



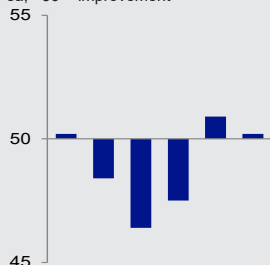
Standard Bank Mozambique PMI®

Output levels improve again in March, but employment falls

50.2

MOZAMBIQUE PMI
MAR '25

PMI
Oct '24 - Mar '25
sa, >50 = improvement



Output and new orders rise for second month running

Staffing decreases at quickest rate since mid-2020

Costs and charges increase further

Operating conditions in Mozambique strengthened for the second month in a row in March, with increased sales driving a further rise in business activity. Firms subsequently expanded their purchasing activity and stocks of inputs. However, there was a renewed drop in employment, which was the fastest in almost five years and contributed to a softening of overall growth.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI®). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The PMI registered 50.2 in March, from 50.9 in February, signalling an upturn in the health of the private sector economy for the second month running. The improvement in business conditions was influenced by increases in output, new orders and inventories, but it was slightly restrained by lower employment and a shortening of delivery times.

The latest survey data indicated that

more stable economic conditions had bolstered sales at Mozambican firms in March. Volumes of new work rose at the quickest pace since October 2024, although the upturn was broadly aligned with the series long-run trend.

Rising order book intakes enabled firms to expand their activity for the second month in a row. Growth was recorded in the services, wholesale & retail and agriculture sectors, contrasting with downturns in construction and manufacturing.

Expectations for future business activity also improved, with confidence ticking up to the highest for seven months. According to anecdotal reports, plans to boost activity often involved expanding customer numbers, increasing exports and hiring more people.

Nevertheless, March data indicated a fall in employment at Mozambican firms, following two months of job creation. Some panellists reportedly shed staff as they were typically able to clear backlogs, while others cited the non-replacement of

Standard Bank Mozambique PMI

sa, >50 = improvement since previous month



PMI®

by S&P Global



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- Output and demand
- Business expectations
- Employment and capacity
- Purchasing and inventories
- Prices
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- Further information

leavers. Although modest, the decline in employment was the strongest recorded since June 2020.

Lower workforce numbers helped to curb staff costs in March, partly offsetting an increase in purchase prices associated with rising material demand. As a result, the overall rate of input price inflation softened from February's 29-month high and was moderate. Increased input costs were partially passed on to customers through a marginal uplift in selling prices.

Meanwhile, Mozambican firms continued to expand their purchasing activity and increase their stocks during March, finalising a full quarter of growth in both metrics. Inputs were generally purchased in greater amounts due to rising new

orders. That said, the latest expansion was slower than in February and only marginal.

Positively for businesses, supplier lead times shortened for the first time in five months. Albeit only slight, the improvement was frequently attributed to an easing of supplier disruption caused by recent protests. The sectoral impact was disparate though, with three out of five categories registering an improvement: namely agriculture, wholesale & retail and services.



Comment

Fáusio Mussá, Chief Economist - Mozambique at Standard Bank commented:

"The Standard Bank Mozambique PMI fell to 50.2 (seasonally adjusted) in March, from 50.9 in February, after having remained in negative territory from November to January. There were month-on-month (m/m) expansions in output, new orders, purchases and supplier delivery times, but a contraction in employment.

"While PMI prints above the 50-benchmark suggest month-on-month growth in private sector business activity, we still see GDP growth in negative territory in the first quarter of 2025, turning positive from the

second quarter onwards and implying a slow growth recovery from the negative impact of the protests that followed the October 2024 election.

"Notably, business sentiment is slowly improving. The PMI future business expectations sub-index rose in March, but with the degree of optimism below its long-run average. After all, ongoing foreign exchange (FX) liquidity and fiscal pressures imply a challenging macroeconomic environment.

"The Banco de Moçambique continues to cut policy rates, suggesting that despite the risks to the outlook, the Monetary Policy Committee is confident that inflation

will remain at single digit levels. This is consistent with the view of the USD/MZM pair remaining stable in the short-term, implying a disconnect between the FX rate and ongoing FX supply-demand imbalances in the market.

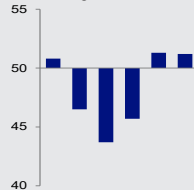
"We now forecast the MIMO policy interest rate being cut to a single digit level of 9.75% before the end of 2025, down from the current level of 11.75%, which implies the prime lending interest rate falling towards 16% by year end. Lower interest rates would go a long way in supporting the economy recovery."



Output and demand

Output Index

Oct '24 - Mar '25
sa, >50 = growth



New Orders Index

Oct '24 - Mar '25
sa, >50 = growth



Output

Mozambican businesses recorded a further expansion in output levels at the end of the first quarter of 2025. The rate of growth held close to February's six-month high and was stronger than the series long-run trend. Firms that raised their output typically related this to higher sales and more customers. Growth was observed in the agriculture, wholesale & retail and services parts of the private sector.

Output Index

sa, >50 = growth since previous month



New orders

Firms in Mozambique received a higher level of incoming new orders for the second consecutive month in March, marking a further recovery from a previous three-month decline. The upturn was modest and broadly the same as that recorded in February. Panellists indicated that a reduction in political demonstrations and stronger customer demand had bolstered sales.

New Orders Index

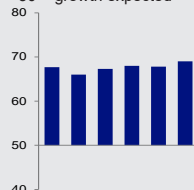
sa, >50 = growth since previous month



Business expectations

Future Output Index

Oct '24 - Mar '25
>50 = growth expected



Expectations for future output levels improved slightly in March, with the respective index climbing to its highest level in seven months. Around 39% of respondents anticipate an increase in activity, while just 1% forecast a decline. That said, the overall degree of optimism was still considerably lower than its long-run average. Survey comments indicated that firms plan to expand customer reach, increase exports and employ more people over the coming year.

Future Output Index

>50 = growth expected over next 12 months

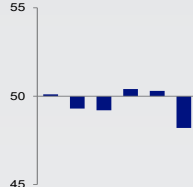




Employment and capacity

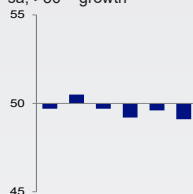
Employment Index

Oct '24 - Mar '25
sa, >50 = growth



Backlogs of Work Index

Oct '24 - Mar '25
sa, >50 = growth



Employment

Firms in Mozambique reduced their headcounts for the first time in 2025 to date during March. The drop in staffing was also the quickest recorded in nearly five years, though modest overall. Several panellists reported the dismissal of some employees, while others commented on the non-replacement of leavers. Employment fell in all monitored sectors, except for construction.

Backlogs of work

Once again, the survey data indicated that companies were able to service their backlogs at the end of the first quarter. Outstanding work volumes decreased for the fourth month in succession. Although marginal, the rate of depletion was the fastest recorded since April 2024.

Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

sa, >50 = growth since previous month

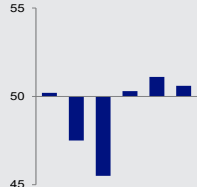




Purchasing and inventories

Quantity of Purchases Index

Oct '24 - Mar '25
sa, >50 = growth



Quantity of purchases

Mozambican firms reported a slight increase in their purchasing levels during March, which they attributed to higher sales, product diversification and efforts to gain new customers. The uplift continued the expansionary trend seen in 2025 so far. However, the rate of growth softened from February and was only marginal.

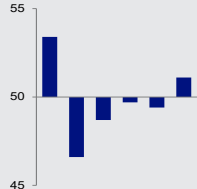
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Oct '24 - Mar '25
sa, >50 = faster times



Suppliers' delivery times

For the first time since last October, firms saw average lead times shorten on a monthly basis in March. Survey comments signalled this was often due to reduced disruption from protests and increased competition for deliveries. The improvement in lead times was slight and concentrated in the wholesale & retail, services and agriculture sectors. Manufacturers and construction firms saw delivery times lengthen.

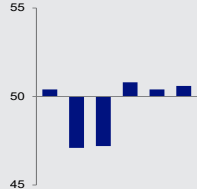
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Oct '24 - Mar '25
sa, >50 = growth



Stocks of purchases

The acquiring of new inputs allowed companies to expand their inventories in March, as stocks of purchases increased for the third month running. Like purchasing activity, the rate of stock accumulation was marginal and weaker than the average recorded over the survey history.

Stocks of Purchases Index

sa, >50 = growth since previous month

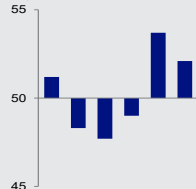




Prices

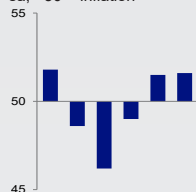
Input Prices Index

Oct '24 - Mar '25
sa, >50 = inflation



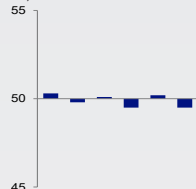
Purchase Prices Index

Oct '24 - Mar '25
sa, >50 = inflation



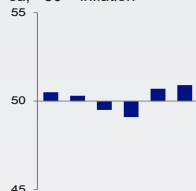
Staff Costs Index

Oct '24 - Mar '25
sa, >50 = inflation



Output Prices Index

Oct '24 - Mar '25
sa, >50 = inflation



Input prices

Input prices in the Mozambican economy increased for the second month in a row in March. The uptick was chiefly driven by higher purchase prices, as staff costs declined on the month. Twice as many surveyed firms (8% of the panel) recorded a rise in input costs than those seeing a fall (4%). Despite this, the rate of inflation cooled from February's 29-month high and was only modest.

Purchase prices

Prices paid for raw materials and other components used in business operations rose for the second straight month at the end of the opening quarter. Several companies noted that an increase in demand for critical items pushed prices higher, while others reported acquiring new items. Purchase prices rose in four out of the five broad sectors covered, the exception being manufacturing.

Staff costs

The latest survey data indicated a slight decrease in staff costs across the Mozambican private sector. The reduction was the second recorded in three months and followed a marginal rise in February. Businesses reported that a drop in employment was the chief driver of lower staff costs.

Output prices

Mozambican firms looked to pass through higher operating expenses to their customers in March. This was reflected by an increase in selling charges for the second consecutive month. Although the pace of inflation was slight, it accelerated from February to the fastest recorded in six months.

Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month

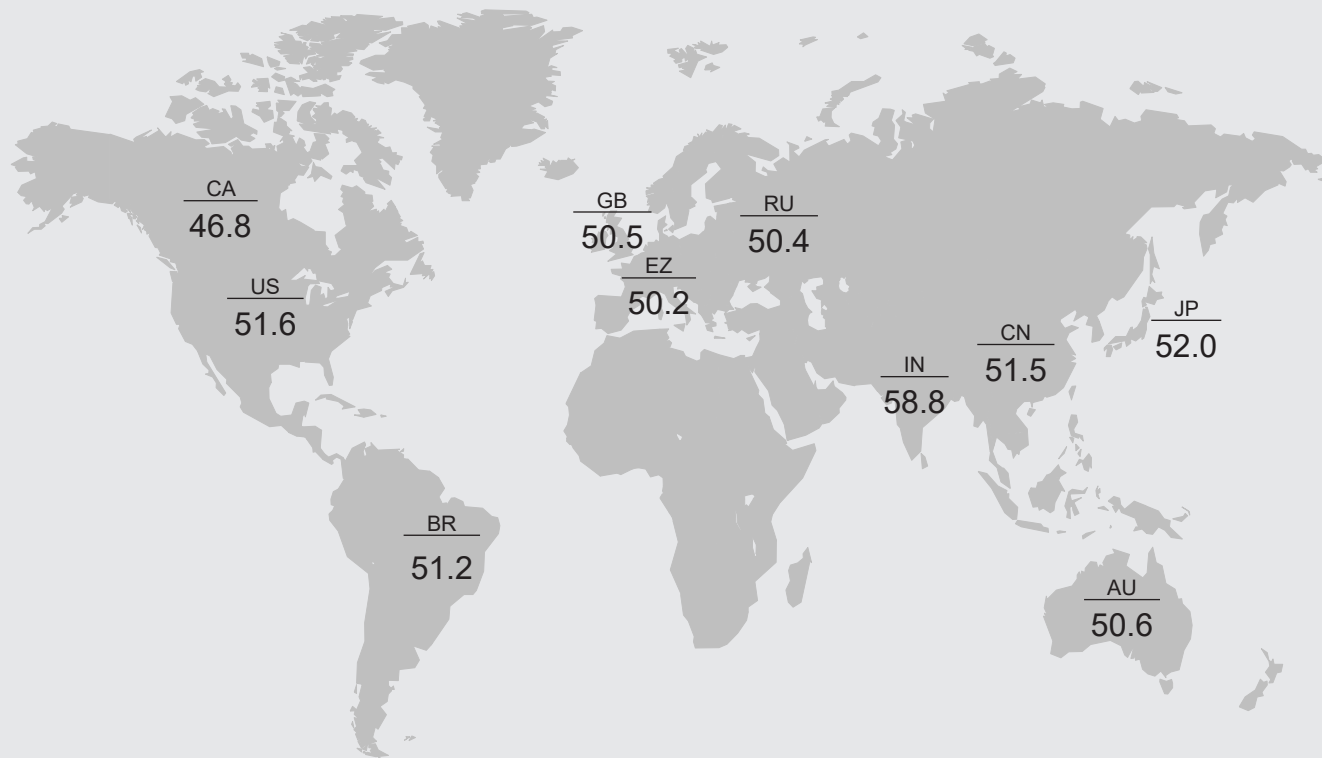




International PMI

Composite Output Index, Feb '25
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

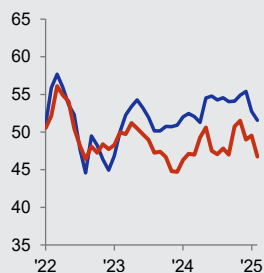


Composite Output Index

■ USA

■ Canada

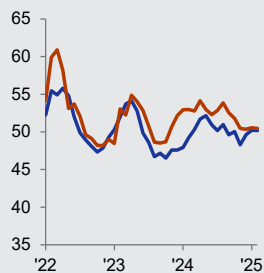
sa, >50 = growth



■ Eurozone

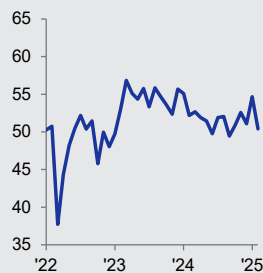
■ UK

sa, >50 = growth



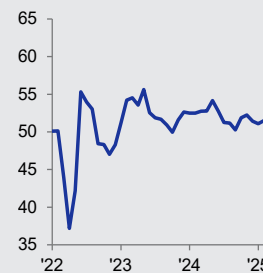
■ Russia

sa, >50 = growth



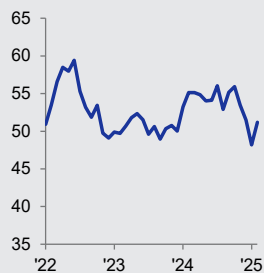
■ China

sa, >50 = growth



■ Brazil

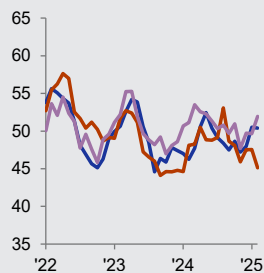
sa, >50 = growth



■ Germany

■ France

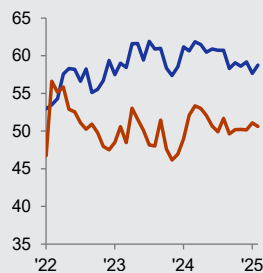
sa, >50 = growth



■ India

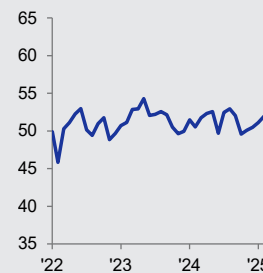
■ Australia

sa, >50 = growth



■ Japan

sa, >50 = growth



PMI®

by S&P Global



Survey methodology

The Standard Bank Mozambique PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected March 2015.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Survey dates

Data were collected 12-26 March 2025.

Survey questions

Private sector

Output
New Orders
New Export Orders
Future Output
Employment
Backlogs Of Work
Quantity Of Purchases

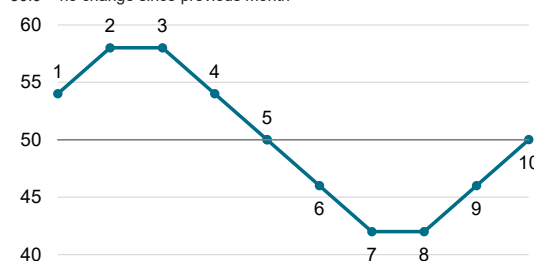
Suppliers' Delivery Times
Stocks Of Purchases
Input Prices
Purchase Prices
Staff Costs
Output Prices

Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

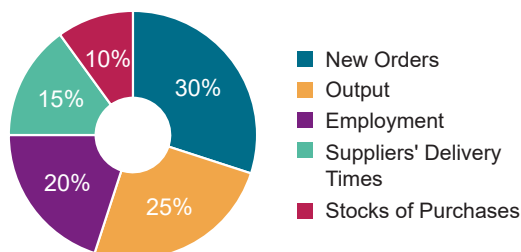
Index interpretation

50.0 = no change since previous month



- | | |
|--------------------------|----------------------------|
| 1 Growth | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

PMI component weights



Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

A	Agriculture, Forestry and Fishing	K	Financial and Insurance Activities
B	Mining and Quarrying	M	Professional, Scientific and Technical Activities
C	Manufacturing	N	Administrative and Support Service Activities
F	Construction	P	Education*
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Q	Human Health and Social Work Activities*
H	Transportation and Storage	R	Arts, Entertainment and Recreation
I	Accommodation and Food Service Activities	S	Other Service Activities
J	Information and Communication		

*Private sector

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Contact

Fáusio Mussá
Chief Economist, Mozambique
Standard Bank
T: +258 215 01 012
fausio.mussa@standardbank.co.mz

Inercio Pene
Public Relations & Communication
Standard Bank
T: +258 843 124 994
inercio.pene@standardbank.co.mz

David Owen
Senior Economist
S&P Global Market Intelligence
T: +44 1491 461 002
david.owen@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

About Standard Bank

Standard Bank is established in Mozambique since 1894, actively participating in the development of the country by financing the national economy and placing its vast expertise in the areas of energy, infrastructure and mineral resources available to the national business community and in attracting foreign investment.

Over the past five years, Standard Bank has invested more than US 200 million in credit lines for infrastructure projects for the transport of coal, storage of liquid fuels, expansion and construction of airports and roads, as well as projects in the areas of telecommunications and mineral resources.

Standard Bank is a solid and profitable bank with branches in all of the country's provinces and a wide range of products and services for large, small and medium-sized businesses and individuals. The bank reverts part of its profits to the communities where it is inserted, through the implementation of social projects in the areas of health, education and sports.

Member of the Standard Bank Group, the largest African bank in terms of geographic dispersion, results and assets, with presence in 20 countries on the African continent, as well as 6 global financial centres, Standard Bank Mozambique has the financial and human resources to serve and connect clients throughout world.

www.standardbank.co.mz

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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