

Standard Bank Mozambique PMI[®]

Mozambican private sector firms signal renewed weakness in sales in September

Key findings

Business conditions soften amid slight drop in new orders

Output rises at slowest pace for three months

Cost and supply conditions remain favourable

Mozambican businesses reported the first decrease in sales volumes for three months in September. Output growth was subsequently curbed, while firms meanwhile reduced their input inventories for the fifth month running. On positive notes, staffing gains continued and cost pressures remained muted in part due to an improving supply environment.

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.

At 49.4 in September, the PMI signalled that overall business conditions weakened in the Mozambican private sector economy. Dropping from 49.9 in August, the index has recorded below the 50.0 threshold in four out of the past five months. The latest deterioration was marginal, but the quickest since June.

For the first time in three months, Mozambican firms reported lower intakes of new orders during September, though the decrease was relatively mild. Several companies in the survey panel commented on a lack of customer requests and cash flow challenges. That said, there were reports elsewhere of rising demand levels. Underlying sector data indicated that the services and wholesale & retail segments drove the decline in sales.

Output at Mozambican firms increased in September, but the rate of expansion was the softest for three months and slight. Rising activity levels came amid a fourth successive monthly uplift in staff numbers. With capacity levels growing, firms were once again able to lower their unfinished business.

Meanwhile, the latest survey data pointed to a cautious approach when it came to input inventories. Stocks of purchases fell for the fifth month in a row and to the greatest extent since June. This occurred despite a marginal rise in buying activity.

With input demand subdued, Mozambican companies again saw a robust improvement in supply chain performance in September, as many vendors were able to deliver items quicker than expected. Lead times decreased sharply, albeit with the

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sa, >50 = improvement since previous month



Sources: Standard Bank, S&P Global PMI.
Data were collected 11-25 September 2025.

Comment

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

"The Standard Bank Mozambique PMI fell for a second month a row in September to 49.4 (seasonally adjusted), from 49.9 in August, denoting another month of poor performance in the private sector economy. This reflects month-on-month (m/m) contractions in some of the PMI sub-indices, including new orders and stocks of purchases. PMI outcomes below the 50pt benchmark mean a month-on-month contraction in the private sector economy; therefore, PMI prints above the 50pt indicates m/m growth in the private sector economy.

"This economy has recorded year-on-year (y/y) GDP contractions from the last quarter of 2024 to the second quarter of 2025, denoting a slow recovery from the post-election fallout. We would not be surprised if GDP data for the third quarter of 2025 shows this economy as remaining in recession. Our forecasts see this economy out of recession from the fourth quarter of 2025 onwards, mostly supported by favourable base effects.

"TotalEnergies lifting force majeure on its liquefied natural gas (LNG) project will likely boost sentiment, but it will take some time before this project starts impacting growth.

"September PMI future business expectations sub-index has declined, compared with the previous month, but remained well above the 50pt benchmark, which suggests that respondents remain optimistic about output growth in the next 12 months.

"Despite declining interest rates and the government launching another plan to promote growth (the economic recovery and growth plan, PRECE), we are not convinced that proposed measures will help deal with ongoing fiscal and foreign exchange (FX) liquidity pressures. PRECE is loaded with administrative measures, some of them opposing market mechanisms, which may introduce more relative price distortions in this economy."



pace of improvement easing slightly from August's 18-month record.

As well as receiving inputs more quickly, firms again benefitted from a muted rate of cost inflation in September, as only 5% of survey panellists saw their expenses rise. This reflected subdued increases in purchase prices and wages.

Firms facing higher costs typically passed these on to customers through a mark-up in output prices. Although price hikes were modest, the pace of inflation was the fastest recorded since June 2024.

Despite business conditions softening in September, firms were still confident that activity will increase over the next 12 months, with optimism levels broadly aligning with those seen since the early part of 2025. Survey panellists often cited that positive expectations stemmed from hopes of higher new work, staffing gains, product development and increased working capital.

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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.

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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