

## VISUAL SUMMARY

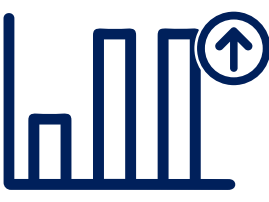
Economic Outlook and Inflation Forecasts Report  
November 2023



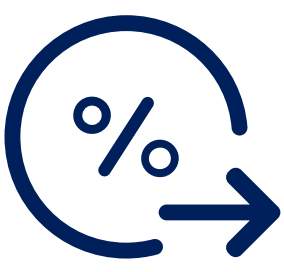
The outlook of a slowdown in global economic growth for 2023 and 2024 remains unchanged.



Domestic inflation rose in October, but should remain in the single digits over the medium term.



Excluding the production of liquefied natural gas (LNG), economic activity is expected to continue to recover, amid an acceleration of the economy led by the extractive industry.



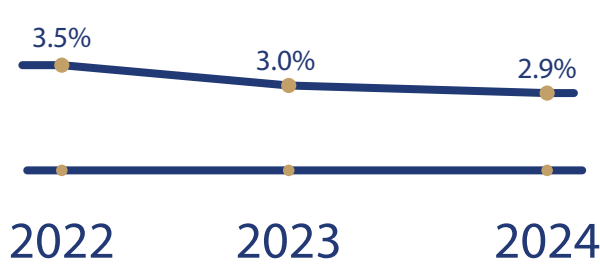
The Monetary Policy Committee of the Banco de Moçambique decided to keep the MIMO policy rate unchanged at 17.25%, underpinned by the emergence of new risks and uncertainties associated with inflation forecasts, highlighting the potential impact of the ongoing conflict in the Middle East on global fuel and food prices.

## Infographics

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### Slower global economic growth



The outlook for a slowdown in global growth for 2023 and 2024 remains unchanged, against the backdrop of high financing costs, over-indebtedness in emerging economies, the real estate bubble in China and geopolitical conflicts.



Despite remaining above medium-term targets, annual inflation should continue to slow in Mozambique's main trading partners.



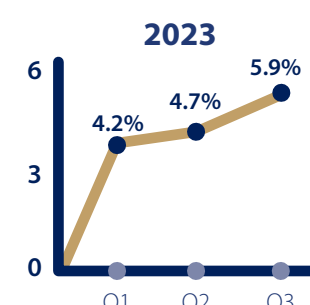
The prices of key commodities traded by the country are trending downwards in the global market, particularly oil, wheat, and coal.



The US dollar remains strong against major currencies.



### Domestic economy recovery



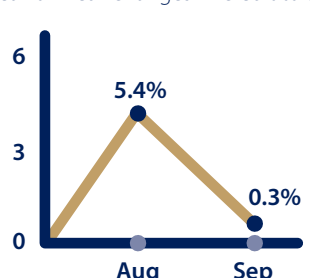
Economic activity accelerated in the first quarter of 2023, driven by the LNG output, amid the recovery of the manufacturing industry.



Current Account Balance  
Q3 2022 = USD 5,778 M  
Q3 2023 = USD 1,144 M

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

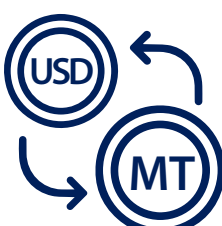
Year-on-Year Changes in Credit to the Economy



Credit to the economy growth remains timid, mainly due to the prevalence of restrictive monetary conditions.



### Single-digit inflation forecasts remain



The prevailing 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.



### Risks and uncertainties associated with inflation forecasts continue to worsen



Public debt  
December 2022 - MZN 275 billion  
November 2023 - MZN 334 billion

The trend of accelerating domestic public indebtedness remains in place.



Potential impacts of the conflict in the Middle East and the Russia-Ukraine war on oil and food prices.



Likely effects of extreme weather events, such as floods, droughts and cyclones, on commodity prices.



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



### MIMO policy rate unchanged at 17.25%



This decision is underpinned by the emergence of new risks and uncertainties associated with inflation forecasts, highlighting the potential impact of the ongoing conflict in the Middle East on global fuel and food prices.