VISUAL SUMMARY
Economic Outlook and Inflation Forecasts Report - May 2026

The International Monetary Fund (IMF), in its April 2026 edition of the World Economic Outlook, anticipates subdued global economic growth in 2026 and higher global inflation relative to 2025, driven primarily by the adverse effects of the geopolitical conflict in the Middle East.

Annual inflation accelerated in April 2026, and this trend is expected to remain in place over the near and medium term.

Over the near and medium term, weak economic growth is expected.

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to keep the monetary policy rate, MIMO, unchanged at 9.25%.

Infographics
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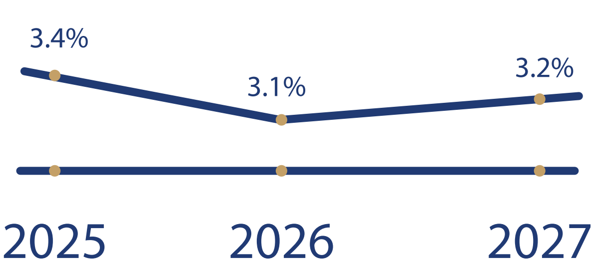
A. INTERNATIONAL ECONOMIES

Global economic activity, affecting Mozambique's exports, exhibited an uneven performance. Meanwhile, the global outlook remains exposed to high risks and uncertainties, primarily arising from geopolitical tensions in the Middle East.



In the first quarter of 2026, main commodities traded by Mozambique exhibited an uneven performance, partially constrained by disruptions in the supply of energy products following the conflict in the Middle East.

The IMF's macroeconomic outlook released in April 2026 points to a downward revision to global growth in 2026, with projections remaining unchanged for 2027.

In April 2026, annual inflation accelerated and remained above target in advanced economies, while remaining stable in emerging market economies.

Global inflation is expected to accelerate in 2026, amid rising energy and commodity prices arising from geopolitical tensions in the Middle East.

As of mid-May 2026, international prices of Mozambique's main traded commodities with effects for domestic inflation had generally increased year-on-year, except for natural gas.

B. DOMESTIC ECONOMY

Annual inflation accelerated to 4.41% in April 2026, reflecting supply-side bottlenecks arising from intermittent fuel availability, as well as the lagged effects of climate shocks.

The inflation outlook for the near and medium term has been revised upwards and could reach double digits, depending on the duration of the conflict in the Middle East.

The upward revision of the inflation outlook reflects the direct and indirect effects of the adjustment in domestic liquid fuel prices and intermittent supply disruptions, as well as imported inflation, despite the stability of the Metical and weak economic activity.

Over the near and medium term, weak economic growth is projected due to the adverse effects of climate shocks and the geopolitical conflict in the Middle East.

C. MPC DECISION

The MIMO policy rate, which influences the cost of credit, remained at 9.25%.

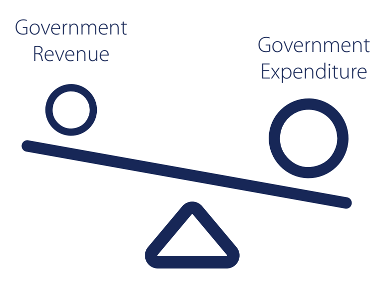
The unchanged MIMO policy rate is underpinned by heightened uncertainty regarding the duration of the conflict in the Middle East and the spillover effects on supply chains and the supply of goods, as well as on international and domestic fuel and food prices.

Risks and uncertainties surrounding inflation projections continue to deteriorate.

The key risks and uncertainties that could lead to higher inflation include:

The magnitude of the indirect effects of higher fuel prices on supply chains and the supply of goods.

The pace of recovery in productive capacity following the floods that struck the country in the first quarter of the year.



The effects of persistent fiscal risk, particularly delays in payments due by the Government.

The duration and magnitude of the impact of the geopolitical conflict in the Middle East on supply chains and the supply of goods, as well as on energy and food prices.