

Standard Bank Mozambique PMI[®]

Business conditions weaken again in June, but expectations improve

Key findings

Output starts to fall amid decline in new orders

Purchases cut solidly, though staffing rises

Confidence picks up to 13-month high

Companies in Mozambique saw a deterioration in operating conditions for the second month running in June, as they curtailed their output levels for the first time since January in response to waning sales. Purchases meanwhile fell for the second successive month, helping to keep a lid on overall price pressures. Despite the downturn, firms showed increased confidence in the year-ahead outlook, which improved to its best since May 2024.

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 49.1 in June, down from 49.6 in May, the index signalled a further decline in the health of the private sector economy. The pace of contraction was mild but still slightly worse than in the previous month. Four out of the five sub-indices used to calculate the PMI were consistent with the deterioration in operating conditions, including renewed falls in business activity and new order inflows.

Business activity dropped for the first time in five months in June, which surveyed companies largely attributed to a weakening of sales. Indeed, total new business also decreased for the first time in five months. In both cases, however, rates of decline were only mild.

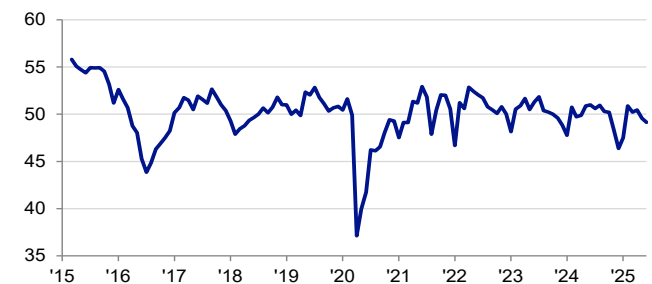
A reduction in new orders and lower output requirements led to a sustained decrease in purchasing activity at the end of the second quarter. The pace of contraction was solid and the fastest observed so far in 2025. Consequently, inventories declined for the second straight month.

In contrast, Mozambican firms reported a fresh increase in their staffing numbers in the latest survey period, as some panellists cited rising demand for labour capacity. The upturn was consistent with a renewed rise in the volume of backlogged work, which firms partly linked to payment delays from customers.

Generally, Mozambican companies reported that suppliers were willing and able to deliver items more quickly, although

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sa, >50 = improvement since previous month



Sources: Standard Bank, S&P Global PMI.
Data were collected 12-25 June 2025.

Comment

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

"The Standard Bank Mozambique PMI slipped to 49.1 (seasonally adjusted) in June, from 49.6 in May, and has now come in below the 50pt benchmark in five of the last eight months. In June, there were month-on-month (m/m) contractions in output, new orders, and purchases. However, supplier delivery times and employment sub-indices improved.

"PMI outcomes below 50pt mean a month-on-month contraction in private sector economy. The June PMI is consistent with ongoing fiscal pressures and foreign exchange (FX) market supply-demand imbalances subduing aggregate demand.

"Indeed, April data shows the banking sector loan-to-deposit ratio at an all-time low of 41% in local currency, and 28.1% in foreign currency, implying still tight financing conditions, as well as subdued investment, which has seen demand for bank loans plummeting.

"Nevertheless, business sentiment has improved. The PMI future business expectations sub-index rose to a 13-month high in June. Notably, respondents likely factor in progress on liquified natural gas projects (LNG), which should boost output.

"Despite the crisis in the Middle East bringing upside risks for oil prices, we cut our 2025 year-end inflation forecast by 2 percentage points, to 4.1% y/y, from 6.1% y/y.

"Even though we retain our 2025 GDP growth forecast at 3% y/y, Q1:25 GDP data, from a demand perspective, now implies consumer demand was much weaker than initially anticipated. The Banco de Moçambique may therefore continue with interest rate cuts."



there was some disruption due to the short supply of fuel and raw materials. Whilst delivery times improved in June, they did so at the softest pace in three months.

On prices, the latest survey data indicated another month of subdued cost pressures. Input prices rose marginally in June due to a renewed, albeit mild uptick in purchasing costs, whereas staff wages decreased for the first time since March. Manufacturing and services were the only categories to see total costs rise since the previous survey period.

Output charges were increased for the second month running in June. Although slight overall, the rate of inflation was the fastest seen since September last year.

Lastly, Mozambican firms expressed greater positivity when assessing their prospects for business activity over the next 12 months. Moreover, expectations were the strongest seen in just over a year. According to anecdotal reports, new clients, business development and recruitment plans were projected to be among the key drivers of increased output.

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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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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.

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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.

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