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Financial Literacy for Kids and Teens: Building a Strong Foundation

By Sonia Mahendra*

In a world driven by technology and complex financial systems, the importance of imparting financial literacy to the younger generation cannot be overlooked. Just as we equip our children with knowledge for academic success, it's equally crucial to arm them with the skills to manage money responsibly.

Financial literacy goes beyond mere monetary knowledge; it encompasses the ability to make informed decisions about saving, spending, and investing. By introducing kids and teens to basic financial concepts and practices early on, we lay the groundwork for a more financially secure and confident future.

In this article, we'll explore the significance of financial literacy for young individuals, provide actionable steps to build a strong financial foundation, and discuss options for specialized financial literacy education.

Why Financial Literacy Matters for Kids and Teens

- **Empowering Decision-Making:** Financial literacy empowers kids and teens to make well-informed decisions about their money from a young age. This knowledge helps them understand the consequences of their spending choices and encourages responsible behavior.
- **Laying the Groundwork for Financial Independence:** By learning how to manage money, kids and teens can develop a sense of financial independence. This prepares them to handle their own finances as they grow older, reducing the likelihood of financial struggles in adulthood.
- **Cultivating Healthy Saving Habits:** Teaching kids about saving instills the value of delayed gratification and prepares them for future financial goals, such as buying a car, funding higher education, or owning a home.
- **Preventing Debt and Financial Stress:** A lack of financial awareness can lead to poor money management and, subsequently, debt. Educating young individuals about responsible credit card use and avoiding unnecessary debt helps prevent financial stress down the road.
- **Encouraging Entrepreneurship and Investment:** Financial literacy can spark an interest in entrepreneurship and investing. Kids and teens who understand the basics of money and investments may be more likely to explore entrepreneurial opportunities or make informed investment choices in the future.

Practical Steps to Build Financial Literacy

- **Start Early:** Introduce financial concepts as soon as children are capable of understanding basic math. Use everyday situations like shopping trips to discuss concepts like pricing, budgeting, and making choices based on available funds.
- **Make Learning Fun:** Incorporate games, simulations, and interactive activities to make financial education enjoyable. Board games like Monopoly or online financial literacy apps can teach concepts like budgeting, saving, and investing in an engaging manner.
- **Allow Financial Autonomy:** As kids get older, give them a small allowance or money from chores. Encourage them to allocate their funds into spending, saving, and giving categories. This hands-on experience teaches them the importance of budgeting.
- **Discuss Real-Life Scenarios:** Engage kids and teens in discussions about real-life financial scenarios they may encounter, such as buying a car, renting an apartment, or saving for college. This helps them connect theoretical concepts to practical situations.
- **Introduce Banking Concepts:** Explain the role of banks, the importance of saving accounts, and the concept of interest. Teach them how to read a bank statement and understand transactions.
- **Explore Investment Basics:** For teenagers, introduce the concept of investing, compound interest, and the power of long-term growth. Discuss different types of investments, like stocks and bonds, and emphasize the importance of diversification.

Specialized Financial Literacy Education for Kids and Teens

In addition to the steps outlined above, parents and guardians also have the option to seek specialized financial literacy education for their children from local companies and organizations that often offer workshops, courses, and programs designed to teach kids and teens about money management in a structured and interactive environment. These programs can provide comprehensive guidance on topics ranging from basic budgeting to more advanced concepts like investing and entrepreneurship.

Remember that financial literacy is a gift that keeps on giving. By providing our kids and teens with a solid foundation in money management, we equip them with skills that will serve them throughout their lives. As parents, educators, and mentors, we have the opportunity to shape a generation that is well-prepared to navigate the complexities of the modern financial landscape with wisdom and prudence.

"An investment in Knowledge pays the best Interest." – Benjamin Franklin

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Mozambique Financial Markets

By Banco BIG Mozambique

The inflation in Mozambique has decreased for the fifth consecutive month, reaching 4.93% in August, the lowest point since January 2021 and dropping below the 5.67% recorded in the previous month. This decline can be attributed to the deceleration in food and non-alcoholic beverage prices (3.67% compared to July's 4.87%), transportation (5.70% compared to 7.86%), and housing, water, electricity, gas, and other fuels (8.97% compared to 9.41%). On a monthly basis, there was deflation of -0.12% compared to the previous month's -0.38%, resulting in a continued decline in year-to-date inflation from 2.22% in July to 2.10% in August. According to data from the National Institute of Statistics (INE), the 12-month average inflation rate was 9.32% in August, down from 10.0% the previous month.

Inflation				
Date	Homologous	Average 12 Months	Monthly	Accumulated
ago/23	4.93%	9.32%	-0.12%	2.10%
jul/23	5.67%	10.00%	-0.34%	2.22%
jun/23	6.81%	10.59%	-0.58%	2.57%
mai/23	8.23%	11.00%	-0.39%	3.16%
abr/23	9.61%	11.18%	0.24%	3.58%
mar/23	10.82%	11.08%	1.33%	3.32%
fev/23	10.30%	10.74%	0.97%	1.96%
jan/23	9.78%	10.44%	0.98%	0.98%

Source: National Institute of Statistics of Mozambique

PRIMARY MARKET

In September, a Treasury Bond auction took place, issuing OT 2023 S8 bonds (special session) with a maturity of 10 years and a coupon rate of 16.0%, amounting to approximately MZN 3,509 million. The demand/supply ratio for the issuance reached 124.51% of the total amount offered.

Title	OT 2023 S8
Type	Opening
Maturity	10 years
Coupon Interest Rate	16.00%
Amount of the Issue	3,509,000,000
Amount from Demand	4,369,000,000
Amount Issued	3,509,000,000
Nominal Value	100,00
Minimum Rate	16.00%
Maximum Rate	21.00%
Average Rate	16.00%
Nº of Bonds Issued	35,090,000
Demand/ Supply Ratio	124.51%

Source: BIG Mozambique and BVM

SECONDARY MARKET

BVM – Shares

In September the stock market has been market by an appreciation for the CDM shares, closing at MZN 50.0/share (+11.11%). On the other hand, HCB, CMH, and Tropigalia shares registered a depreciation, closing at MZN 2.3/share (-2.13%), MZN 2.100.0/share (-16.0%), and MZN 100/share (-16.67%), respectively. The shares with the most volume of transactions were CDM, with a volume of approximately MZN 2 million.

Shares	Price	Volume (MZN)	△ Weekly	△ Monthly	△ YTD
CDM	50.00	2,005,661	0.0%	11.1%	-13.8%
HCB	2.30	232,672	0.0%	-2.1%	-2.1%
CMH	2,100.00	126,175	0.0%	-16.0%	0.0%
MOSE	17.00	29,626	13.3%	0.0%	0.0%
TROPIGALIA	100.00	175,940	0.0%	-16.7%	-16.7%

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

NEWS



Stock Market Capitalization Grows to 178.5 Million MZN in the Third Quarter, Accounting for 25% of GDP

Source: Diário Económico*

In the third quarter of this year, the stock market capitalization of the Mozambique Stock Exchange (BVM), the primary indicator of the Mozambican securities market, exceeded 176.6 billion MZN. This represents a weight equivalent to 25% of the Gross Domestic Product (GDP), as per official data compiled on Tuesday, October 10th, by Lusa.

According to BVM data, the cumulative market capitalization, as of the end of June, accounted for 24.37% of Mozambique's GDP. By the close of the third quarter in September, this capitalization had risen to 178.5 billion meticals, contributing to 25% of GDP, with a total turnover exceeding 19.3 billion meticals.

At the close of the third quarter, BVM featured 76 listed securities, including 13 companies. However, in September, a significant 87% of the market capitalization was associated with Treasury Bonds.

Among the companies listed on the stock exchange in Mozambique are the Mozambican Hydrocarbon Company (Companhia Moçambicana de Hidrocarbonetos), Cervejas de Moçambique, Hidroeléctrica de Cahora Bassa, Arko Seguros, and the Road Network of Mozambique (Rede Viária de Moçambique).

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INNOVATION

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