

Standard Bank Mozambique PMI[®]

Output growth quickens in March, but firms retrench amid liquidity issues

Key findings

Output rises and order books strengthen

Purchases decrease solidly, contributing to softer price pressures

Outlook improves slightly from February

Private sector firms in Mozambique expanded their output levels at a quicker pace during March, driven by continued growth in client sales and reductions in backlogs. At the same time, however, liquidity issues and difficulties sourcing inputs led to a solid decline in purchasing, while the rate of job creation slipped to a ten-month low.

Retrenchment efforts helped to stem the rate of input cost inflation during March, as businesses reported the softest rise in expenses for five months. Selling prices also rose at a more subdued pace.

After reaching its weakest level in the best part of a decade in February, business expectations improved slightly but were the second-lowest since late-2020.

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.

The headline PMI stayed at 50.2 in March, signalling another marginal upturn in the health of the domestic private sector economy. An uptick in the output sub-component masked parallel decreases in the measures for inventories and employment.

The survey data indicated a moderate expansion in private sector output in March, which was the strongest recorded in 2026 so far. Mozambican firms responding to the survey highlighted the impact of higher demand, increased product volumes and securing new work. Total order books across the private sector also rose, marking the sixth consecutive month of growth.

The uplift in output enabled businesses to curb their backlogs of work, with a decline observed for the eighth time in nine months. That said, some survey comments indicated that shortages of inputs and cash, including foreign currency, had disrupted clearance efforts.

Liquidity issues were a common feature underlying retrenchment efforts at the end of the first quarter. Purchases of inputs dropped

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sa, >50 = improvement since previous month



Sources: Standard Bank, S&P Global PMI.
Data were collected 12-26 March 2026.

Comment

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

"The Standard Bank Mozambique PMI came in at 50.2 (seasonally adjusted) in March, the same as in February, and not much higher than 50 in January. PMI outcomes above the 50pt benchmark mean month-on-month growth in business conditions.

"Relatively low PMIs imply sluggish growth in the private sector economy. The average PMI for Q1:26 was lower than the average PMI for Q4:25, consistent with our forecasts of a deceleration in GDP growth in Q1:26, to 1.7% y/y, from 4.7% y/y in Q4:25.

"Mozambique's economy has been hit by adverse weather, including floods, destroying crops, infrastructure and depleting disposable incomes in several regions during Q1:26. Further, fiscal and foreign exchange (FX) liquidity pressure is entrenched, slowing down growth. The strong favourable base effects in Q4:25 are now dissipating, underscoring our expectation of softer GDP growth in Q1:26.

"Still, the March PMI signalled an improvement in the business outlook, with the PMI future business expectations sub-index increasing for the first time this year, likely partly due to progress in liquified natural gas (LNG) projects, which may start lifting GDP growth prospects.

"Nevertheless, short-term challenges abound. We foresee GDP growth turning negative in Q2:26 mainly due to the shut-down of Mozal, which accounts for over 2% of GDP. Further, the Iran war implies rising inflation risks. Indeed, the central bank has now ended its policy rate easing cycle, which had begun in January 2024."



for the first time since last July and at a solid rate. This led to a near-stalling of inventory growth, despite a further improvement in input delivery times. Mozambican companies also reported a much softer increase in staffing capacity, with the latest rise the slowest in the current ten-month sequence of job creation.

Costs related to the purchasing of inputs declined during March, which helped the overall rate of input price inflation to ease to a five-month low. Staff wages increased since February, but modestly.

Mozambican firms enacted only small increases in their selling prices in March. Moreover, the pace of inflation slipped to its weakest since last October.

Although businesses gave a positive assessment of future activity prospects, overall expectations were weak by historical standards. That said, sentiment did improve slightly after reaching its lowest level in over nine years in February.

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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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