August and September, down to 138.0 points.

In the specific case of the Cereals Price Index, there was a reduction of 1.4% compared to the previous month, pulled by the reduction in the price of wheat which fell 5.1%, there is concern about the conditions of the crops in several exporting countries and wheat production in Ukraine continues to be reduced due to the war. The price of milk and milk products also fell by 2.0% in August, but the average price fell from 25.4% to 23.5%.

ECONOMIC BULLETIN SEPTEMBER 2022

Meat prices also decreased by 1.5% compared to the previous month but remained high compared to the same period last year.

Data for the month of September 2022

Convenience	September 2021	August 2022	September 2022	VR(%)	VH(%)
Maize (\$/mt)	256.9	323	382.9	18.5	49.0
Wheat, US HRW (\$/mt)	318.8	382.5	382.5	0.0	20.0
Rice, Thai 5% (\$/mt)	405.7	418	431	3.1	6.2
Sugar, World (\$/kg)	0.42	0.4	0.39	-2.5	-7.1
Cotton, A index (\$/mt)	2.22	2.89	2.74	-5.2	23.4
Aluminum(\$/mt)	2,645.00	2,408.000	2,431.000	1.0	-8.1
Coal, South Africa (\$/mt)	135.4	291	290	-0.3	114.2
Brent Oil (\$/bbl)	73	108.9	98.6	-9.5	35.1
Natural Gas, US (\$/mmbtu)	4.32	7.26	8.79	21.1	103.5
Liquefied Natural Gas, JPN (\$/mmbtu)	10.87	18.88	20.15	6.7	85.4

Source: World Bank Commodity Price Data
Caption: VM- Monthly variation; VH- Year-on-year variation

Inflation

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 0.49%. (Figure 5) The Food and non-alcoholic beverages and Transport divisions were the most prominent, contributing around 0.36 and 0.11 pp positive in the total monthly variation, respectively.

In relation to the monthly change per product, it is worth mentioning the increase in the prices of urban and suburban passenger semi-collective transport (9.9%), onion (3.8%), tomato (0.7%), urban passenger transport by bus (20.2%), lemon (28.2%), dead chicken (1.0%) and fresh fish (0.6%), which contributed around 0.44 pp to the total monthly change. However, some products such as capulanas (0.5%), sheets and pillowcases (2.9%), children's trousers (3.6%), coconut (1.1%), horse mackerel (1.0%) and cowpeas (2.1%) bucked the upward price trend by contributing around 0.07 pp negative.

Compared to the same period last year, the country recorded in the month under review, a price increase of around 12.10% equally with the increase in the MIMO rate at 17.25% and this decision is with hopes of reducing inflation to single digits. Nampula City led the general price level increase trend with approximately 14.03%, followed by Beira City with around 11.49% and lastly Maputo City with 10.70%.

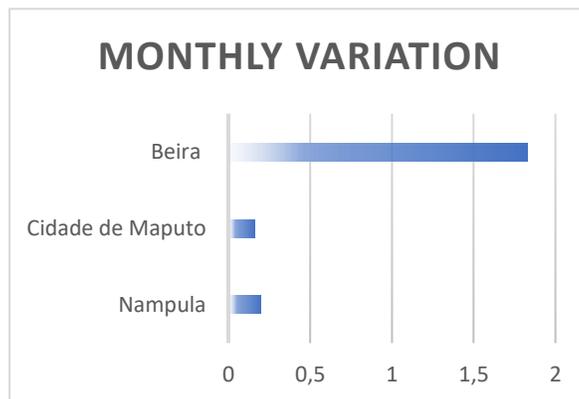
Analyzing the monthly variation by the three collection centers, which serve as a reference for the variation of prices in the country, it can be seen that in September the City of Beira had the highest increase in the general price level with approximately 10.97% followed by the Cities of Nampula with 8.49% and Maputo with 6.00%.

The prolonged conflict between Russia and Ukraine has contributed to the volatility and currency fluctuations in commodity prices worldwide.

Data for the month of September 2022

Description	Contribution
Food products and non-alcoholic beverages	3.44
Alcoholic Beverages and Tobacco	-0.01
Clothing and Footwear	0.08
Housing, water, electricity, gas and others	0.31
Furniture, decoration articles	0.21
Health	0.01
Transport	2.81
Communications	0.01
Education	0.08
Leisure, recreation and culture	0.03
Restaurants, hotels, cafés and the like	0.52
Miscellaneous goods and services	0.11
Total	7.62

Source: National Institute of Statistics



Source: National Institute of Statistics

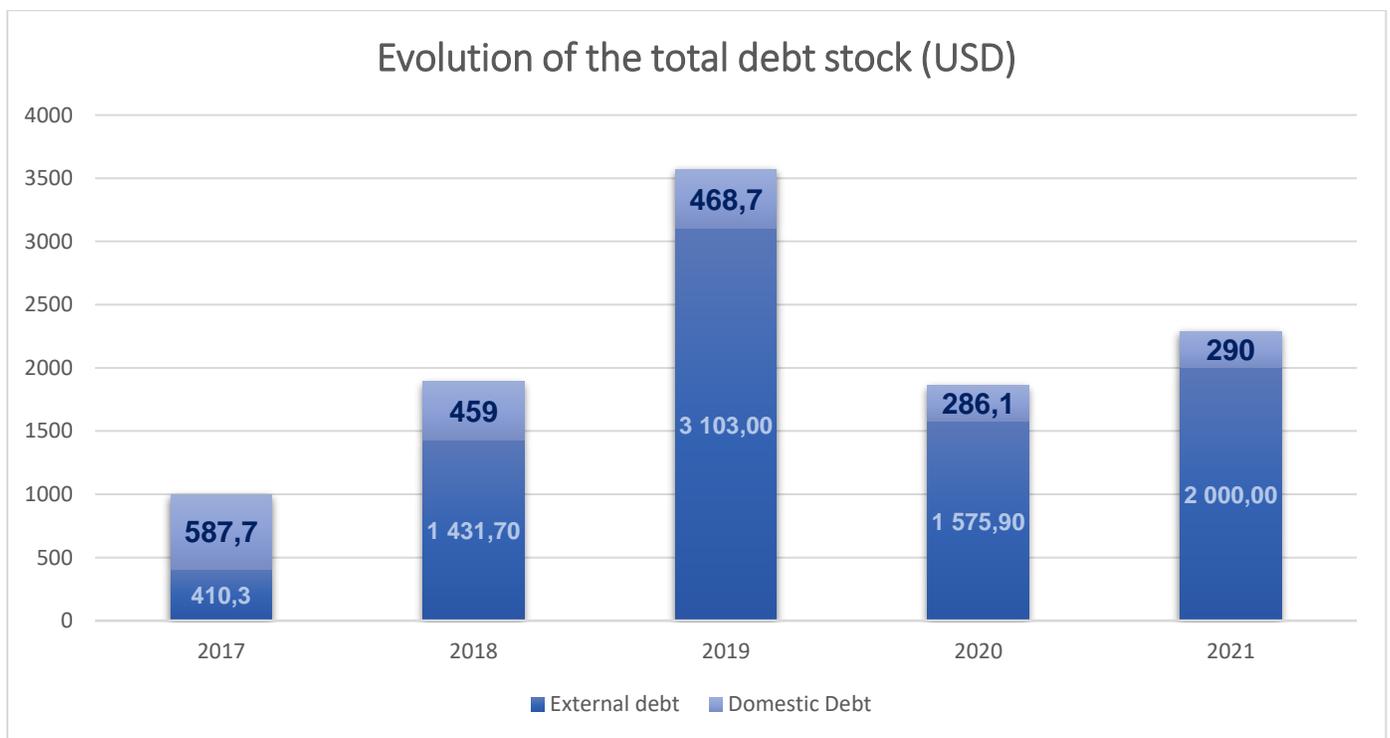
Public Debt Market

Mozambique's public debt continued to increase in the second quarter of 2022 standing at 14.2 billion dollars which is the equivalent of 908 billion meticaís, an increase of 0.3% compared to the first quarter of the year. The stock of domestic public debt in the second quarter of the year was 250.6 billion meticaís and the value of external public debt stood at 104.66 million USD

The domestic public debt increased to 263.1 billion meticaís which represents an increase of 44.3 billion meticaís in relation to December 2021 and it is expected that the inflow of funds from partners will ease the pressure on domestic sources of public debt. The CPMO will then continue to monitor the evolution of risks and uncertainties associated with the projections, to keep inflation low and stable. The external debt grew 114% (10256.4 million MZN). It should be noted that no credit agreements or donations were signed in this period.

The next ordinary meeting of the CPMO is scheduled for 30 November 2022

Data for the first quarter of 2022



Source: Ministry of Economy and Finance

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 130,364.85 compared to 126,457.02 at the beginning of the first quarter of the year. The volume of transactions by category of securities showed an increase in the second quarter with treasury bonds at 6448.82 and equities at 61.57 compared to 3687.65 and 53.54 in the first quarter respectively.

The main indexes showed negative variations throughout the month: NASDAQ, Eurostoxx, and CAC 40, closed with falls of -13.6%, -56% and -9.7% 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 bad mood of investors with a greater aversion to risk.

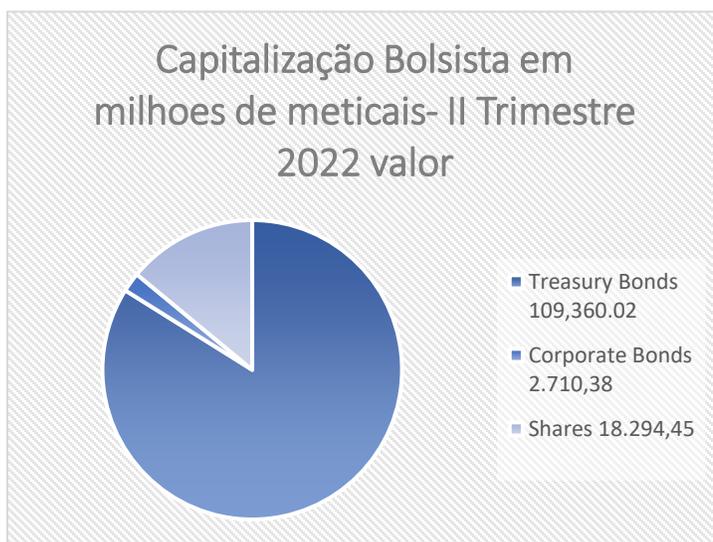
Dow Jones index closed at 28725.51, S&P 500 with a significant decline to 3585.62 pp, DAX ended the month at 12114.36, JSE Top 40 also slowed down in the month of September to 57390.00.

Data for the month of September 2022

Indicators	September 2021	August 2022	September 2022	VM (%)	VH(%)
BVM (Mozambique)*	121627.06	130634.85	130634.85	0.0	7.4
JSE TOP 40	60168.00	64184.00	57390.00	-10.6	-4.6
Dow Jones futures	34798.00	33063.61	28725.51	-13.1	-17.5
S&P 500	4455.48	3966.84	3585.62	-9.6	-19.5
Nasdaq 100	15329.68	12705.22	10971.22	-13.6	-28.4
Euro Stoxx 50	4158.51	3652.52	1606.67	-56.0	-61.4
DAX	15531.75	13230.57	12114.36	-8.4	-22.0
CAC 40	6638.46	6378.74	5762.34	-9.7	-13.2

Source: Financial Market Investing.com and Mozambican Stock Exchange

* Values expressed in millions



Regarding shares in the second Quarter: Shares ended with 18 294,45 (14%), Corporate Bonds 2 710,38 (2,1%) and Treasury Bonds at 109 360,02 (83,90%) (BVM: Mozambique Stock Exchange).

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 underpinned by the prospects of maintaining single digit inflation in the medium term, where the prospect of continued volatility of energy and food prices at international level in view of the prolonged conflict between Ukraine and Russia shows a potential to increase prices at domestic level. In September inflation increased to 12.10% from 11.77% in August reflecting the increase in administered goods such as fuel and transport. Consequently, the Central Bank in September closed the deposit facility (FPD) interest rates at 12.25% and the lending facility (FPC) at 18.25%. The monthly change between August and September for the FPD was 0% and 0% for the FPC remained at the same level as the previous month.

In September, 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 the pressure on core inflation.

A slower recovery of the economy is forecast for 2022 and 2023, sustained by weak domestic demand, combined with the suspension of the gas exploration project by Total, notwithstanding the forecast of a gradual recovery of external demand and the tendency to contain the spread of Covid-19. The forecast 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 the export of liquefied gas.

Data for the month of September 2022

Taxes	Sep-2022	Aug-2022	Sep-20222	VM(pp)	VH(pp)
FPD (%)	10.25	12.25	14.25	2.0	4
FPC (%)	16.25	18.25	20.25	2.0	4
MIMO (%)	13.25	15.25	17.25	2.0	4
PRSF (%)	18.9	20.4	20.6	0.2	1.7
BT - 91D	13.33	13.04	15.28	2.2	1.95
BT - 182D	13.43	13.430	15.410	2.0	1.98

Source: National Institute of Statistics and Bank of Mozambique

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

Foreign exchange market

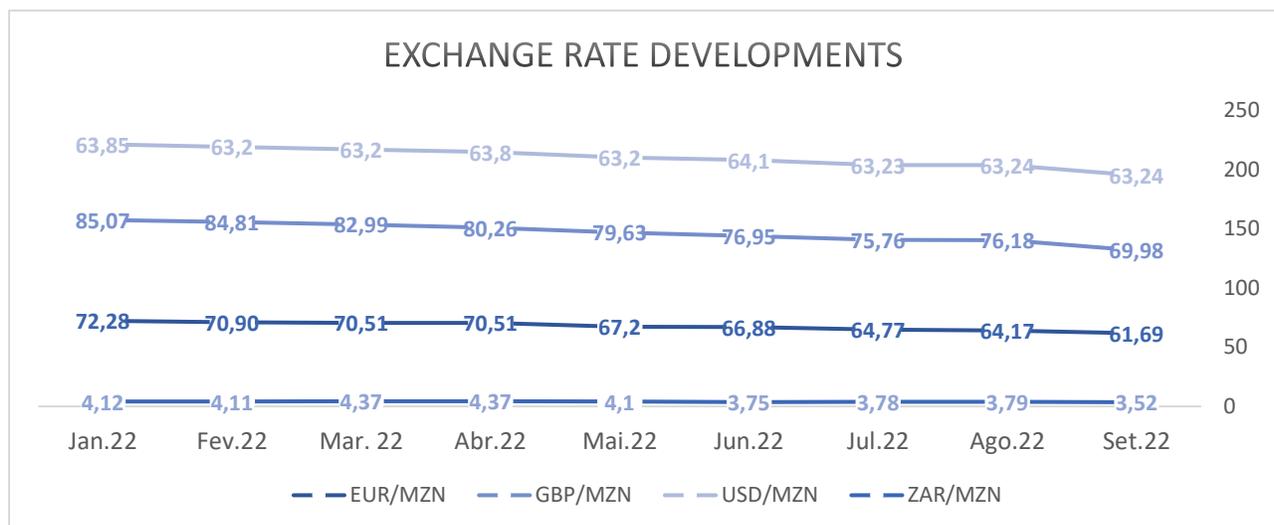
The American Dollar remained stable against the Metical with a currency Exchange at 64.5 whilst in during the same period, the South African Rand depreciated against the Metical from 3.79 in August to 3.59 in September and the same depreciation was visible with the Euro against the Metical going from 64.17 to 62.92 in September. The British Pound weakened during September with a significant depreciation to 69.98 against the Metical and this is due to the ongoing conflict between Ukraine and Russia as well as the passing of Queen Elizabeth the II.

Note that the euro retreats against the dollar, quoted at 0.99 dollars, due to the war in Ukraine and the increase in oil prices. For the short term it is expected 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 retreated 1.25% and against the ZAR and GBP there was a deceleration equivalent to 0.20% and 6.20% respectively. The trend indicated by several 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 September 2022

Currencies	September 2021	August 2022	September 2022	VR(%)	VH(%)
USD/MZN	63.63	63.24	64.5	1.26	1.37
EUR/MZN	75.63	64.17	62.92	-1.25	-16.81
GBP/MZN	88.79	76.18	69.98	-6.20	-21.18
ZAR/MZN	4.36	3.79	3.59	-0.20	-17.66
GBP/USD	1.39	1.18	1.12	-0.06	-19.42
USD/ZAR	14.56	17.02	18.09	1.07	24.24

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



Source: The Global economic

About Mazars

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