

VISUAL SUMMARY

Economic Outlook and Inflation Forecasts Report - May 2023



The prevailing high-interest rates and financial market volatility, coupled with increasing geopolitical fragmentation, continue to support the prospects for slowing global economy growth in 2023, especially in the most advanced countries.



The extractive industry is driving economic growth, and should continue to contribute to its acceleration in 2023 and 2024. However, excluding gas projects, moderate economic growth is expected.



The impacts of the measures implemented by the MPC, prevailing exchange rate stability and the downward trend in import commodity prices in the global market consolidate single-digit inflation forecasts.



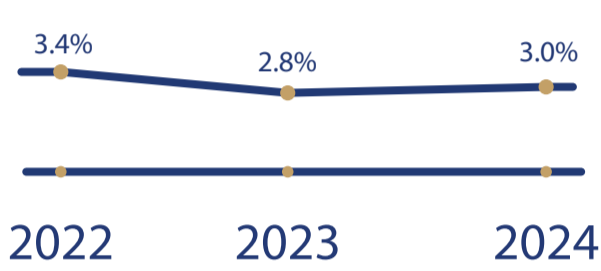
In order to ensure the maintenance of single-digit inflation in the medium term, the MPC decided to keep the MIMO policy rate unchanged at 17.25% and increase reserve requirements by 11 percentage points.

Infographics

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Slower global economic growth



The prevailing high-interest rates and financial market volatility, coupled with increasing geopolitical fragmentation, support the prospects for slowing global economy growth in 2023, especially in the most advanced countries.



Forecasts continue to point to slowing inflation in Mozambique's major trading partners, with the exception of South Africa and China, where the upward revision of inflation forecasts reflects increasing inflationary pressure arising from the cost of energy and the reopening of the economy, respectively.



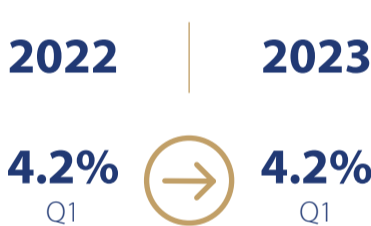
The prices of the main commodities in the global market continue to decline.



The US Dollar continues to strengthen against major currencies.



Domestic economy recovery



The extractive industry and the tertiary sector (services) are driving domestic economy growth.



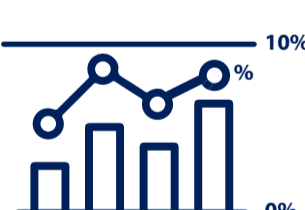
The substantial decline in imports explains the improvement in the balance of goods.



The volume of credit granted to the private sector grows.



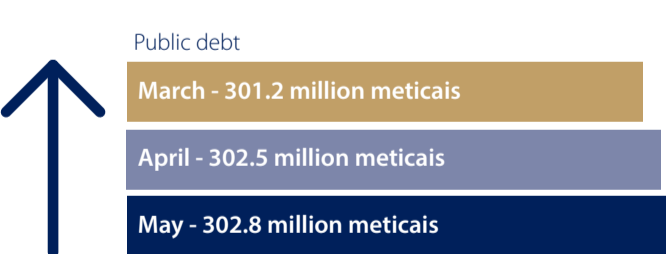
Single-digit inflation forecasts remain



The decline in food prices is driving a slowdown in annual inflation. In the medium term, single-digit inflation prospects are consolidating, underpinned by the impact of the measures that have been taken by the MPC, the prevailing exchange rate stability and the downward trend in commodity import prices in the global market.



High risks and uncertainties associated with inflation forecasts prevail



Prevailing pressure on public spending, amid weak revenue collection.



Uncertainties regarding the developments in administered prices, especially for liquid fuels.



Protracted Russia-Ukraine conflict.



Commodity price trends in the global market.



International financial market volatility.

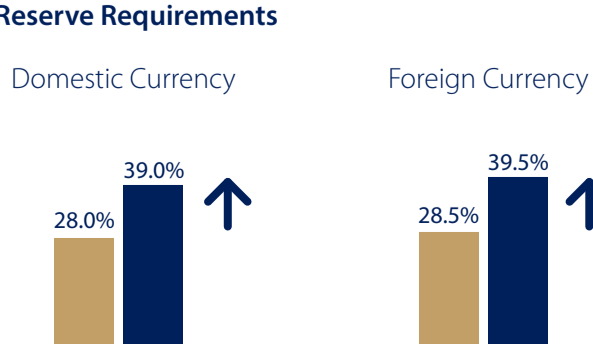


MIMO policy rate unchanged at 17.25%



In order to ensure the maintenance of 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.

Reserve Requirements



The MPC has also decided to increase reserve requirements.