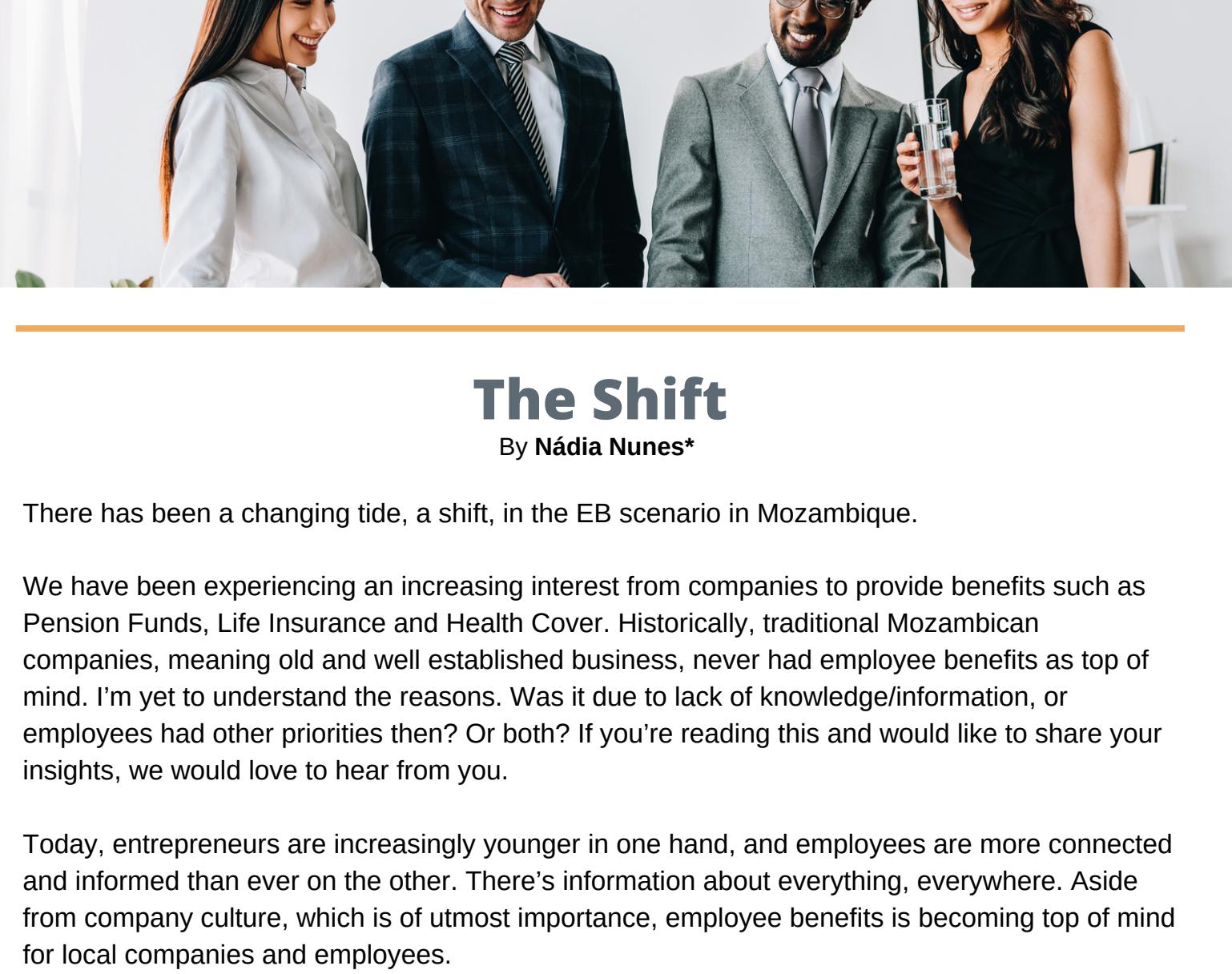


## MONTHLY NEWSLETTER

ISSUE 12 VOL. 1



### The Shift

By Nádia Nunes\*

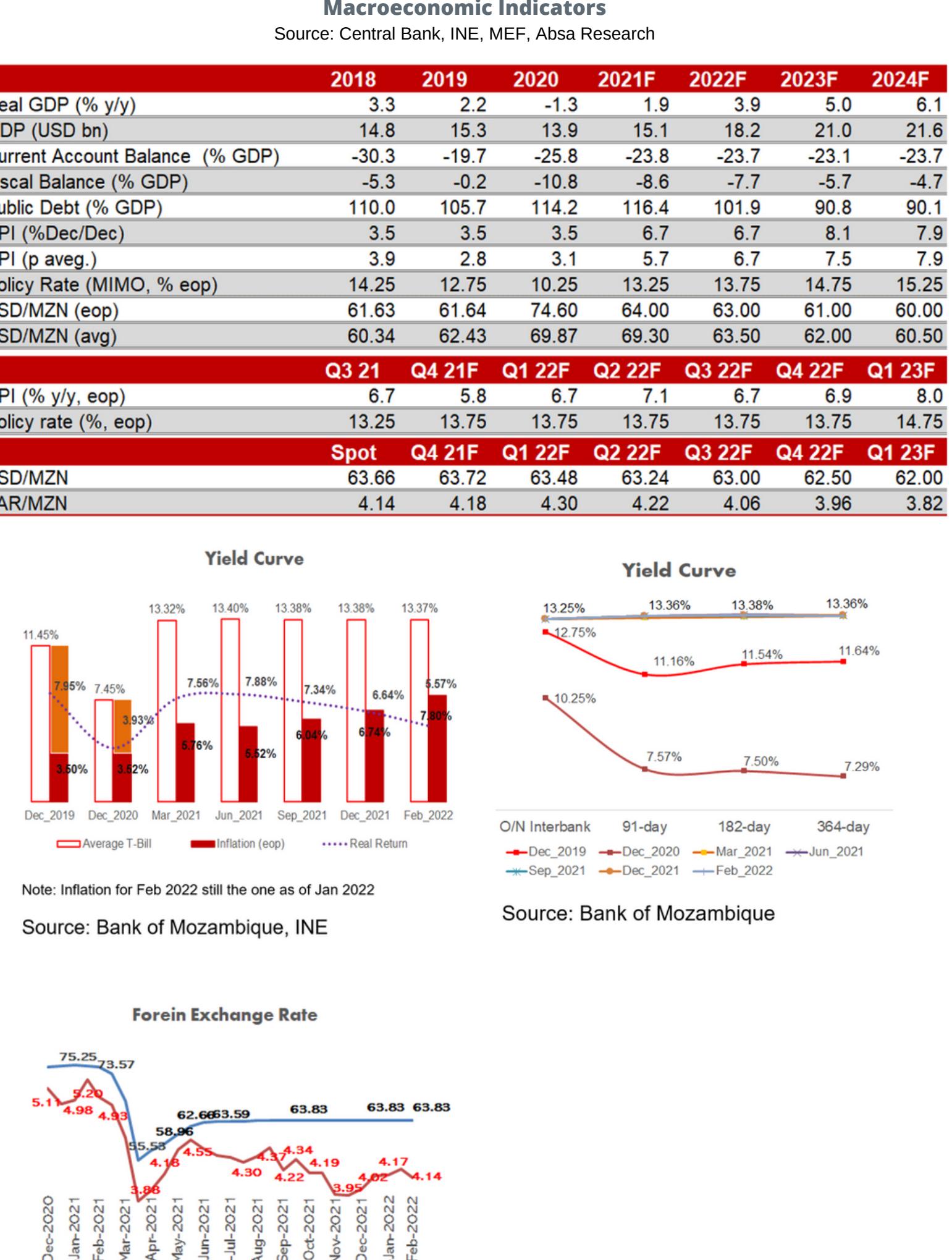
There has been a changing tide, a shift, in the EB scenario in Mozambique.

We have been experiencing an increasing interest from companies to provide benefits such as Pension Funds, Life Insurance and Health Cover. Historically, traditional Mozambican companies, meaning old and well established business, never had employee benefits as top of mind. I'm yet to understand the reasons. Was it due to lack of knowledge/information, or employees had other priorities then? Or both? If you're reading this and would like to share your insights, we would love to hear from you.

Today, entrepreneurs are increasingly younger in one hand, and employees are more connected and informed than ever on the other. There's information about everything, everywhere. Aside from company culture, which is of utmost importance, employee benefits is becoming top of mind for local companies and employees.

As consultants, our job is to help companies navigate the technical nuances of insurance, providing guidance and fit-for-purpose solutions in line with budget. To achieve that, we work very closely with HR professionals, making the process smoother.

\*Manager | Carlyle Partners



### 2022 Investment Resolution and Tax Assessment

By Alberto Pitoro\*

The year transition is the perfect occasion to outline and implement brand new plans and projects, reassess goals and opportunities, embrace new challenges both personally and institutionally. It is to be expected and often desirable, that such plans and projects include the investment area and volume, exploration of new markets, new asset classes, portfolio performance and risk assessment, among others.

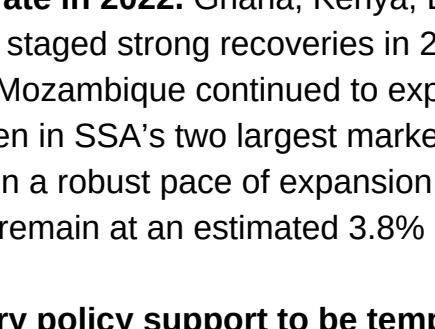
The beginning of the year is also the moment where the factors associated with the investments are undertaken and/or fulfilled, requiring the attention of the investor himself or his representatives. Some of these aspects are linked to the treasury, to name a few: statements, payments, renewals, waiver and applicable benefits. Depending on the characteristics of each investor, market, financial instrument involved, applicable laws and regulations, the applicable tax requirements and benefits may turn out to be diverse for the investor.

Considering that the tax burden has an impact on the investments financial performance (Net), we would like to take this time to remind the investor, without diving into further details, of the need to take this aspect into account when deciding where to invest the assets. Given the level of complexity of the instruments, market and other aspects involved, our recommendation would be to seek professional advisory in order to ensure the best possible outcome, however, without violating the relevant tax requirements.

\*Head of Treasury | Absa Bank Mozambique

### Market Intelligence

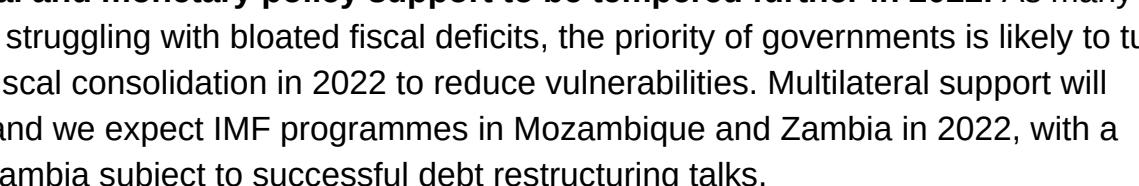
By Absa Bank



#### Macroeconomic Indicators

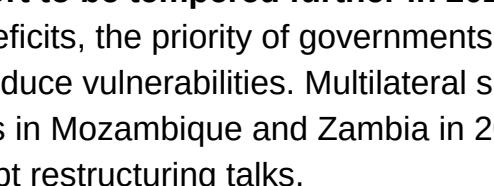
Source: Central Bank, INE, MEF, Absa Research

	2018	2019	2020	2021F	2022F	2023F	2024F
Real GDP (% y/y)	3.3	2.2	-1.3	1.9	3.9	5.0	6.1
GDP (USD bn)	14.8	15.3	13.9	15.1	18.2	21.0	21.6
Current Account Balance (% GDP)	-30.3	-19.7	-25.8	-23.8	-23.7	-23.1	-23.7
Fiscal Balance (% GDP)	-5.3	0.2	-10.8	-8.6	-7.7	-5.7	-4.7
Public Debt (% GDP)	110.0	105.7	114.2	116.4	101.9	90.8	90.1
CPI (% Dec/Dec)	3.5	3.5	3.5	6.7	6.7	8.1	7.9
CPI (Avg) (%)	3.5	2.8	3.1	5.7	7.5	15.25	15.25
Policy Rate (MIMO, % eop)	14.25	12.75	10.25	13.25	13.75	14.75	15.25
USD/MZN (eop)	61.25	61.64	74.80	69.30	63.50	61.00	60.50
USD/MZN (avg)	60.34	61.43	69.87	69.30	63.50	61.00	60.50
USD/MZN (y/y)	3.21	4.21	1.27	2.22	3.25	4.22	1.27
CPI (% y/y, eop)	3.21	4.21	1.27	2.22	3.25	4.22	1.27
Policy rate (% eop)	13.25	13.75	13.75	13.75	13.75	13.75	14.75
USD/MZN	63.66	63.72	63.48	63.24	63.00	62.50	62.00
ZAR/MZN	4.14	4.18	4.30	4.22	4.06	3.96	3.82



Note: Inflation for Feb 2022 still the one as of Jan 2022

Source: Bank of Mozambique, INE



Source: Bank of Mozambique

### Sub-Saharan Africa Economic Viewpoints

By Absa Bank

Sub-Saharan Africa's economic growth in 2021 was overall stronger than expected and the focus in 2022 is likely to shift to broadening the recovery, greater resilience and sustainability after the pandemic. Favourable base effects, accommodative policies, a stronger global backdrop that supported higher commodity prices and multilateral support have been key drivers behind the stronger growth trajectory seen in many markets. The recovery in some markets remain sluggish, but we expect it to gain momentum this year as part of the post-pandemic normalisation process. We expect infrastructure investments, ongoing policy support (although some of Africa is likely to be gradually withdrawn), full reopening of economies, digitalisation, the Africa Continental Free Trade Agreement, growth in tourism, higher commodity prices and a still supportive global backdrop to continue to support SSA economies. Poor vaccination rates across the region remain a threat and the recovery could still be hindered by new waves of COVID-19 variants, tighter global financial conditions, volatile weather conditions, high inflation rates, elevated debt burdens and fiscal consolidation. Nevertheless, the main challenge over the long term is to continue with the much-needed reforms to ensure more resilient economies and inclusive and sustainable growth.

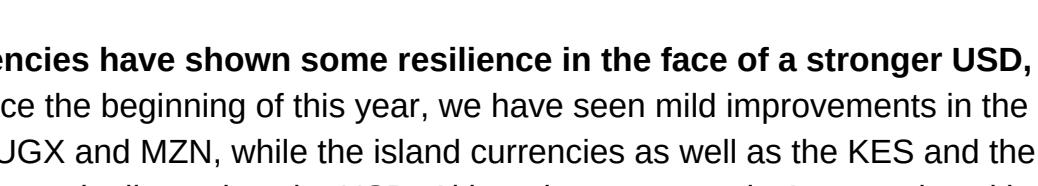
We have raised our 2021 growth estimate for our coverage region from 3.6% to 4.0%, but expect a softer 3.3% growth rate in 2022. Ghana, Kenya, Botswana, Nigeria, South Africa, Tanzania, Uganda and Zambia staged strong recoveries in 2021 on the back of a low base, whereas Angola, Namibia and Mozambique continued to experience challenging conditions. In 2022, we expect growth to soften in SSA's two largest markets, South Africa and Nigeria, and East African markets to maintain a robust pace of expansion. Excluding South Africa, average growth in our region is likely to remain at an estimated 3.8% in 2022, as was the case in 2021.

We expect fiscal and monetary policy support to be tempered further in 2022. As many markets are still struggling with bloated fiscal deficits, the priority of governments is likely to turn increasingly to fiscal consolidation in 2022 to reduce vulnerabilities. Multilateral support will remain critical, and we expect IMF programmes in Mozambique and Zambia in 2022, with a programme in Zambia subject to successful debt restructuring talks.

High inflation in many markets could lead to more policy rate hikes. Angola, Ghana, Mozambique, South Africa and Zambia raised policy rates last year and may see further hikes this year. We expect most of the remaining markets under our coverage to also look to begin policy normalisation. The main threats to the inflation outlook may stem from higher food and fuel prices, high fiscal spending, weaker exchange rates and elevated global inflation.

SSA currencies have shown some resilience in the face of a stronger USD, but risks linger. Since the beginning of this year, we have seen mild improvements in the performance of the BWP, UGX and MZN, while the island currencies as well as the KES and TZS have weakened marginally against the USD. Although most countries' external positions are stronger now than at the start of the pandemic and previous episodes of Fed tightening, idiosyncratic factors will still matter. We believe the GHS is still the most vulnerable given current fiscal risks and large foreign portfolio holdings. Any tensions ahead of the elections in Kenya could also hurt sentiment and drive the currency weaker.

\*Sub-Saharan Africa Research



Source: Bank of Mozambique

# Key Macroeconomic Data

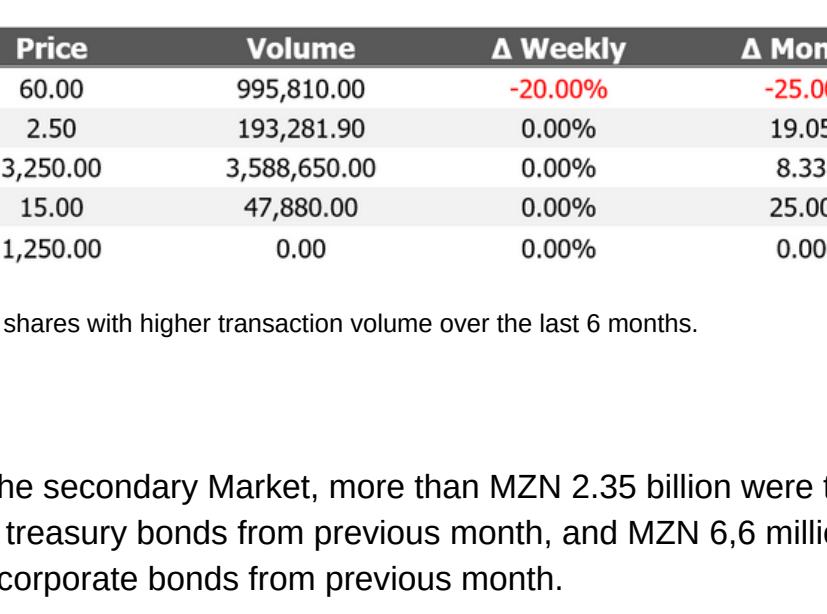
Sources: Various national statistics offices, Absa Research

Figure 1: Key macroeconomic data

	Real GDP (% y/y)			Inflation (%, avg.)		
	2021F	2022F	2023F	2021	2022F	2023F
Angola	-0.1	2.4	3.2	25.8	25.9	20.4
Botswana	12.5	5.2	4.8	6.7	5.4	4.6
Ghana	5.0	5.5	5.3	10.0	11.7	9.5
Kenya	7.3	5.6	5.1	6.1	6.2	5.1
Mauritius	5.2	10.3	5.6	4.0	4.4	3.4
Mozambique	1.9	3.9	5.0	5.7	6.7	7.5
Namibia	-0.2	2.4	2.7	3.6	4.9	4.6
Nigeria	2.9	2.7	3.1	17.0	14.6	12.2
Seychelles	10.1	9.1	5.2	9.8	3.6	3.6
South Africa	4.7	2.1	1.7	4.6	4.8	4.3
Tanzania	5.0	5.7	6.2	3.7	3.9	3.7
Uganda	5.3	5.5	5.3	2.2	3.0	3.8
Zambia	4.1	2.6	3.2	22.0	11.6	9.8
<b>Average</b>	<b>4.0</b>	<b>3.3</b>	<b>3.4</b>	<b>11.1</b>	<b>10.2</b>	<b>8.7</b>

## Mozambique Financial Markets

By Banco BiG Moçambique\*



### Primary Market

The long term bond market opened in February issuing Treasury Bonds with 5 years (OT 2022 S1) and 3 years (OT 2022 S2) maturities, with an aggregated amount of MZN 6,87 billion. The average yield for the bonds issued in both auctions were: 14,58% for OT 2022 S1 and 14,82% for OT 2022 S2. In both auctions, the government has managed to raise MZN 4,85 billion.

Bonds	OT 2022 S1	OT 2022 S2
Type	Opening	Opening
Maturity	5 years	3 years
Coupon rate	14.50%	14.00%
Amount of the issue	3,000,000,000.00	3,873,000,000.00
Amount from demand	4,305,000,000.00	3,877,000,000.00
Issued amount	1,800,000,000.00	3,052,000,000.00
Nominal value	100	100
Minimum rate	14.50%	14.00%
Maximum rate	16.88%	16.25%
Average rate	14.58%	14.82%
Nº of bonds issued	18,052,380	31,118,657
Demand/Supply Ratio	143.50%	100.10%

### Secondary Market

#### BVM – Shares

In February, the stock Market was marked by the volume of MZN 3,5 million from the CMH shares followed by CDM shares with a transaction volume of MZN 995 thousand. Whilst the CDM share price decreased to 60,00 MZN/share (with a depreciation of -25%), most of the shares transacted have increased considerably, HCB increased in 2,50 MZN/share (+19,05%), CMH increased in 3,250 MZN / share (+8,33%) and EMOSE increased in 15,00 MZN / share (+25,00%).

Shares	Price	Volume	Δ Weekly	Δ Monthly	Δ YTD
CDM	60.00	995,810.00	-20.00%	-25.00%	-25.00%
HCB	2.50	193,281.90	0.00%	19.05%	19.05%
CMH	3,250.00	3,588,650.00	0.00%	8.33%	8.33%
EMOSE	15.00	47,880.00	0.00%	25.00%	25.00%
ARKO SEG.	1,250.00	0.00	0.00%	0.00%	0.00%

The above table shows the shares with higher transaction volume over the last 6 months.

#### BVM -Bonds

During February, in the secondary Market, more than MZN 2.35 billion were transacted against MZN 145,1 million in treasury bonds from previous month, and MZN 6,6 million against MZN 1,4 million transacted in corporate bonds from previous month.

Treasury Bonds					
Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
OT 2019 S5	14.94%	BT's + 1.50%	10-apr-22	10-apr-22	13.53%
OT 2019 S9	12.00%	Fixed	12-jun-22	12-jun-22	13.61%
OT providers 2019	4.06%	Inflation + 0.5%	29-jul-22	29-jan-29	16.62%
OT 2020 S10	14.94%	BT's + 1.50%	07-apr-22	07-oct-24	14.66%
OT 2021 S1	14.88%	BT's + 1.50%	10-aug-22	10-feb-25	14.82%
OT 2021 S2	13.00%	BT's + 1.25%	24-aug-22	24-feb-26	15.29%
OT 2021 S4	14.00%	BT's + 1.00%	21-apr-22	21-apr-26	15.36%
OT 2021 S5	14.25%	BT's + 0.75%	09-jun-22	09-jun-26	15.42%
OT 2021 S7	14.25%	BT's + 0.75%	08-mar-22	08-sep-25	15.08%
OT 2021 S8	14.00%	BT's + 0.75%	22-mar-22	21-jul-27	15.93%
OT 2021 S10	14.50%	Fixed	10-may-22	10-nov-25	15.16%
OT 2022 S1	14.50%	BT's + 1.00%	09-aug-22	09-feb-27	15.73%
OT 2022 S2	14.00%	BT's + 0.50%	23-aug-22	23-feb-25	14.82%
MOZAM (USD)	5.00%	Fixed	15-mar-22	15-sep-31	9.91%

The above table shows the shares with higher transaction volume over the last 6 months.

#### BVM -Bonds

During February, in the secondary Market, more than MZN 2.35 billion were transacted against MZN 145,1 million in treasury bonds from previous month, and MZN 6,6 million against MZN 1,4 million transacted in corporate bonds from previous month.

Corporate Bonds					
Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
Bayport 2019 S1	20.00%	Fixed	12-apr-22	12-apr-24	17.08%
Bayport 2019 S2	19.00%	Fixed	21-apr-22	21-oct-24	17.38%
Bayport 2020 S1	16.00%	Fixed	27-mar-22	27-mar-25	17.63%
Bayport 2020 S2	19.40%	BT's + 6.00%	30-mar-22	30-mar-25	17.64%
Bayport 2021 S1	17.88%	BT's + 4.50%	21-may-22	21-may-26	18.30%
Bayport 2021 S2	18.00%	BT's + 4.50%	26-jul-22	26-jul-26	18.40%
Bayport 2021 S3	18.00%	BT's + 4.50%	27-jul-22	27-jul-25	17.83%
Bayport 2021 S4	18.00%	BT's + 4.50%	16-mar-22	16-sep-26	18.48%
BNI 2019 S1	16.00%	MIMO + 2.75%	30-jul-22	30-jul-22	N/A

The above table shows the shares with higher transaction volume over the last 6 months.

Corporate Bonds					
Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
Bayport 2019 S1	20.00%	Fixed	12-apr-22	12-apr-24	17.08%
Bayport 2019 S2	19.00%	Fixed	21-apr-22	21-oct-24	17.38%
Bayport 2020 S1	16.00%	Fixed	27-mar-22	27-mar-25	17.63%
Bayport 2020 S2	19.40%	BT's + 6.00%	30-mar-22	30-mar-25	17.64%
Bayport 2021 S1	17.88%	BT's + 4.50%	21-may-22	21-may-26	18.30%
Bayport 2021 S2	18.00%	BT's + 4.50%	26-jul-22	26-jul-26	18.40%
Bayport 2021 S3	18.00%	BT's + 4.50%	27-jul-22	27-jul-25	17.83%
Bayport 2021 S4	18.00%	BT's + 4.50%	16-mar-22	16-sep-26	18.48%
BNI 2019 S1	16.00%	MIMO + 2.75%	30-jul-22	30-jul-22	N/A

The above table shows the shares with higher transaction volume over the last 6 months.

Corporate Bonds					
Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
Bayport 2019 S1	20.00%	Fixed	12-apr-22	12-apr-24	17.08%
Bayport 2019 S2	1				