

MONTHLY NEWSLETTER

ISSUE 14 VOL. 2



Website Relaunch

By Nácer Mondlane*

Dear Readers and Clients,

We hope you're doing great!

Firstly, thank you for being alongside us in this journey. As businesses and society at large resume normal activities, and hopefully with no further restrictions in the horizon, we continue to strive to better serve you.

12 months ago we started our monthly newsletter, with Alberto Pitoro and Absa Bank as regular contributors, and we've been growing our readers' base and improving ever since. Our newsletter now includes not only Employee Benefits and Investment related articles and news, but news in general with special focus to the insurance and financial markets, which comes as a result of our expanding vision.

We're also delighted to announce our website relaunch, with the most notable update being the Private Insurance Section - for families and individuals. Although initially we were Corporate oriented, Private Individuals (and their Families) can now experience our service excellence as well.

I invite you to navigate and explore our website.

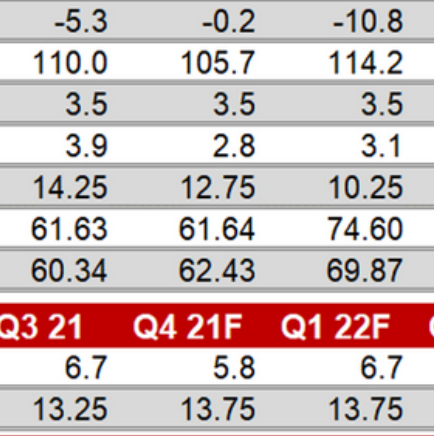
Since we wish to make our engagement with you, our clients and readers, as open as possible, if there's any topic or content you would like us to add or explore further, you are welcome to write to us and we'll gladly consider.

Take care!

*Director | Carlyle Partners

Market Intelligence

By Absa Bank Mozambique



Macroeconomic Indicators

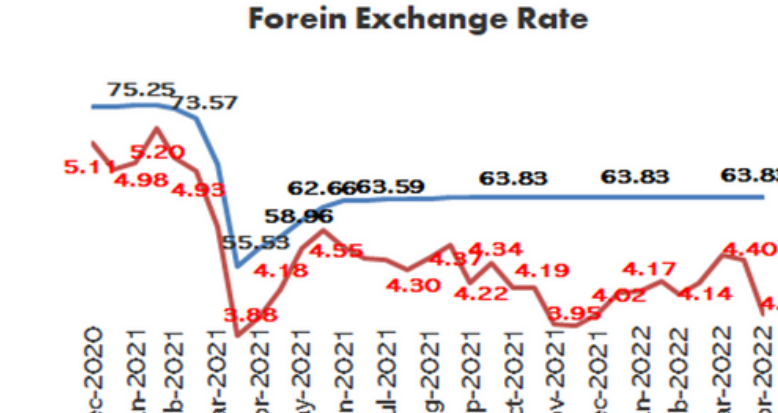
Source: Central Bank, INE, MEF, Absa Research

	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 (p avg.)	3.9	2.8	3.1	5.7	6.7	7.5	7.9
Policy Rate (MIMO, % eop)	14.25	12.75	10.25	13.25	13.75	14.75	15.25
USD/MZN (eop)	61.63	61.64	74.60	64.00	63.00	61.00	60.00
USD/MZN (avg)	60.34	62.43	69.87	69.30	63.50	62.00	60.50

	Q3 21	Q4 21F	Q1 22F	Q2 22F	Q3 22F	Q4 22F	Q1 23F
CPI (% y/y, eop)	6.7	5.8	6.7	7.1	6.7	6.9	8.0
Policy rate (% , eop)	13.25	13.75	13.75	13.75	13.75	13.75	14.75

	Spot	Q4 21F	Q1 22F	Q2 22F	Q3 22F	Q4 22F	Q1 23F
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

Yield Curve



Source: Bank of Mozambique, INE

Yield Curve



Source: Bank of Mozambique

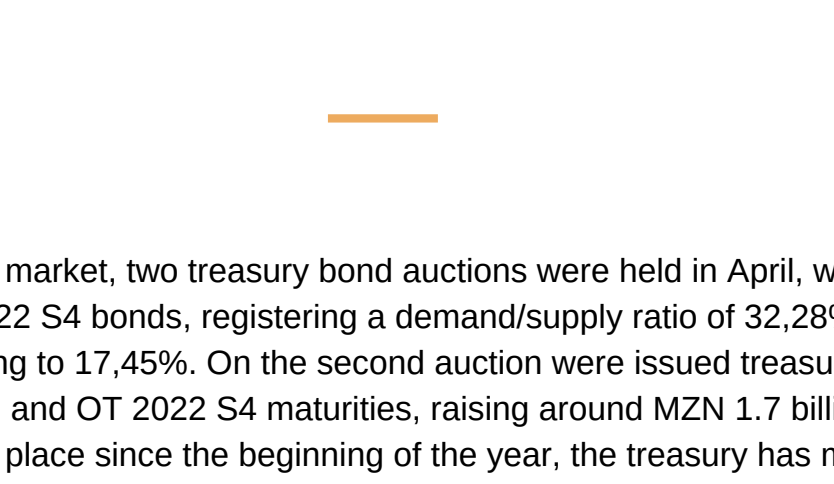
Forein Exchange Rate



Source: Bank of Mozambique

Mozambique Financial Markets

By Banco BiG Mozambique*



Primary Market

In the long-term bond market, two treasury bond auctions were held in April, whereby the first auction issued OT 2022 S4 bonds, registering a demand/supply ratio of 32,28%, with the average rate increasing to 17,45%. On the second auction were issued treasury bonds under OT 2022 S1, OT 2022 S2 and OT 2022 S4 maturities, raising around MZN 1.7 billion. Considering all the auctions that took place during the year, the treasury has managed to raise 17,1% (MZN 9 billion) of the government budget target.

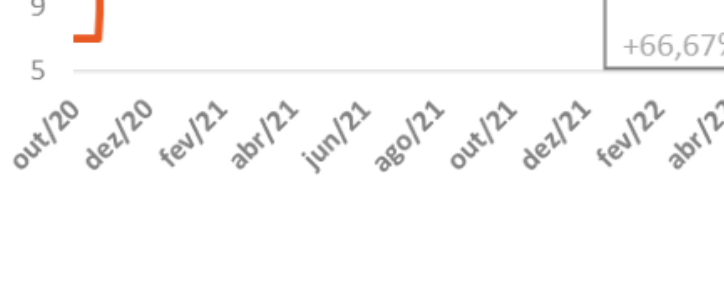
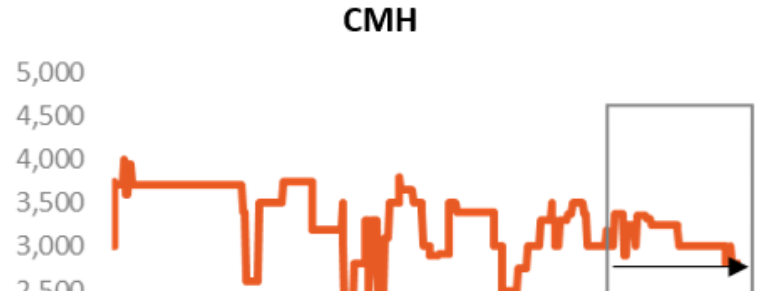
Bonds	1º Auction	2º Auction		
	OT 2022 S4	OT 2022 S1 (I)	OT 2022 S2 (I)	OT 2022 S4 (I)
Type	Opening	Reopening	Reopening	Reopening
Maturity	4 years	5 years	3 years	4 years
Coupon Interest Rate	14.25%	14.50%	14.00%	14,25%
Amount of the Issue	4,000,000,000.00	2,000,000,000.00	2,000,000,000.00	2,909,000,000.00
Amount of Demand	1,291,000,000.00	1,140,000,000.00	500,000,000.00	100,000,000.00
Amount Issued	1,091,000,000.00	1,140,000,000.00	500,000,000.00	100,000,000.00
Nominal Value	100	100	100	100
Minimum Rate	14.25%	17.50%	17.50%	17.00%
Maximum Rate	19.50%	19.00%	17.75%	17.00%
Average Rate	17.45%	18.44%	17.73%	17.01%
Nº Of Bonds Issued	11,982,936	12,997,705	5,442,071	1,084,057
Demand/Supply Ratio	32.28%	57.00%	25.00%	3.44%

Secondary Market

BVM – Shares

In the first 4 months, the stock market has been marked by a high volatility on the price of 3 of the 4 most transacted shares. HCB and CDM shares have registered a depreciation of -4.76 and -18,75%. EMOSE shares had the biggest increase with +66,67%. CMH shares were the most transacted (MZN 1,4 million), followed by CDM shares with (MZN 469 thousand).

HCB showed remarkably positive results in 2021, with a net income reaching MZN 10.1 billion (MZN 0,38 per share vs. MZN 0,37 MZN per share in 2020), which represents a slight improvement of 3,4% when compared to 2020. The share, however, is not a reflection of the economic performance of the company with a depreciation of -4,76% YTD.



BVM -Bonds

On the secondary market, more than MZN 1.5 billion in treasury bonds were transacted during April, a 2% increase from previous month. The corporate bonds have been marked by a lower transaction since beginning of the year, with only MZN 533 thousand transacted.

Treasury Bonds

Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
OT 2019 S9	12.00%	Fixed	12-jun-22	12-jun-22	15.54%
OT Suppliers 2019	4.06%	Inflation + 0.5%	29-jul-22	29-jan-29	19.00%
OT 2020 S3	14.94%	BT's + 1.50%	11-sep-22	11-mar-23	15.93%
OT 2020 S10	14.94%	BT's + 1.50%	07-oct-22	07-oct-24	16.75%
OT 2021 S1	14.88%	BT's + 1.50%	10-aug-22	10-feb-25	16.93%
OT 2021 S2	14.65%	BT's + 1.25%	24-aug-22	24-feb-26	17.47%
OT 2021 S4	14.00%	BT's + 1.00%	21-oct-22	21-apr-26	17.55%
OT 2021 S7	14.25%	BT's + 0.75%	08-sep-22	08-sep-25	17.23%
OT 2021 S8	14.00%	BT's + 0.75%	22-sep-22	22-sep-25	17.25%
OT 2021 S10	14.50%	Fixed	10-may-22	10-nov-25	17.32%
OT 2022 S1	14.50%	BT's + 1.00%	09-aug-22	09-feb-27	18.44%
OT 2022 S3	15.25%	BT's + 1.75%	09-sep-22	09-mar-30	19.58%
OT 2022 S4	14.25%	BT's + 0.75%	06-oct-22	06-apr-26	17.01%
MOZAM (USD)	5.00%	Fixed	15-sep-22	15-sep-31	10.36%

Corporate Bonds

Bonds	Current coupon	Type of Coupon	Next Coupon	Maturity	Yield
Bayport 2019 S1	20.00%	Fixed	12-oct-22	12-apr-24	19.10%
Bayport 2019 S2	19.00%	Fixed	21-oct-22	21-oct-24	19.50%
Bayport 2020 S1	16.00%	Fixed	27-sep-22	27-mar-25	19.83%
Bayport 2020 S2	19.40%	BT's + 6.00%	30-sep-22	30-mar-25	19.84%
Bayport 2021 S1	17.88%	BT's + 4.50%	21-may-22	21-may-26	20.71%
Bayport 2021 S2	18.00%	BT's + 4.50%	26-jul-22	26-jul-26	20.85%
Bayport 2021 S3	18.00%	BT's + 4.50%	27-jul-22	27-jul-25	20.09%
Bayport 2021 S4	18.00%	BT's + 4.50%	16-sep-22	16-sep-26	20.96%
Visabeira 2020	21.00%	FPC + 4.75%	23-jun-22	23-mar-26	N/A
BNI 2019 S1	16.00%	MIMO + 2.75%	30-jul-22	30-jul-22	N/A

Total Transactions on the Secondary Market

Around MZN 5.3 billion were transacted on the secondary market as at end of April, showing a remarkable growth of 184% compared to March.

*Investment Banking

News

World Bank Provides \$12M For the Creation of Natural Disaster Insurance in Mozambique

Source: **Diário Económico***

The World Bank has provided US\$12 million for the creation of natural disaster insurance in Mozambique. The information was advanced by the Mozambican Insurance Company, which says that with the amount it would be able to cover up to four million dollars a year in case of damage in the country.

"That the country is every day more prone to natural disasters is nothing new. We need only remember the damage that in 2019 the country had in Sofala and Cabo Delgado, due to cyclones Idai and Kenneth, respectively," says O País..

In the two situations, mentioned above, various public infrastructures were destroyed and the state was not in a position to deal in a timely manner. For post-idai reconstruction, for example, the government needed a figure of about two billion dollars.

Meanwhile, speaking to the deputies of the Planning and Budget Commission, the Chairman of the Board of Directors of Emose, Joaquim Langa, said that the solution lies in the creation of a Natural Disaster insurance, to be paid by the State.

This project, according to O País, is already being designed by Emose and INGD, in coordination with the Ministry of Economy and Finance. Joaquim Langa said, first, that "it is not a cheap insurance. We had the support, for example, from the World Bank, which provided 12 million dollars to support the insurance and, at this moment, documentary processes are underway for Mozambique to benefit from this insurance.

With the \$12 million, donated by the World Bank, Emose says it would be in a position to cover up to \$4 million in damage cases in the country. "We will always cover according to what is available."

On the other hand, the insurer is advancing the creation of agricultural insurance, a proposal that has a lot to do with the country's vulnerability to natural disasters. For example, with the recent cyclones, several fields with crops were lost and the entrepreneurs' hands were tied, because most of the insurance companies said they would not cover damages caused by bad weather.

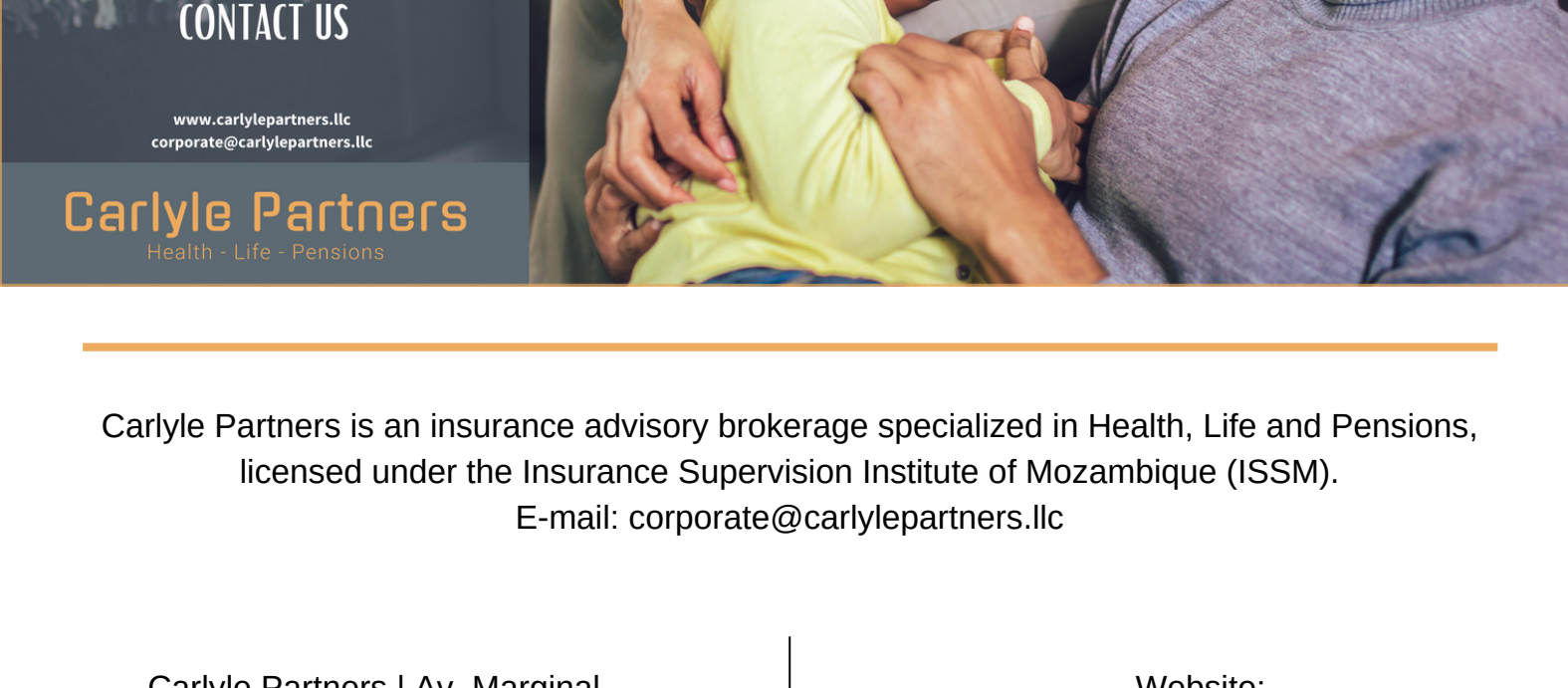
The PCA of EMOSE, understands that it is necessary to create instruments that oblige insurance companies to make this type of package. And this is the only way to achieve the true goal of making agriculture the basis for the country's development.

"Normally, they are subsidized insurance, and what we have been doing is trying to have a sustainable agricultural insurance that can also cover small farmers. As I said, it is not a profitable insurance, but it is a determining factor for Mozambique.

However, on the health of the company, Emose informed MPs that in the last financial year, it channeled 300 of the 600 million Meticaís of profits to shareholders, of which the state owns 70%. From 2017 to this part, turnover has been growing annually by 16%, and last year it transacted business around 500 billion Meticaís.

*Economic, Financial and Business Information Portal

Post of the Month



Carlyle Partners is an insurance advisory brokerage specialized in Health, Life and Pensions, licensed under the Insurance Supervision Institute of Mozambique (ISSM).
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