

VISUAL SUMMARY

Economic Outlook and Inflation Forecasts Report - May 2025



The world economic outlook points to a slowdown in economic growth and a continued trend of decelerating inflation, albeit at a milder pace.



Domestic inflation has slowed, amid the consolidation of the single-digit inflation forecast over the medium term.



The outlook for moderate domestic economic growth remains unchanged over the medium term.



The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to reduce the monetary policy rate, MIMO, from 11.75% to 11.00%.

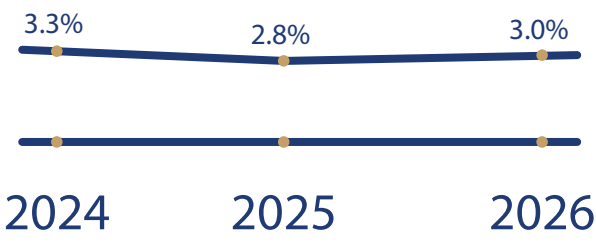
Infographics

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International Economies

The escalation of trade tensions had varying impacts on global economic performance and increased uncertainty surrounding the medium-term outlook.



Mozambique’s key trading partners have seen mixed economic performances in the first quarter of 2025. Global economic growth is expected to slow in 2025 and 2026, largely reflecting the effects of escalating trade tensions and rising uncertainties.



Inflation continues to slow in advanced and emerging market economies. The outlook for 2025 and 2026 points to a continued deceleration, albeit at a more gradual pace, reflecting the impact of newly imposed trade tariffs and mounting uncertainties, particularly across advanced economies.



The prices of the key products exported and imported by Mozambique, which drive the availability of foreign currency and domestic inflation, have decreased, with the exception of natural gas.



Domestic Economy

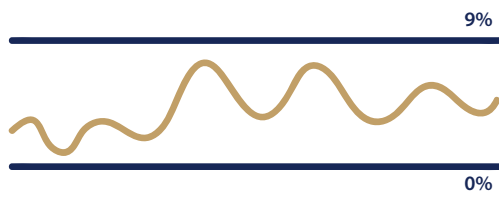
The outlook for a gradual recovery in economic activity remains in place.



In the medium term, the prospects for a gradual recovery in economic activity remain in place, despite the uncertainties of the impacts of climate shocks on agricultural production and various infrastructures and the effects of post-election tension on activity sectors.



Domestic inflation slowed due to falling food prices, particularly fruits and vegetables.



The forecast for single-digit inflation over the medium term remains firm, supporting the stability of consumers’ purchasing power.

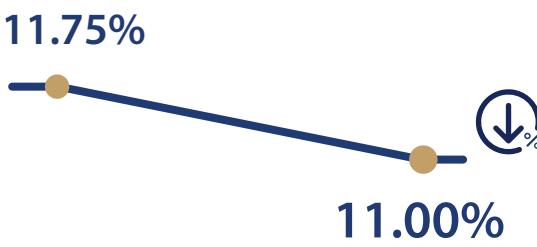


Exchange rate stability, the impact of the measures taken by the MPC and the downward trend in international prices of goods and services underpin the continued outlook for single-digit inflation over the medium term.



MPC Decision

The MIMO policy rate, which drives the cost of borrowing, reduced from 11.75% to 11.00%.

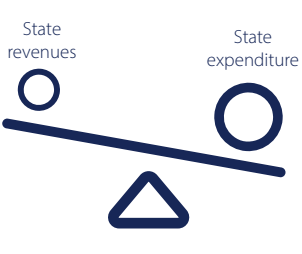


The reduction in the MIMO policy rate primarily reflects the consolidation of a single-digit inflation outlook over the medium term, partly supported by favorable trends in international goods and services prices, despite persistent high risks and uncertainties underlying domestic projections.



Domestic risks and uncertainties associated with inflation projections remain high

Key risk factors for rising inflation include:



State facing growing bottlenecks in mobilizing financial resources to finance its budget.



Effects of climate shocks and uncertainties surrounding the pace of recovery in productive capacity and the supply of goods and services.