

VISUAL SUMMARY

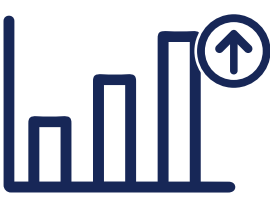
Economic Outlook and Inflation Forecasts Report - September 2023



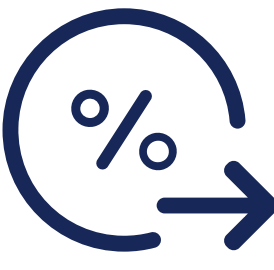
A more resilient domestic demand in emerging economies and the US support the upward revision of the outlook for global economic growth for 2023, albeit still below 2022's.



The stability of the Metical and the impact of the measures being taken by the MPC are supporting the maintenance of single-digit inflation forecasts, with last August's inflation dropping to 4.9%. Meanwhile, core inflation, which excludes fruits and vegetables, has accelerated, amid rising global market oil prices.



The extractive industry, particularly natural gas, has bolstered economic growth in the second quarter of 2023 to 4.7%. For 2024 and 2025, the extractive industry is expected to continue supporting the acceleration of economic growth, coupled with the recovery of other sectors of economy activity.



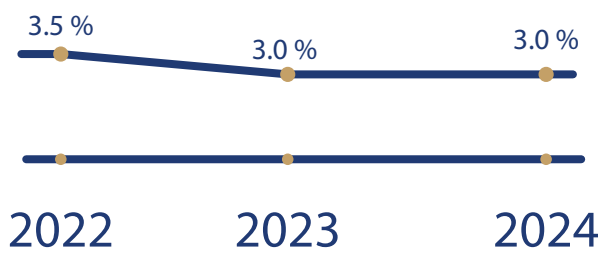
The Monetary Policy Committee has decided to keep the MIMO policy rate unchanged at 17.25%. This decision is underpinned by worsened risks and uncertainties associated with inflation forecasts, despite prospects of inflation remaining in the single digits in the medium term.

Infographics

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Slower global economic growth



A more resilient domestic demand in emerging economies and the US support the upward revision of the outlook for global economic growth for 2023, albeit still below 2022's performance.



Inflation remains above target, particularly in advanced and emerging economies.



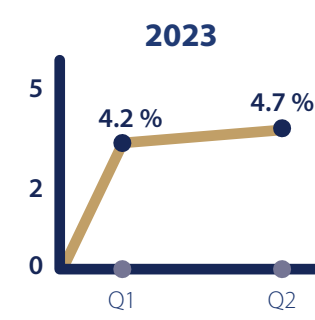
Forecasts point to the increase in global market oil prices in 2023, underpinned by the recent production cuts by the world's largest exporters of this product.



The US Dollar continues to appreciate against other currencies.



Domestic economy recovery

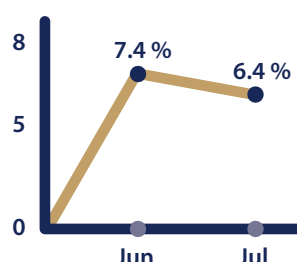


The dynamism of the extractive industry, particularly natural gas, and the recovery of the trade and repair services sector are driving domestic economy growth.



The notable decline in imports, influenced by the significant value of the purchase of the Coral Sul project's floating platform in 2022, supports the improvement of the current account deficit.

Year-on-Year Changes in Credit to the Economy



Growth in credit to the economy remains subdued.



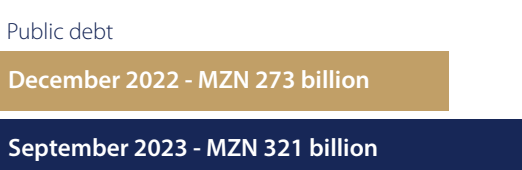
Single-digit inflation forecasts remain



The ongoing exchange rate stability and the impact of the measures being taken by the MPC support the forecasts of inflation remaining in the single digits over the medium term.



High risks and uncertainties associated with inflation forecasts prevail



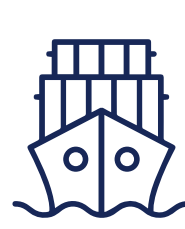
The trend towards acceleration of domestic public debt persists.



Uncertainties regarding the developments and effects of extreme weather events, i.e., floods, droughts and cyclones.



Uncertainties as to the impact of the protracted Russia-Ukraine conflict on grain and oil prices.



The recent trend of rising oil prices in the global market.



The materialization of these risks and uncertainties could contribute to an acceleration in inflation, thus deviating from the expected trajectory.



MIMO policy rate unchanged at 17.25%



In order to ensure ongoing single-digit inflation, the Banco de Moçambique has decided to keep the MIMO policy rate unchanged at 17.25%, having weighed the risks and uncertainties associated with inflation forecasts.