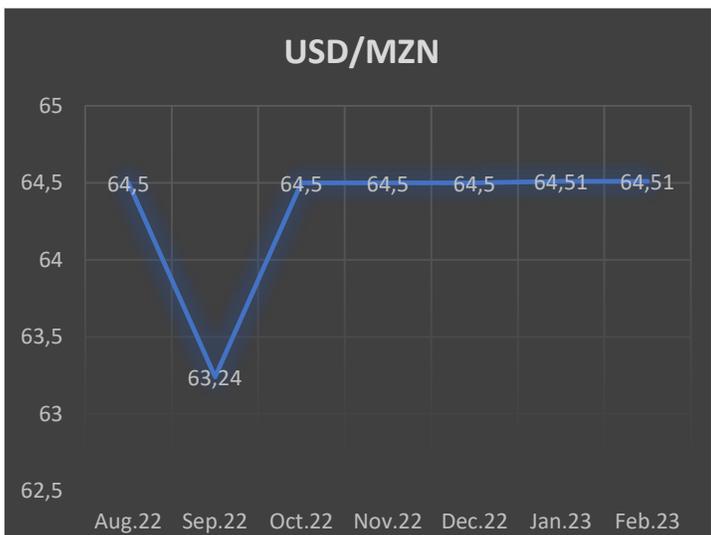
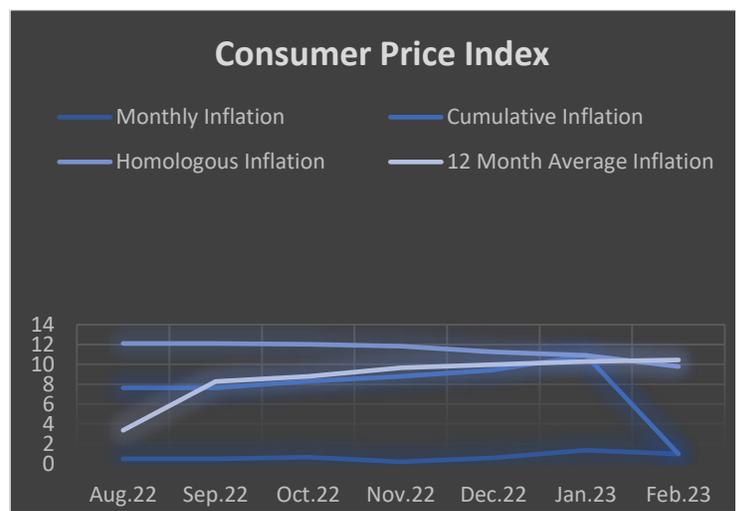
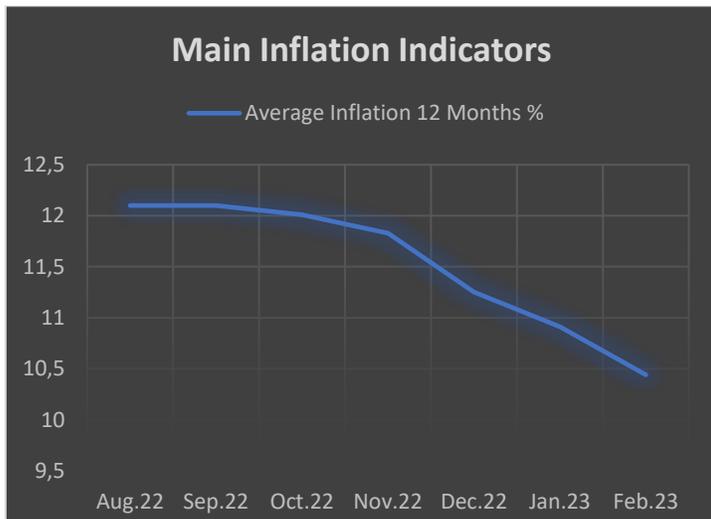




MONTHLY ECONOMIC BULLETIN OF THE MOZAMBICAN ECONOMY

FEBRUARY 2023

MAIN HIGHLIGHTS



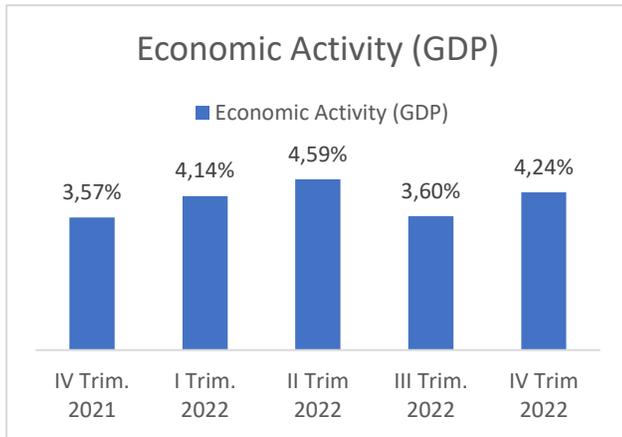
- Gross domestic product stood at 4.15%;
- Domestic public debt rose from 250,666.94 to 274.8 billion meticals
- In February the Mozambique Stock Exchange (BVM) registered a 5.8pp;
- In February the main indexes showed negative variations throughout the month: Dow Jones, NASDAQ, Eurostoxx, and CAC40, closed with -3.0, -2.6, 1.7 and 3.0 respectively;
- The Bank of Mozambique in January closed rates, MIMO at 17.25%, (FPD) at 14.25%, (FPC) at 20.25% and (PRSF) at 22.60%.

Macroeconomic Indicators

Indicator Projection	4th Quarter 2022	Projection to 2023
GDP (quarterly growth)	0.039	0,029
GDP (mzn mio)	173702	1320178.7
Inflation	10.44	11.5
Exports USD MILLION	2110.50	8806.0
Imports	2452.0	9518.0
Public Debt	101.00	135
World Economy	4.59	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	2763.4	2936.6
Credit to the Economy	3947	2936.6

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

Economic Activity



In terms of economic activity in Mozambique, it grew by 4.24% in the fourth quarter of 2022 and this reflects a recovery in the sectors most affected by COVID-19 and relief from restrictive measures at a domestic and external level, especially hotels and restaurants (17.16%), mining (14.86%) and transport and communications (14.43%).

The Government of Canada announced that it is available to support with 800 million meticals to finance projects of economic empowerment of people living in rural areas in Mozambique. This project will benefit over one thousand people in the implementation sites. The rainy season in Mozambique has caused, mainly in Maputo city and province, more than 37,000 people to be affected, 17 schools to be flooded and about ten deaths in Boane and Namaacha districts. UNICEF has stated

that it will provide support in the areas of health, education, infrastructure and agriculture. The Mozambican Government decided to implement the existing mechanism for disaster risk mitigation and management with a total of 260 million meticais, which corresponds to 80% of the sum programmed in the 2023 Economic and Social Plan and State Budget. In collaboration with the World Bank, 306.5 million meticais have also been disbursed to address emergencies.

Mozambique has been on the FATF grey list since October 2022 for being a country facing difficulties in the fight against terrorism and money laundering, and with the strengthening of the international financial system and the Action Plans drawn up by the Ministry of Economy and Finance, the aim in the coming years is to remove Mozambique from the grey list.

The FAO Food Price Index (Food and Agriculture Organization) continued to decline, marking the ninth consecutive reduction represented by 131.2 pp, a drop of 1.1 pp since December marking the 10th consecutive monthly drop. In the specific case of the Cereals Price Index ranged between 147.4 pp in February which is a reduction of 6.7 points compared to the previous month. The vegetable oil price index reflects a value of 140.4 pp for the month of February, a reduction of 4.2 pp resulting in a drop in prices of soybean oil and sunflower oil. The Meat Price stood at 113.6 in February, poultry meats dropped too much with the import limitation of the 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 115.8 pp in February.

Data for the month of February 2023

Convenience	February 2022	January 2022	February 2023	VR (%)	VH (%)
Corn (\$/mt)	301.6	302.2	302.8	0.2	0.4
Wheat, US HRW (\$/mt)	417	386.3	380.4	-1.5	-8.8
Rice, Thai 5% (\$/mt)	425.3	467	517	10.7	21.6
Sugar, World (\$/kg)	0.41	0.42	0.42	0.0	2.4
Cotton, A index (\$/mt)	2.86	2.22	2.21	-0.5	-22.7
Aluminum(\$/mt)	2,705.00	2,402.000	2,502.000	4.2	-7.5
Coal, South Africa (\$/mt)	291.5	326.2	326.2	0.0	11.9
Brent Oil (\$/bbl)	99.8	80.9	83.1	2.7	-16.7
Natural Gas, US (\$/mmbtu)	6.37	5.5	3.27	-40.5	-48.7
Liquefied Natural Gas, JPN (\$/mmbtu)	18.43	19.47	20.15	3.5	9.3

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

Inflation

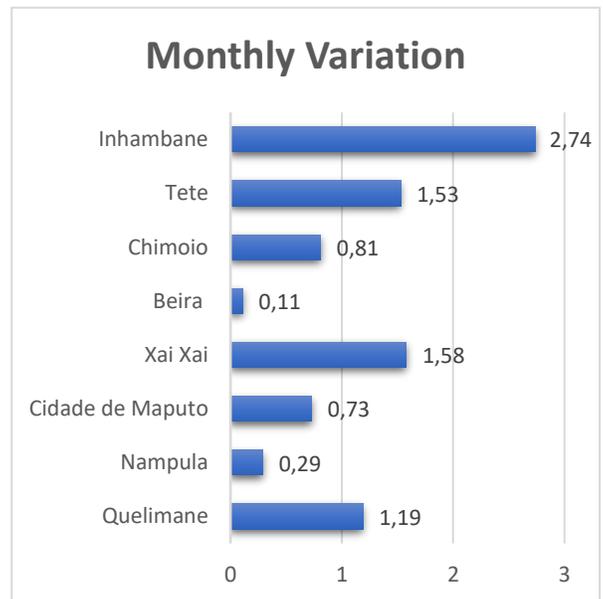
As for the Consumer Price Index (CPI) published by INE, the country registered a monthly inflation of 0.98% with a homologous inflation of 9.78% which is a significant reduction due to food products and domestic gas. The Food and non-alcoholic beverages divisions were the most prominent, contributing around 0.70 pp to the total monthly variation. In relation to the monthly variation per product, it is worth mentioning the increase in the prices of tomato (5.9%), coconut (14.2%), lettuce (25.3%), fresh fish (1.9%), complete restaurant meals (0.9%), butter beans (2.7%) and maize grain (3.3%) which contributed in the total monthly variation with about 0.68 pp positive. However, some products like cooking oil (1.7%), fresh shrimp (7.2%), bottled butane gas (5.3%), live chicken (1.0%) and men's shirts (3.1%) and fresh cassava (6.3%) and pumpkin leaves (3.4%), bucked the upward price trend by contributing about 0.11 pp negative in the total monthly change.

The Transport and Food and non-alcoholic beverages divisions were in year-on-year terms the ones that recorded the highest cumulative change with 16.71% and 15.74% respectively. The MIMO rate remained at 17.25% and this decision is with hopes of reducing inflation to single digits. 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. Inhambane province stood out with a significant increase of 2.74%, followed by Xai-Xai with 1.58%, Tete with 1.53%, Quelimane with 1.19%, Chimoio with 0.81%, Maputo with 0.73%, Nampula with 0.29% and finally the city of Beira with 0.11%.

Data for the month of February 2023

Description	Contribution
Food products and non-alcoholic beverages	0.70
Alcoholic Beverages and Tobacco	0.01
Clothing and Footwear	0.00
Housing, water, electricity, gas and others	0.01
Furniture, decoration articles	0.01
Health	0.00
Transport	0.03
Communications	0.00
Education	0.07
Leisure, recreation and culture	0.02
Restaurants, hotels, cafés and the like	0.09
Miscellaneous goods and services	0.04
Total	0.98

Source: Instituto Nacional de Estatística



Source: Instituto Nacional de Estatística

Public Debt Market

The Monetary Policy Committee (CPMO) of the Bank of Mozambique met again and declared that the public debt still remains high. For public debt servicing, an amount of 98,817.0 million MT is forecast, corresponding to 7.5% of GDP, which represents a reduction of 0.6pp in relation to the year 2022. The reduction of the debt service burden demonstrates the efforts made to implement the Medium-Term Strategy for Public Debt Management (2022-2025), which is based on optimising the public debt portfolio to ensure the financing needs of the budget deficit with minimum costs.

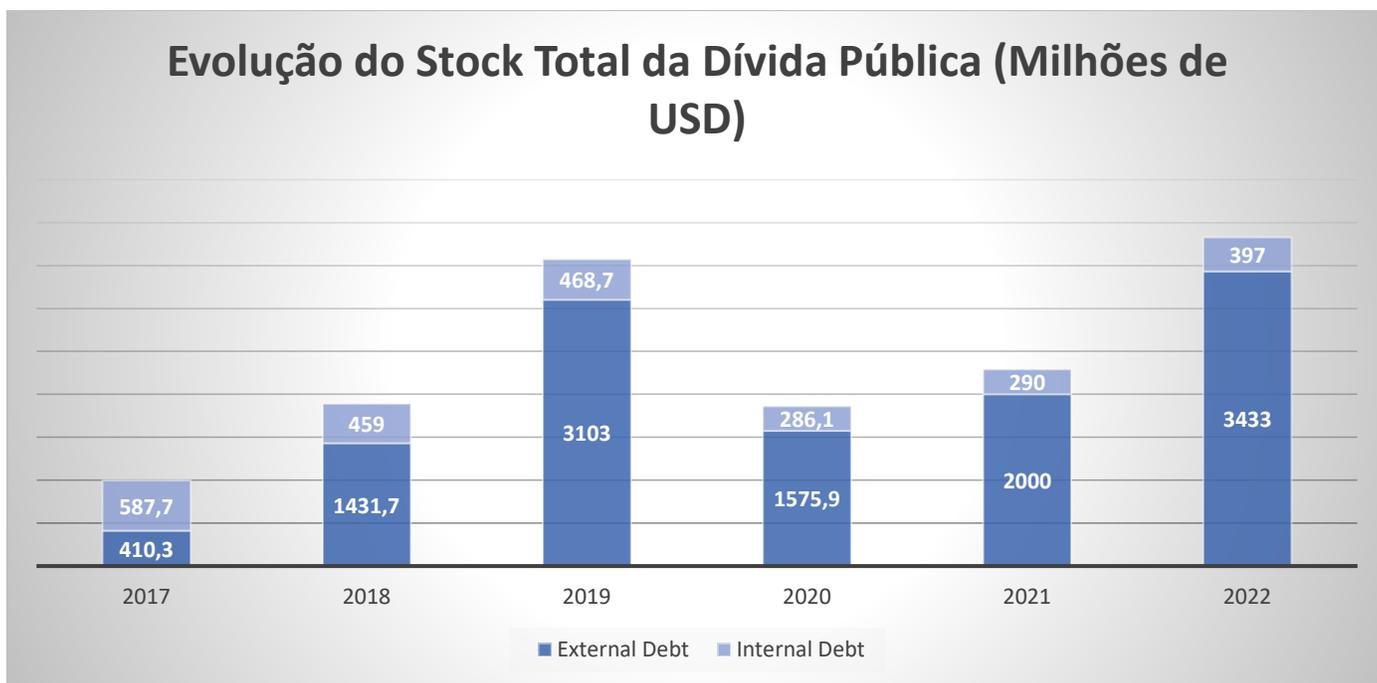
In the framework of the public debt management strategy, the Government will continue to give priority:

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

Mozambique's public debt in the third 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 compared 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

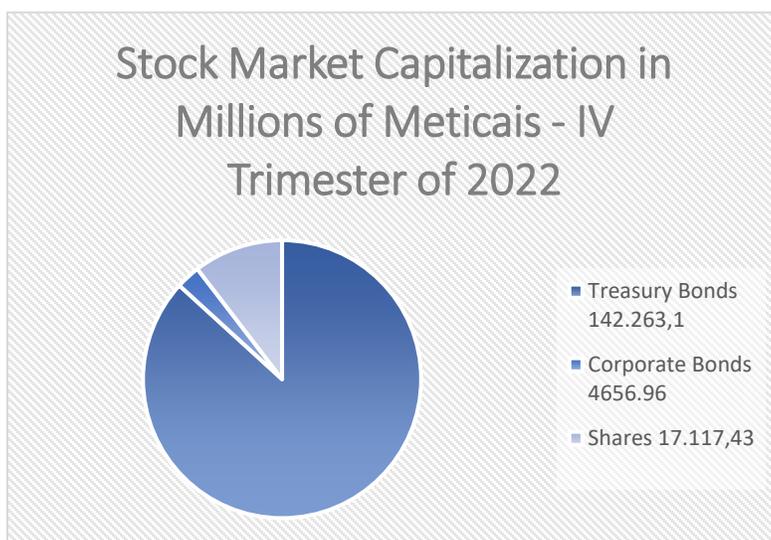
Capital Markets

BVM recorded growth in turnover, standing at 16,669.77 million meticaís in the fourth quarter of 2022. Currently, the market capitalisation stands at 164,287.50 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 January: NASDAQ, Eurostoxx, and CAC 40, closed with increases of -15%, 8.30% and 11.20% 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 32946.60, S&P 500 with a significant increase to 2691.36 pp, DAX increased to 15381.43, JSE Top 40 also accelerated in the month of January with a figure of 71518.00 compared to 74766.00 in the previous month.

Data for the month of February 2023

Indicators	February 2022	January 2022	February 2023	VM (%)	VH (%)
BVM (Moçambique)*	124592.14	142055.73	142491.03	0.3	14.4
JSE TOP 40	69624.00	74766.00	71518.00	-4.3	2.7
Dow Jones futures	33892.60	33978.08	32946.60	-3.0	-2.8
S&P 500	4475.01	4070.56	2691.36	-33.9	-39.9
Nasdaq 100	14237.81	12166.60	12095.04	-0.6	-15.0
Euro Stoxx 50	3924.23	4178.01	4248.01	1.7	8.3
DAX	14461.02	15150.03	15381.43	1.5	6.4
CAC 40	6572.57	7097.21	7308.63	3.0	11.2



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, MIMO rate at 17.25% to ensure that inflation returns to single digits in the medium term. Between January and December 2022, the interest rates practiced in the MMI registered upward movements, the interest rates of the liquidity exchange operations between the commercial banks for the maturity and sale of Treasury Bills (BT) with 7-day reverse repo, increased by 400 and 402 bp having been fixed at 17.25% and 17.29% at the end of 2022.

There are also prospects of a deceleration of inflation in the short and medium term to single digits and, at external level, uncertainties still prevail regarding 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 29 March 2023.

In February inflation stood at 10.44%, a significant decrease compared to the previous month. The Central Bank in February 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 domestic currency liabilities from 10.5% to 28%, and foreign currency liabilities 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% compared to 2.7% for the current year. The same plan also mentions GDP growth of 5%.

Data for the month of February 2023

Taxes	Feb-22	Jan-22	Feb-23	VM (pp)	VH (pp)
FPD (%)	10.25	14.25	14.25	0.00	4
FPC (%)	16.25	20.25	20.25	0.00	4
MIMO (%)	13.25	17.25	17.25	0.00	4
PRSF (%)	18.6	22.6	22.6	0.00	4
BT - 91D	13.38	17.69	17.71	0.02	4.33
BT - 182D	13.38	17.720	17.750	0.03	4.37

Source: Instituto Nacional de Estatística e Banco de Moçambique

Source: FDP: Facilidade Permanente de Depósito; FCP: Facilidade Permanente de Cedência; MIMO: Taxa de juro de Política Monetária; PRSF: Prime Rate do Sistema Financeiro; VM- Variação mensal; VH- Variação homóloga; pp: pontos percentuais

Foreign Exchange

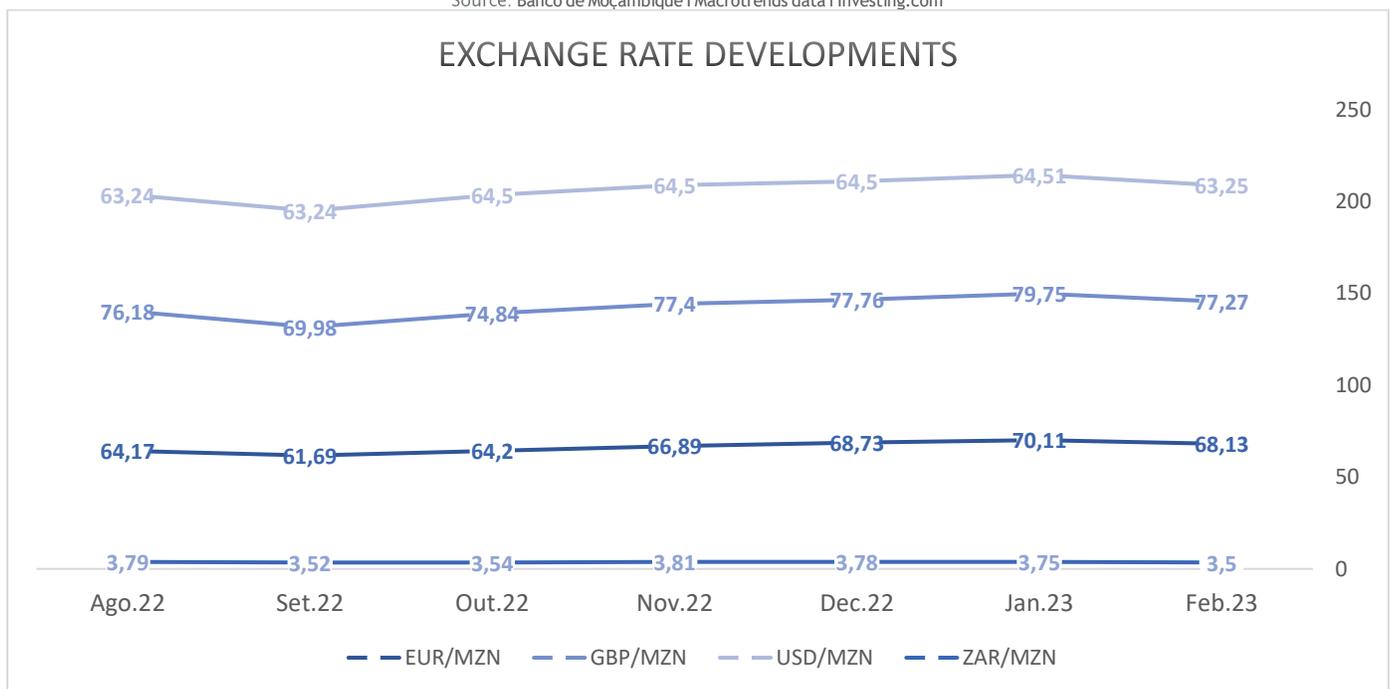
The US Dollar experienced a fall in the month of February compared to the previous month, ending the month at 63.25, the Rand against the Metical saw a slight fall from 3.75 in January to 3.5 in February, the Euro against the Metical is recovering showing significant monthly increases and currently has a figure of 68.11. The Metical against the Pound fell in the current month from 70.11 to 68.13.

The Metical has retreated against the major currencies (USD, EUR, GBP). Against the EUR, the metical showed a negative figure of 1.98% and against the ZAR there was a deceleration equivalent to -0.25% and a negative figure of -2.48 against the GBP. 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 February 2023

Currencies	February 2022	January 2022	February 2023	VR (%)	VH (%)
USD/MZN	63.83	64.51	63.25	-1.26	-0.91
EUR/MZN	71.51	70.11	68.13	-1.98	-4.73
GBP/MZN	85.36	79.75	77.27	-2.48	-9.48
ZAR/MZN	4.17	3.75	3.5	-0.25	-16.07
GBP/USD	0.75	1.24	0.83	-0.41	10.67
USD/ZAR	15.39	17.2	18.44	1.24	19.82

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



Source: The Global economic

About Mazars

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