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FLASH NOTE
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Current account opens 2024 with a surplus

Currency depreciation influences drop in imports

A. DESCRIPTION

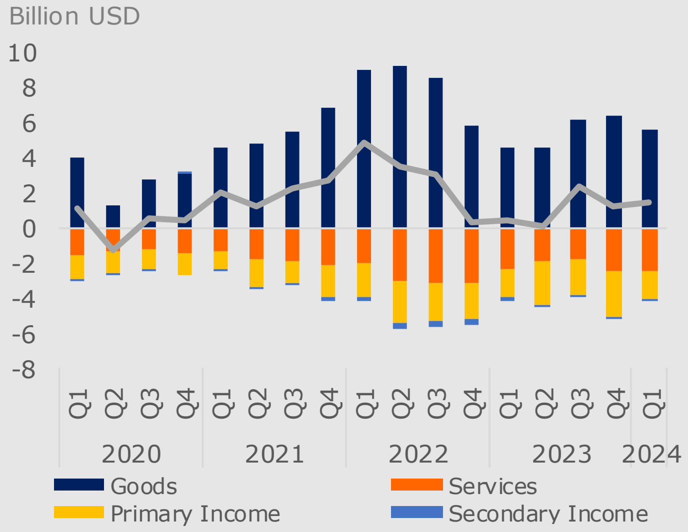
1| In the first quarter of 2024, the current account recorded a surplus of USD 1.5 Billion (B), a year-on-year increase of approximately USD 1.1B – the value of the current account represents approximately 6.2% of Gross Domestic Product (GDP), according to BNA data.

Balance of Payments	2023				2024		
USD Millions	Q1	Q2	Q3	Q4	Q1	Var qoq	Var yoy
Current Account	424.6	122.7	2,365.6	1,272.1	1,520.6	**20%**	**258%**
Goods	4,585.1	4,625.4	6,227.4	6,361.8	5,627.2	**-12%**	**23%**
Exports	8,636.5	8,354.5	9,803.9	10,089.8	8,821.8	**-13%**	**2%**
Oil Sector	8,074.2	7,904.3	9,306.3	9,385.8	8,262.2	**-12%**	**2%**
Diamond Sector	428.5	283.2	311.6	548.5	410.0	**-25%**	**-4%**
Other Sectors	133.7	167.0	186.0	155.6	149.6	**-4%**	**12%**
Imports	4,051.3	3,729.1	3,576.4	3,728.0	3,194.7	**-14%**	**-21%**
Current Consumer Goods	2,642.3	2,301.3	2,152.0	2,446.9	1,912.2	**-22%**	**-28%**
Intermediate Consumer Goods	482.7	498.2	445.6	426.9	472.7	**11%**	**-2%**
Capital Goods	926.3	929.5	978.8	854.1	809.8	**-5%**	**-13%**
Services	-2,342.2	-1,911.8	-1,786.3	-2,486.9	-2,470.2	**-1%**	**5%**
Exports	17.8	14.9	19.5	23.7	21.0	**-11%**	**18%**
Imports	2,360.0	1,926.7	1,805.8	2,510.5	2,491.2	**-1%**	**6%**
Primary Income	-1,617.1	-2,452.4	-2,001.7	-2,531.4	-1,569.9	**-38%**	**-3%**
Inflows	133.1	143.5	134.2	172.9	147.6	**-15%**	**11%**
Outflows	1,750.2	2,595.9	2,135.9	2,704.3	1,717.5	**-36%**	**-2%**
Secundary Income	-201.3	-138.6	-73.9	-71.4	-66.5	**-7%**	**-67%**
Inflows	4.3	1.9	4.5	5.0	3.5	**-30%**	**-20%**
Outflows	206	140	78	76	70	**-8%**	**-66%**

B. ANALYSIS

1| In the first three months of 2024, the current account recorded a large surplus. This result was mainly influenced by the drop in imports of goods, currently at USD 1.9B against USD 2.6B in the Q1 of 2023. There was also a growth in exports of around 22.7% yoy. Compared to Q4 2023, there was a 20% expansion of the current account, supported by a drop in imports to USD 3.2B (-USD 533.3 million qoq). Exports of oil products (which include products such as crude oil, refined oil and gas) continue to concentrate the majority of exports, around 93.7%, followed by the diamond sector with 4.6% and other sectors with 1.7%. According to BNA data, oil exports stood at USD 8.3B, a growth of around 2.3% yoy – this was due to the evolution of the volume of oil products produced in the first three months. Even though there was growth compared to the 1st quarter of 2023, this is a value of oil exports significantly below that seen in the last 2 quarters of 2023. Despite crude oil exports having grown 12% yoy, they registered the lowest value since Q2 2023, USD 7.7B. With the volume contracting by 2% and the price even more, that is, 20% yoy, refined exports stood at just USD 74.4 million. The gas sector saw the largest drop in revenue, USD 418.7 million compared to USD 970.3 million in Q1 2023, mainly impacted by a drop in price of around 48%.

Current Account balance records a surplus of around USD 1.5B



Source: BNA

According to ANPG data, in Q1 2024 oil production was 1.12mbd, above the 1.04 recorded in the same period in the previous year. This increase in production in year-on-year terms was mainly influenced by the performance of oil production between February and March last year, driven by the stoppage of production at the Dália oil field, in Block 17, which went into preventive maintenance for around 35 days and moved the oil production to below normal results. In other words, a relatively stable level of production in the Q1 compared to the 2nd half of last year means significant year-on-year growth, because the comparison value in the Q1 2023 was especially low. On the price side of black gold, several factors such as uncertainty in terms of demand and persistent geopolitical tensions have influenced the price variations of this commodity. According to data from the Ministry of Finance, the average price of oil exports was USD 79.3, a drop of 0.3% compared to Q1 2023.

Exports of goods from the non-oil sector, which represent just 6% of the total, stood at USD 559 million in Q1 2024, a year-on-year contraction of around 0.5%, due to the drop in diamond exports by 4.3% yoy, mainly affected by the drop in exported volume (2.3 thousand carats vs 2.6 thousand carats in Q1 2023). In the case of the remaining non-oil exports, they represented only USD 149.6 million, but there was a year-on-year growth of 12%.

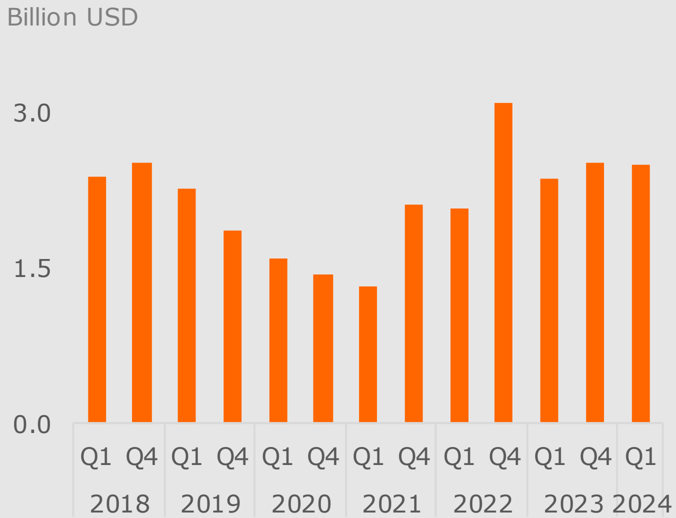
Consumer goods contract again and are now at lows since Q3 2021

Source: BNA

2| Looking at imports, they contracted 21.1% (USD 3.2B compared to the USD 4.1B recorded in the same period last year). The data shows that imports of everyday consumer goods are contracting and have now registered USD 1.9B, their lowest value since Q3 2021. Imports of intermediate consumer goods and capital goods decreased by 2.1% yoy to USD 472.7 million and 12.6% yoy to USD 809.8 million, respectively. In the previous year, quarterly imports recorded mostly year-on-year declines from the second quarter onwards, affected in part by limited access to foreign exchange - currently, with the continuation of these limitations and the update of the customs tariff - which brought increases in several customs fees - a contraction in imports cannot be ruled out, especially in the short term.

3| The Services account balance grew 5.5% yoy in Q1 to USD 2.5B. Exports of services stood at USD 21.0 million, an expansion of around 18.3% yoy, of which the largest contribution was from the "Other Services" subcategory, which grew 27.1% to USD 13.1 million. USD 2.5B in services were imported, a year-on-year growth of around 5.6%. Most of the subcategories that comprise this sector grew, with particular emphasis on "Manufacturing services based on physical inputs held by third parties" and "Maintenance and repair services" which registered growth levels of over 100%.

Import of services grew just 5% year-on-year

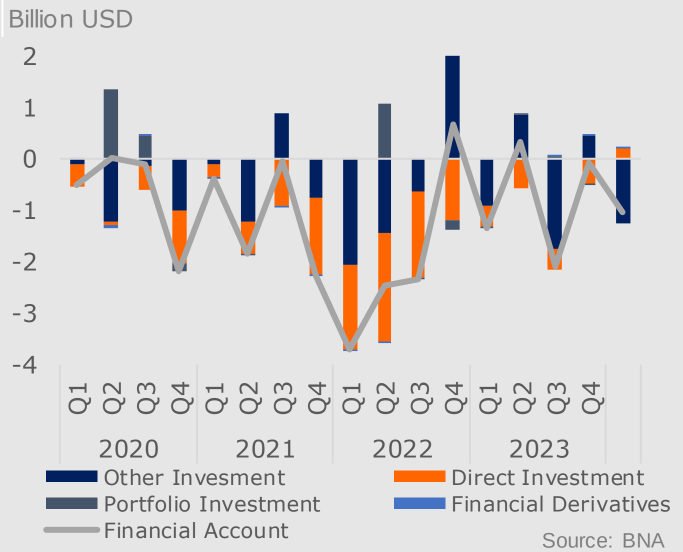


Source: BNA

4| The balance of the Primary and Secondary Income accounts remains in negative territory, clearly illustrating the evolution of outflows, reflected in the debit account. The primary income account (which includes transfers relating to interest, profits and salaries) recorded a deficit of USD 1.6B, -2.9% yoy. Secondary income contracted 67.0% year-on-year to USD 66.5 million.

5| Excluding the variation in international reserves, the financial account recorded a deficit of around USD 1.1 billion (-22.1% yoy). The negative balance of the financial account was mainly due to the payment of amortizations in an amount greater than that received in new loans – liabilities in loans taken out abroad decreased by USD 1.4B. **On the other hand, the balance of Foreign Direct Investment in Angola was positive at USD 191.2 million, reversing the negative trend that has been observed since the Q1 2019. The net international investment position recorded a reduction in its deficit, reaching USD 20,0B in Q1 (+USD 292.4 million compared to the previous quarter and a stronger year-on-year growth, +USD 3.5 B).** International reserves stood at USD 14.3 million in March, a year-on-year growth of around 1.6%.

Financial Account balance records a deficit of around USD 1.1B



Source: BNA

Adding the two balances, the balance of payments had, in Q1 2024, a surplus of USD 473 million, a significant growth compared to the deficit recorded in the same period of the previous year, - USD 923 million.

C. CONCLUSION

1| The balance of payments has shown a positive performance in recent quarters. We have seen a mixed movement on the export side, in line with the trajectory of oil production and price vulnerability, driven by uncertainties in terms of supply and demand at an international level. Imports have reduced, partly due to exchange rate depreciation and the availability of foreign currency, and this movement could be intensified by the entry into force of the customs tariff, mainly due to the increase in some import duties on consumer goods, especially in the short term. The financial account has been recording deficits, in line with amortization payments in a much higher volume compared to what has been received in new loans.

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