

VISUAL SUMMARY

Economic Outlook and Inflation Forecasts Report
September 2026



The International Monetary Fund (IMF), in its July 2026 edition of the *World Economic Outlook* (WEO), revised down its projections for global growth and revised up its inflation projections for 2026, reflecting, among other factors, the impact of the protracted geopolitical tensions in the Middle East on energy prices.



In August 2026, annual inflation slowed. However, inflation is expected to rise in the near term before declining to single digits over the medium term.



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



The Monetary Policy Committee (MPC) of the Banco de Moçambique decided to keep the monetary policy interest rate, MIMO, unchanged at 9.25% and to change the reserve requirement regime as of the next reserve maintenance period.

RECENT DEVELOPMENTS AND OUTLOOK

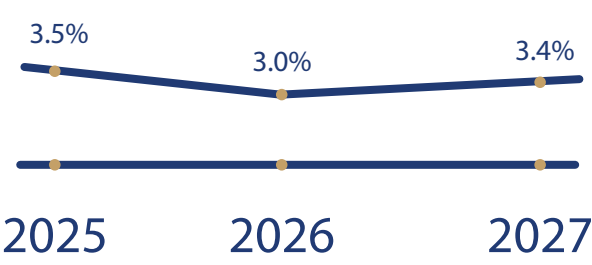
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A. GLOBAL ECONOMY



Global economic activity, affecting Mozambique’s exports, exhibited an uneven performance. The global outlook remains subject to elevated risks and uncertainties, mainly stemming from the protracted geopolitical tensions in the Middle East.



In the second quarter of 2026, Mozambique’s main trading partners recorded mixed economic performance, with growth moderating in the USA, China and South Africa, while accelerating in the Euro Area.

The IMF projects a slowdown in global economic growth in 2026, followed by a recovery in 2027, with the projections revised down for 2026 and up for 2027.



In August 2026, annual inflation remained above target in advanced economies and accelerated in emerging market economies.

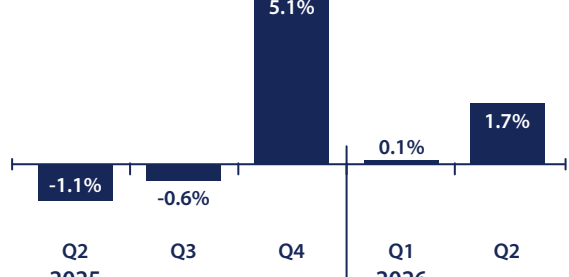
Global inflation is expected to rise in 2026, mainly reflecting higher energy and food prices associated with the effects of the conflict in the Middle East, before moderating in 2027 as tensions in the region are assumed to ease.



By mid-September 2026, international prices of the major commodities traded by Mozambique were generally higher on a year-on-year basis, with the exception of natural gas.



B. DOMESTIC ECONOMY



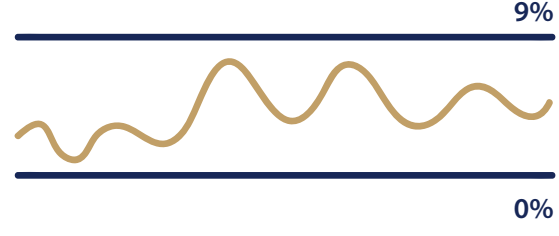
In the second quarter of 2026, real GDP grew by 1.7% year-on-year. The expansion largely reflected the positive performance of the primary and tertiary sectors. From the expenditure side, GDP growth was supported by a positive contribution from domestic demand, despite a contraction in investment.



The outlook for moderate economic growth remains unchanged over the near and medium term, supported by the implementation of projects in strategic areas.



In August 2026, annual inflation continued to slow for the second consecutive month, reaching 6.45%, mainly reflecting lower food prices, particularly fruit and vegetables, supported by the seasonal increase in supply associated with the winter season.



Prices are expected to rise in the near term. Over the medium term, inflation is projected to decline to single digits, mainly due to prospects of lower international fuel and food prices, assuming an easing of tensions in the Middle East.



C. MPC DECISION



The MIMO policy rate, which influences the cost of credit, was kept unchanged at 9.25%.



This decision primarily reflects the persistence of elevated risks and uncertainties related to the impact of climate shocks and protracted geopolitical tensions in the Middle East and Europe, with potential implications for international fuel and food prices, amid a still subdued recovery in economic activity.



Under the new reserve requirement regime, to remain in effect for 18 months, banks will be allowed to deduct from their local currency reserve requirements an amount equivalent to new lending to firms that support import substitution and/or export growth. The applicable interest rate will be the MIMO rate, with an additional margin of 150 basis points, depending on the purpose of the financing.



Risks and uncertainties to the inflation projections remain elevated.

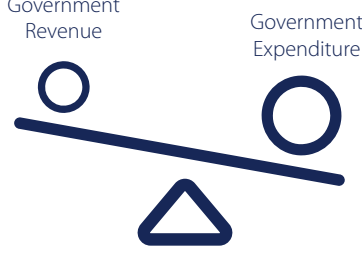
The key risks and uncertainties that could lead to higher inflation include:



The magnitude of the effects of imported inflation.



The magnitude of the impact of climate shocks.



Developments in public debt.



The magnitude of the effects of geopolitical tensions in the Middle East and Europe on trade flows, the global supply of goods, and international fuel and food prices.