VISUAL SUMMARY
Economic Outlook and Inflation Forecasts Report - September 2025

Global economic prospects continue to indicate a slowdown in economic growth for 2025 and 2026 and a continued moderation in the pace of inflation.

In August, annual inflation accelerated. However, the outlook for single digit inflation over the medium term remains in place.

Economic activity contracted by 0.9 % in the second quarter, following 3.9 % in the previous quarter. Meanwhile, moderate economic growth is expected over the medium term.

The Monetary Policy Committee (MPC) of the Banco de Moçambique has decided to reduce the monetary policy rate, MIMO, from 10.25 % to 9.75 %.

Infographics
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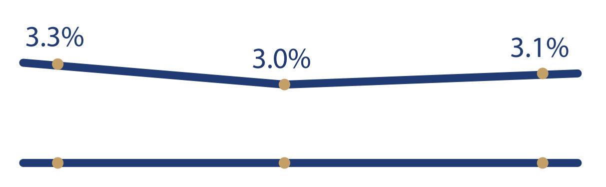
A. GLOBAL ECONOMIES

Global economic activity, affecting Mozambique's exports, has improved. However, the global economic outlook remains exposed to risks and uncertainties arising from trade and geopolitical tensions, coupled with fiscal vulnerabilities.



In the second quarter of 2025, Mozambique's major trading partners recorded positive economic growth, primarily driven by higher household consumption and increased exports.

The outlook for 2025 and 2026 continues to point to a slowdown in global economic growth, compared with 2024.

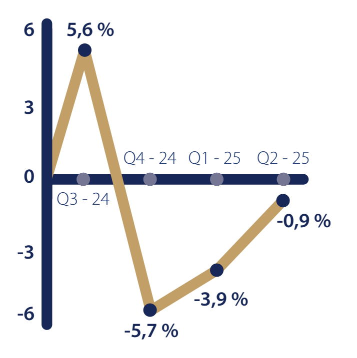
In August, annual inflation exhibited mixed dynamics across advanced and emerging market economies.

The prospects for a slowdown in global inflation for 2025 and 2026 remain in place, particularly supported by lower international commodity prices.

Global prices of Mozambique's key export commodities, which play a key role in foreign exchange earnings and domestic inflation declined on a year-on-year basis, except for aluminium.

B. DOMESTIC ECONOMY

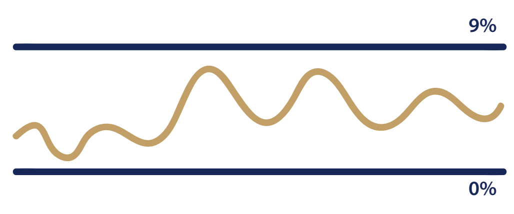
Economic activity contracted.



Economic activity contracted by 0.9 % in the second quarter, following 3.9 % in the previous quarter, particularly reflecting negative performance of the secondary and tertiary sectors.

In the medium term, a gradual recovery in economic activity, excluding LNG production, is expected, partially supported by the prospects for the implementation of projects in strategic areas.

In August, annual inflation accelerated, driven primarily by higher food prices.

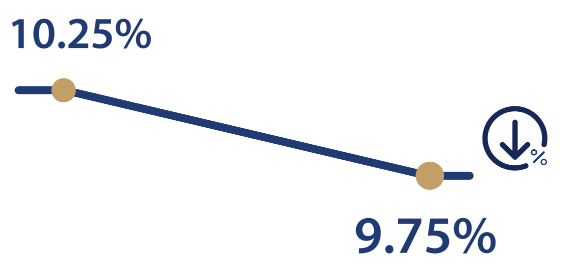


Nevertheless, the medium-term outlook continues to point to single-digit inflation, helping to preserve household purchasing power.

The stance of monetary policy, the stability of the Metical and the downward trend in international commodity prices support the ongoing outlook for single-digit inflation over the medium term.

C. MPC DECISION

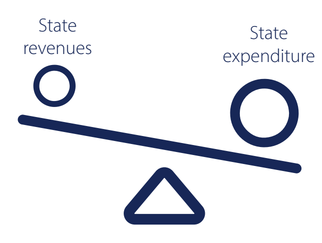
The MIMO policy rate, which influences the cost of borrowing, reduced from 10.25 % to 9.75 %.



The MIMO rate reduction stems from prospects of inflation remaining in single digits over the medium term, despite the prevalence of high domestic risks and uncertainties associated with the projections.

Risks and uncertainties associated with inflation projections remain high.

Key factors that could contribute to rising inflation include:



Rising fiscal pressures, reflecting the government's challenges in mobilising resources for its budget.

The impact of climate-related shocks and the slow restoration of productive capacity and the supply of goods and services.