

VISUAL SUMMARY

Economic Outlook and Inflation Forecasts Report March 2026

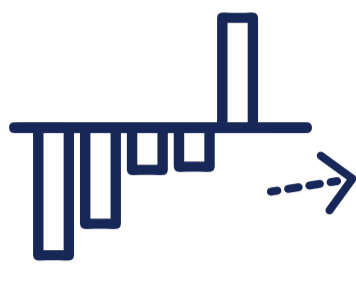


For 2026 and 2027, the International Monetary Fund's *World Economic Outlook* (January 2026) projects global growth to stabilise at levels broadly in line with those observed in 2025, alongside a continued moderation in inflation.

However, the onset of the conflict in the Middle East significantly heightens the risks and uncertainties associated with these prospects, as the global economy was already facing challenges related to trade and geopolitical tensions.



In February 2026, annual domestic inflation remained stable. However, an acceleration in prices is anticipated over the short to medium term.



Economic activity expanded in the last quarter of 2025, following four consecutive quarters of contraction. Looking ahead, moderate growth is expected over the short to medium term.



The Monetary Policy Committee (MPC) of the Banco de Moçambique decided to keep the monetary policy interest rate (MIMO rate) unchanged at 9.25%, thereby pausing the easing cycle initiated in January 2024.

Infographics

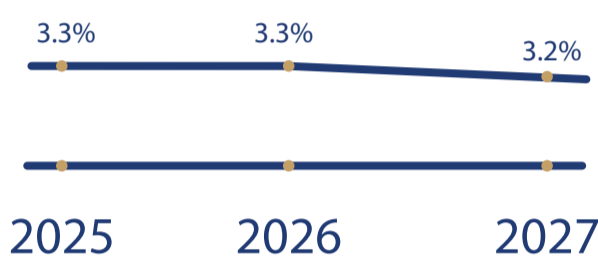
Economic Outlook and Inflation Forecasts Report March 2026



A. INTERNATIONAL ECONOMIES



Global activity, influencing the performance of Mozambique's exports, exhibited positive outcomes. However, the global outlook remains exposed to elevated risks and uncertainties, primarily arising from trade and the conflict in the Middle East.



In the fourth quarter of 2025, economic activity among Mozambique's main trading partners slowed, reflecting weaker household consumption and private investment.

The outlook for 2026 and 2027 points to global growth stabilising at levels close to those observed in 2025.



In February 2026, annual inflation remained above target in some advanced economies and stable in emerging markets.

According to the IMF's January 2026 publication, global inflation will continue to decline in 2026 and 2027, largely reflecting subdued demand and falling energy prices.



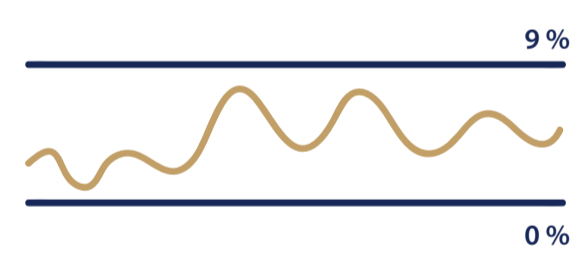
In March 2026, international prices of Mozambique's key traded commodities, influencing both foreign exchange availability and domestic inflation, exhibited a mixed trend.



B. DOMESTIC ECONOMY



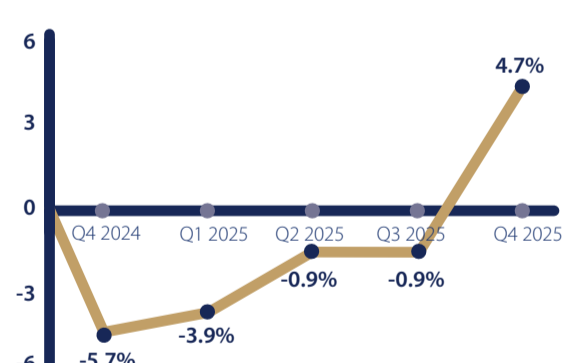
In February 2026, annual inflation stood at 3.20%, reflecting a modest acceleration in food and housing prices.



Near and medium-term inflation prospects have been revised upwards.



The upward revision of the inflation outlook reflects, among other factors, the effects of the onset of the conflict in the Middle East and the impact of recent floods, despite the continued stability of the Metical.



Economic activity expanded by 4.7% in the fourth quarter of 2025, following a 0.9% contraction in the previous quarter, reflecting broad-based gains across most sectors.



Over the short and medium term, economic activity is expected to recover gradually, albeit at a slower pace, reflecting the impact of climate shocks and the anticipated slowdown in global growth amid the conflict in the Middle East.



C. MPC DECISION



The MIMO policy rate, which shapes the cost of credit in the financial system, remained unchanged at 9.25%.



The decision to keep the MIMO policy rate unchanged reflects the materialisation and significant intensification of some risks and uncertainties surrounding inflation projections, namely the onset of the conflict in the Middle East and its impact on supply chains, as well as on the energy and food prices, which contributed to the upward revision of the inflation outlook.

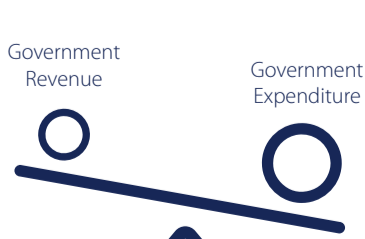


Risks and uncertainties associated with inflation projections have increased significantly

Key factors that could contribute to rising inflation include:



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



The effects of persistent fiscal risks, particularly arising from delayed government payments.



Uncertainty regarding the magnitude of the impact of climate shocks on supply chains and the availability of goods, as well as the pace of restoration of productive capacity.