

VISUAL SUMMARY

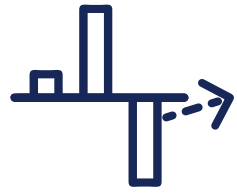
Economic Outlook and Inflation Forecasts Report - March 2025



The world economic outlook continues to point to continued economic growth and slowing inflation.



Domestic inflation ticked up, but the forecast for single-digit inflation over the medium term remains in place.



Economic activity contracted 4.9% in the fourth quarter, following 3.7% in the previous quarter. Moderate economic growth is expected in the medium term.



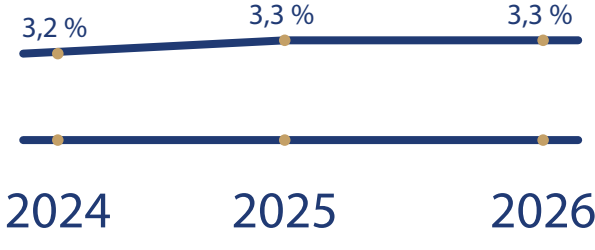
The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to reduce the policy rate, the MIMO rate, from 12.25% to 11.75%.

Infographics

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Global economic activity, with an impact on Mozambique’s exports, continued to grow



Global economic activity was mainly driven by increases in public spending and household consumption amid gradually declining interest rates. The outlook for 2025 and 2026 points to stability akin to 2024 levels.



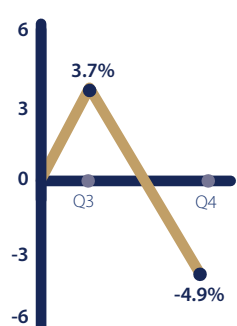
Inflation slowed in advanced and emerging market economies, albeit with some rigidity in developed-economy partners. The outlook for 2025 and 2026 is for the slowdown to persist, reflecting rising interest rates and falling energy prices.



The prices of the main products exported and imported by Mozambique, which sway the availability of foreign currency and domestic inflation, rose, except thermal coal.



Economic activity slumps



Economic activity shrank by 4.9% in the fourth quarter, following a 3.7% growth in the previous quarter, reflecting the impact of post-election tension on most business sectors.



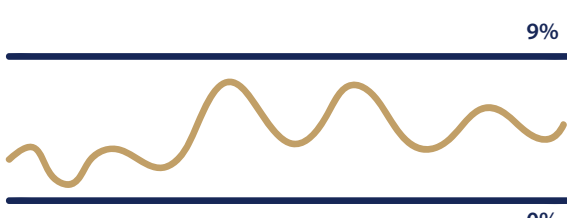
In the medium term, economic activity is expected to recover gradually, despite uncertainties about the impacts of climate shocks on agricultural production and various infrastructure and the effects of post-election tension on business sectors.



Domestic public indebtedness increased.



Single-digit inflation forecasts remain in place, supporting the stability of the purchasing power of the population

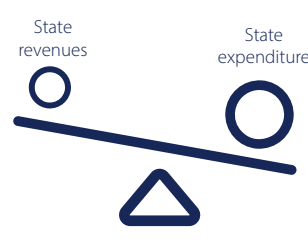


The prevailing exchange rate stability and the impact of the measures taken by the MPC, underpin the continued forecasts of single-digit inflation over the medium term.



The risks and uncertainties associated with inflation projections have risen

Key risk factors for rising inflation:



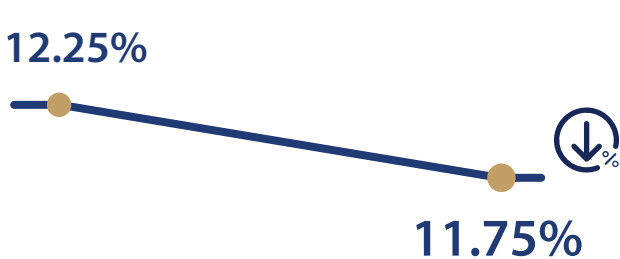
The growing challenges of the state to mobilize financial resources for its budget.



The effects of climate shocks and post-election tension on the prices of goods and services.



The MIMO policy rate, which drives the cost of credit, reduced to 12.75%



The reduction is mainly due to the continued outlook for single-digit inflation over the medium term, despite increased uncertainty about the effects of the worsening fiscal risk.