

Market Information

In 2023, annual inflation ended the year at 20.0%, above the 13.9% recorded in 2022 and below the 27.0% in 2021. This acceleration met our expectations, taking into account the very significant depreciation that occurred in the middle of the year and that monetary policy is still not very restrictive, as we have been warning about in the recent past. According to INE, in December prices increased by 2.4% (+0.2pp mom), the highest since September 2018. The categories "Health", "Miscellaneous goods and services", and "Food and non-alcoholic drinks" were the ones that registered the biggest variations with 3.1%, 3.0% and 2.8%, respectively. Conversely, the categories "Education" (0.0%), "Communications" (0.8%) and "Transport" (0.9%) were those that registered the smallest changes. **Inflation in Luanda continues to accelerate at a higher rate compared to other provinces, having registered a variation of 3.4% from November to December.** National inflation data continues to indicate an average that does not represent the country's capital, Luanda, whose annual inflation is currently around 26.0%, the highest value since April 2022 - a difference of 6.0 pp more compared to national inflation. We believe that inflation will continue to be above 20% in 2024, accelerating during part of the year before slowing down again: we expect there may be some depreciation in Q1 2024 and it is also expected that the movement to remove fuel subsidies will progress, two factors that should support inflation at high levels. **Therefore, combining the effect of these factors with some inflation inertia, our expectation indicates that 2024 will end with annual inflation of around 24%.**

Annual inflation in the North American economy ended the month of December at 3.4%, an acceleration compared to 3.1% in November. There is a slowdown of 3 pp compared to the last 12 months and an approach to the federal reserve's long-term target of 2%. Monetary policy has not registered major variations - the interest rate has remained in the range of 5.25%-5.50% since July, the highs of 2001. Likewise, inflation in the euro zone has also accelerated in December compared to November (+0.5 pp mom). Compared to the beginning of the year, there was a slowdown of 5.7pp. Like the Federal Reserve, the European Central Bank also decided to keep the economy's main interest rates unchanged.

A financing agreement of EUR 84.9 Million was approved between Angola and the Societ  Generale bank, for the materialization of the construction and equipping project for the Luanda Ophthalmological Institute.

The barrel of Brent oil, a reference for Angolan exports, ended the week trading at USD 78.7 (USD -0.3 compared to the previous week). Likewise, WTI, a reference for North American exports, ended the week trading at USD 72.7, 1.1 Dollars less than the previous week.

Macroeconomic Forecasts

Indicator	2023*	2024*	2025*
GDP change (%)	-0.9	2.1	3.2
Average Inflation (%)	14.1	21.7	15.7
Current Account (% GDP)	0.1	7.9	8.1

BFA **Forecast

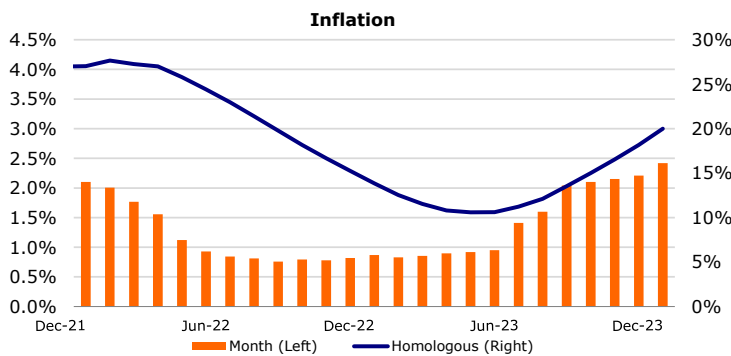
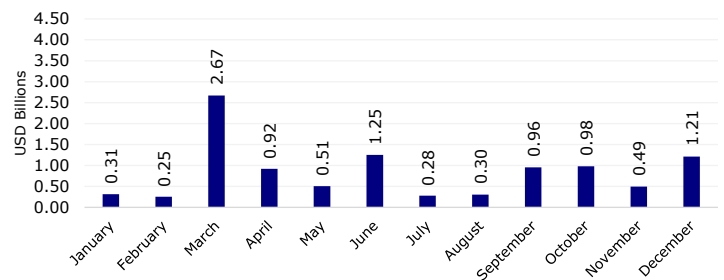
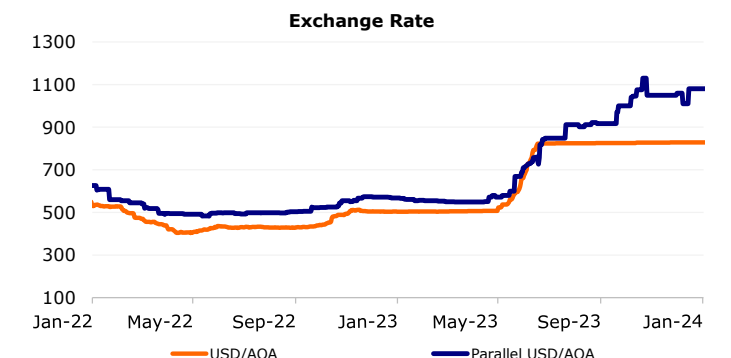
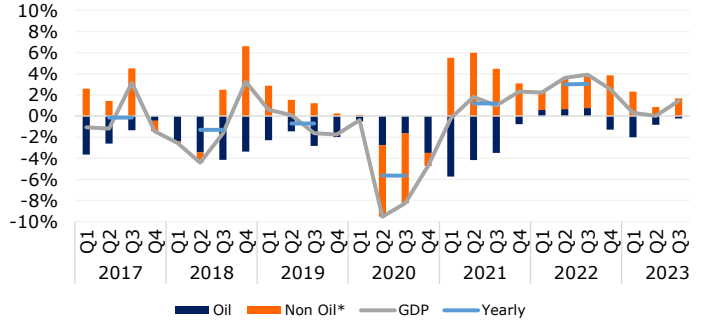
Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Stable	26/06/2023
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

	12/01/2024	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	4.83%	0.30%	0.29%	-5.17%
USD/AOA	828.7	0.00%	-0.01%	64.51%
AOA/USD	0.00121	0.00%	0.01%	-39.21%
EUR/AOA	906.9	0.20%	-1.00%	67.37%
EUR/USD	1.095	0.07%	-0.80%	0.90%
USD/ZAR	18.65	-0.17%	1.59%	11.34%

*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Monthly evolution of external debt service 2024

YoY change of GDP and sector contributions

Oil Price (Brent) and Eurobond 2025
