

Market Information

The year-on-year inflation rate rose again in July to 31.1%, accelerating 0.1 percentage points (pp) compared to the same month of the previous year – by rising just 0.1pp, the variation in the general price level registered the lowest increase over the last 15 months, indicating a slowdown and reversal of trend. In the capital, year-on-year inflation slowed down after 14 months and stood at 42.19 (-0.63pp). National inflation assessed in monthly terms stood at 1.7%, a drop of 0.4pp compared to June. All in all, this is the third time that it has slowed down, which is evidence that the increase in prices is clearly losing steam, although we believe that there are still inflationary pressures that should continue to demand caution on the monetary policy side. In relation to classes, it was found that inflation slowed down both in "Food and non-alcoholic drinks" and "Health", however, due to seasonal effects, it accelerated to 2.1% in education. In education, prices should continue to increase until at least October, while in communications prices will increase – in Instruction n°4/24 of 25 July published in Angolan Official Gazette, INACOM authorizes a 25% adjustment in the prices of mobile telephone sales services to the public. Due to the normal effect of a tendency for prices to increase towards the end of the year, it is quite likely that prices in monthly terms will temporarily accelerate again, contrary to the current trend. However, the year-on-year inflation rate should start to decelerate from next month onwards. For now, we maintain our forecast that headline inflation should end the year close to 32%, but we no longer rule out the possibility of it ending the year a little lower.

Oil exports in July stood at close to 1.14 million barrels per day (mbd), an increase of 4% YoY. According to data from the Ministry of Finance, since the beginning of the year, average exports have been around 1.1mbd and the average export price hovers at USD 81.3, around USD 16.3 above that set in the OGE. Thus, the sum of export revenues until July stood at USD 19.5 Billion (B), while tax revenues amounted to USD 5.4 B.

Of the AOA 24.7 Trillion (T) foreseen in the OGE for the year 2024, the Government of Angola executed around AOA 8.5T in the first half of the year, which makes up around 35% of the total. On the revenue side, around 37% of the forecast was collected, that is, AOA 9.0T. We note that revenues from external and internal financing are much lower than expected. Previous data reveals that MINFIN obtains more than 80% of external financing in the second half of the year, which suggests that in the Q3 and Q4 the State can still capture relevant amounts of external resources. As for internal financing, the low values compared to 2023 can be justified by lower real interest rates on public debt that have retracted investors, together with the fact that MINFIN for a good part of the year was receiving significant financing from the BNA, the which, by the way, already seems to be very close to the 10% limit defined in article 35 of the law of the Central Bank of Angola.

Macroeconomic Forecasts

| Indicator | 2023* | 2024** | 2025** |
|-------------------------|-------|--------|--------|
| GDP change (%) | 0.9 | 2.1 | 3.2 |
| Average Inflation (%) | 13.6 | 21.7 | 15.7 |
| Current Account (% GDP) | 4.5 | 7.9 | 8.1 |

*INE; 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*

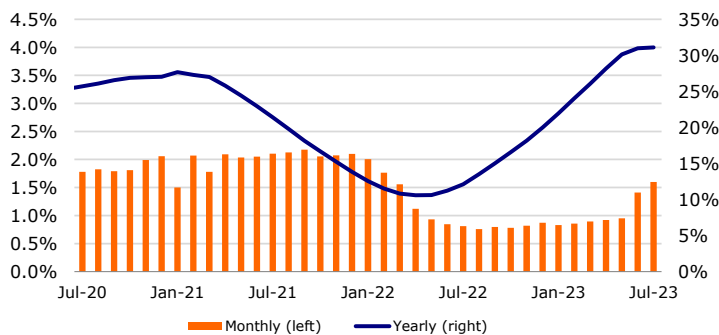
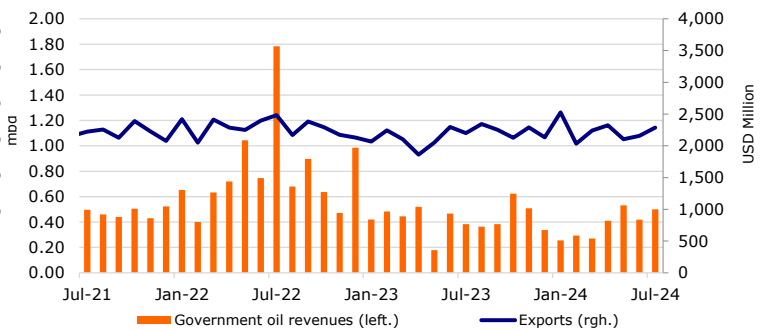
| | 16/08/2024 | 7 days (%) | Change | |
|------------|------------|------------|---------|---------------|
| | | | YTD (%) | 12 months (%) |
| LUIBOR O/N | 26.73% | 0.00% | 22.19% | 14.73% |
| USD/AOA | 886.1 | 0.91% | 6.91% | 7.40% |
| AOA/USD | 0.00113 | -0.90% | -6.46% | -6.89% |
| EUR/AOA | 973.7 | 1.53% | 6.30% | 8.23% |
| EUR/USD | 1.103 | 1.01% | -0.11% | 1.43% |
| USD/ZAR | 17.87 | -2.52% | -2.66% | -6.26% |

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

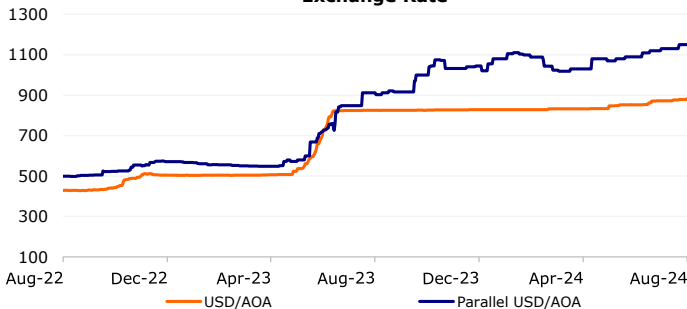
Weekly domestic debt securities auctions

| Term | Yield | Offer | Demand | Allocated |
|------------------|-------|--------|--------|-----------|
| BT 182 days | 9.5% | 10,000 | 1,500 | 1,500 |
| BT 364 days | 13.0% | 10,000 | 2,500 | 2,500 |
| BT 364 days | 13.0% | 10,000 | 11,892 | 11,892 |
| OT AOA (2 years) | 15.0% | 20,000 | 1,908 | 1,908 |
| OT AOA (2 years) | 15.0% | 25,000 | 1,931 | 1,931 |
| OT AOA (2 years) | 15.0% | 14,550 | 14,550 | 14,550 |

BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwanzas. OT USD (Dollar Treasury Bonds) are shown in million Dollars

Inflation

Oil exports and Tax revenues


*Includes concessionary rights (ANPG)

Exchange Rate

Oil Prices (Brent) and Eurobond Yield 2032
