Q32025 ECONOMIC REPORT

BFA

INDEX

EDITORIAL

NEW GDP STATISTICAL SERIES REPOSITIONS AGRICULTURE

It is well known that economics is an inexact science. There is always a degree of uncertainty and the possibility of revisions in statistical data, and it is certainly mistaken to believe that success in economic science lies in exact forecasts or in figures immune to later corrections. While uncertainty has not been eliminated, reducing it carries significant value: for policymakers, for those studying the country, for those reporting the reality, and especially for managers making decisions in the business sector.

In this regard, the new GDP statistical series published by the National Statistics Institute (INE) is a welcome development. In our view, the main conclusion emerging from this data is the increased relative importance of the agricultural sector in the Angolan economy. Measured in nominal Kwanza terms, over the past four quarters, agriculture accounted for 20.1% of Angola's GDP. This is the first time it has surpassed 20.0% and outpaced all other sectors individually - ahead of the 19.3% represented by the retail sector and the 18.5% contribution from the oil sector.

Naturally, this data should be interpreted with some caution, particularly considering that oil-related tax revenues still account for approximately two-thirds of total fiscal revenue. Therefore, in terms of the State’s fiscal health, agriculture is not yet a sector of significant weight. However, when it comes to the sustainability of the economy, the agricultural sector’s contribution is, in a certain sense, becoming comparable to that of the oil sector. While agricultural exports remain negligible, it is important to note that the vast majority of the AOA 21 trillion in accumulated agricultural GDP over the past four quarters reflects domestic production that effectively replaced imports. Considering that Angola’s total goods imports during the same period amounted to around AOA 13 trillion, it becomes evident that, without this domestic production, import levels could have been significantly higher. Another relevant point is the public debt: with this new data, Angola’s debt-to-GDP ratio - as calculated by the IMF - fell below 60% at the end of last year, more precisely to 56.4% of GDP, and is estimated to have reached approximately 55.2% in Q1 2025.

CHRONOLOGY

January

- Inauguration of the U.S. President;
- World Economic Forum in Davos;
- IMF forecasts world growth of around 3.3% in 2025.

February

- Approval of the Annual Indebtedness Plan;
- Authorization to issue Eurobonds in the amount of up to USD 3.0B;
- Authorization of an individual financing agreement between Angola and China National Aero-Technology & Export Co. – CATIC.

March

- Reduction of the interest rate of the Permanent Liquidity Absorption Facility to 17.5%;
- Approval of Angola's Accession to the SADC Employment and Labour Protocol.

April

- Signing of production sharing contracts between ANPG and other companies;
- Imposition of tariffs on exports by the United States;
- Financing Agreement between Angola and Deutch Bank for the equipping of academic infrastructures.

May

- Monetary Fund revises downward global growth forecasts;
- National Treasury makes available to the foreign exchange market about USD 469.1 million in Q1;
- Fitch maintains Angola's rating at B- with a stable outlook.

June

- Issuance of Green and Social Bonds to finance dams in Namibe;
- The Financial System Assessment Program evaluates stability and transformations of the national financial system.

AGENDA

July

02 and 03: ECB Monetary Policy Meeting;

10 and 13: 7th Biannual Cordination Meeting of the African Union;

18: Forum Bank/Expansão ;

22 and 27: Luanda International Fair

August

06 and 08: CEBRA Annual Meeting;

13: Oil Market Report/IEA

September

03 and 04 : IV Angola Oil & Gas Conference e Exhibition

16 and 17: Fed Monetary Policy Meeting;

22 and 25: CPM Monetary Policy Meeting;

29 to 02/10: Sibos.

HIGHLIGHTS

Angola

- **From China to London: Changing debt Profile;**
- **The foreign exchange market has shown relative stability in recent months ;**
- **Interest rates in the debt market have fallen significantly in 2024;**
- **Angolan public debt valued in dollars stood at around USD 64.8B, USD 2.2B more than at the end of 2024;;**
- **Angolan economy recorded growth of around 3.5% in Q1 2025;**
- **Current account closes Q1 2025 at USD 601.6 million, a reduction of around 71% (-1.4B) compared to the same quarter of 2025.**

International

- **Middle East tensions reduce traffic in the Suez Canal;**
- **African countries still have solid growth prospects; however, they remain subject to great pressures;**
- **There is a silent war in global value chains taking place;**
- **Trade tensions were not enough to curb economic growth in Q1 2025;**
- **What is so rare about "rare earths"?**
- **The debt markets have had a very volatile behavior since the beginning of the year, in response to so many uncertainties.**

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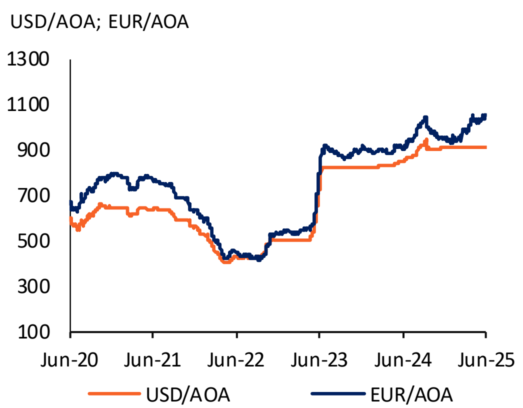
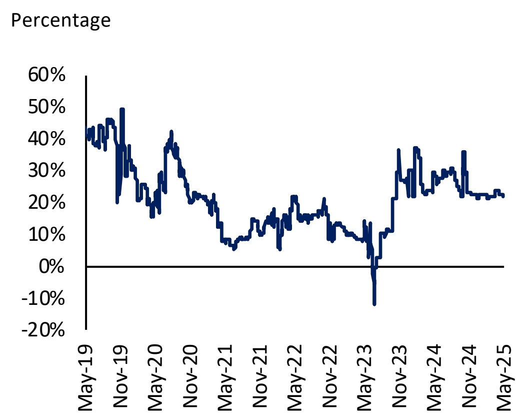
FINANCIAL MARKETS

FOREIGN EXCHANGE MARKET

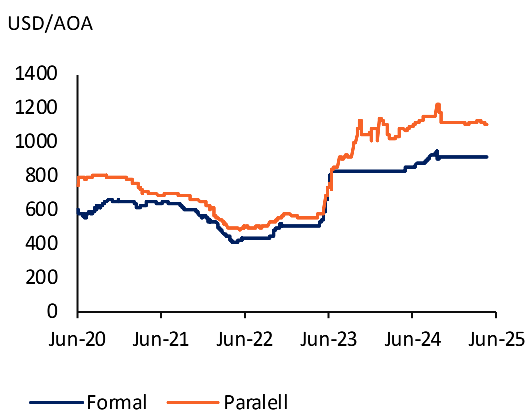
Exchange rate of the Kwanza against the Dollar and Euro



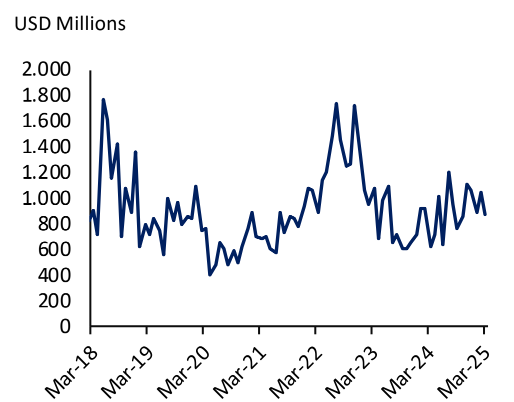
Gap between official and parallel USD/AOA exchange rate



USD/AOA exchange rate in the official and parallel market



Monthly sales of foreign exchange to banks



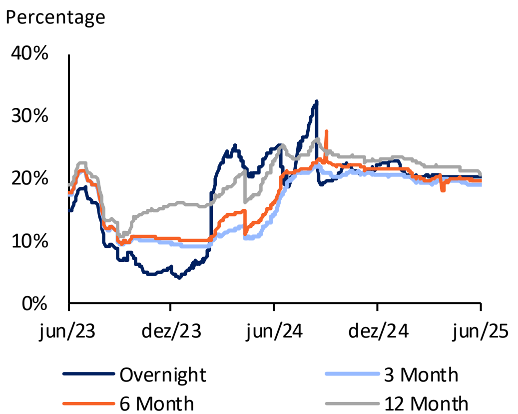
- **The foreign exchange market has shown relative stability in recent months, with the Kwanza trading around AOA 912 per US dollar.** The gap between the official and parallel markets has narrowed but remains significant, ranging between 18.0% and 21.0%, according to the data available to us.
- Our estimates point to a year-on-year growth of approximately 2.6% in foreign currency supply over the first five months of the year. However, the current level remains insufficient to meet the growing demand for foreign exchange, resulting in an estimated *backlog* of between USD 750 million and USD 850 million. The supply has been primarily supported by oil and diamond companies, with the Ministry of Finance intervening intermittently. Sales from oil and diamond operators have increased by 3% and 10% year-on-year, respectively. It is highly likely that the Ministry of Finance will be unable to sustain last year's pace of foreign exchange sales, in a context marked by declining oil production and unfavorable oil prices - the latter partly driven by tariffs imposed by President Donald Trump, which in turn led to an increase in the yields of Angola's Eurobonds. Taken together, these factors could negatively impact foreign exchange revenues in the coming periods.

Sources: BNA, BFA Calc.

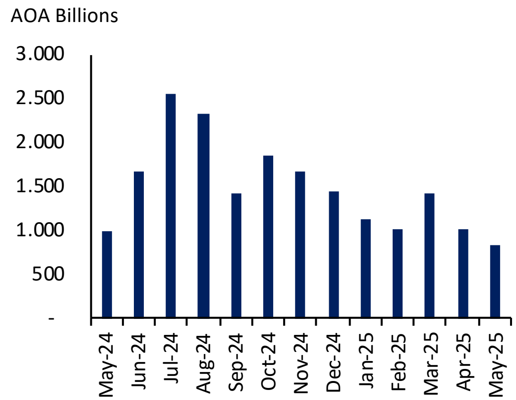
* * Bottom right chart legend: Data as of January 2024 are BFA estimates

MONEY MARKET

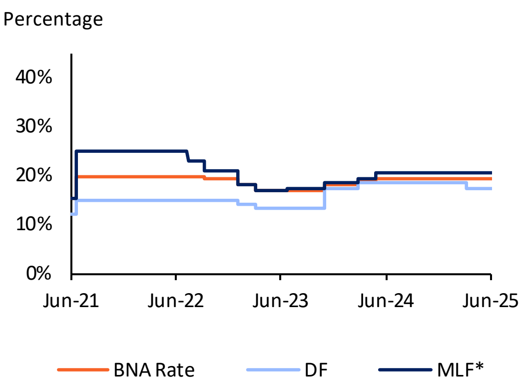
Luibor rates on the various maturities



Liquidity exchange operations

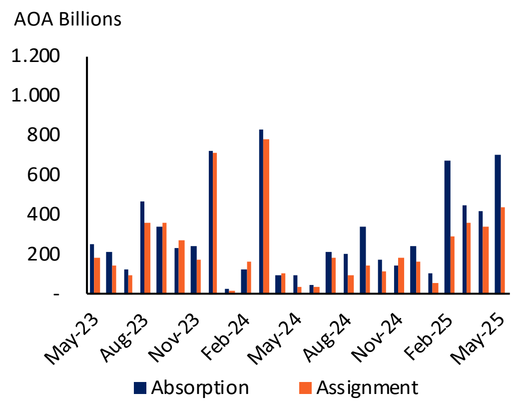


Main monetary policy rates



Marginal Lending Facility*

Open Market Operations

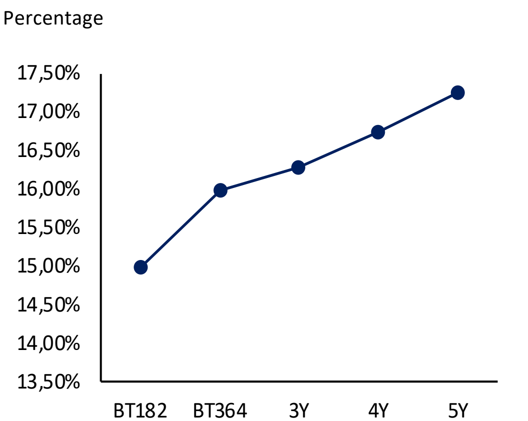


Sources: BNA, BFA Calc.

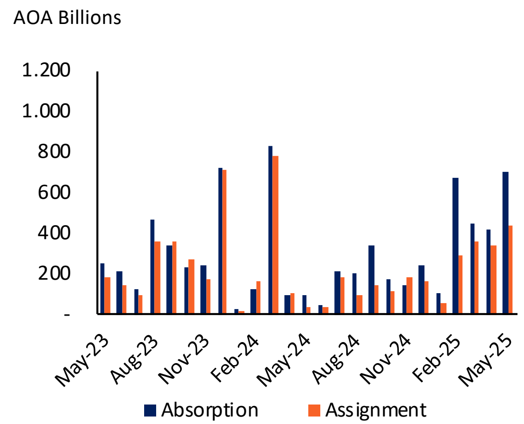
- **In recent months, the market has remained broadly liquid, with many banks allocating excess funds to the National Bank of Angola (BNA), while only a few have resorted to the interbank market for occasional liquidity needs.** On several occasions, repo auctions have recorded demand exceeding supply - a clear indication of comfortable liquidity conditions in the system. This assessment is supported by recent data from the BNA.
- In May of this year, Open Market Operations (OMO) transactions reached AOA 3.4 Trillion (T), while the volume of deposit facility operation (DFO) remained around AOA 2.7T. Interbank money market interest rates further reinforce this diagnosis. The overnight rate, the main benchmark for the segment, registered a cumulative decline of 244 basis points year-to-date.
- On the monetary policy front, the BNA has acted actively to manage the system's excess liquidity, relying predominantly on OMOs and the availability of the DFO. However, since January, there has been a gradual move towards liquidity liberalization, most notably through the reduction of the reserve requirement ratio.

PRIMARY BOND MARKET

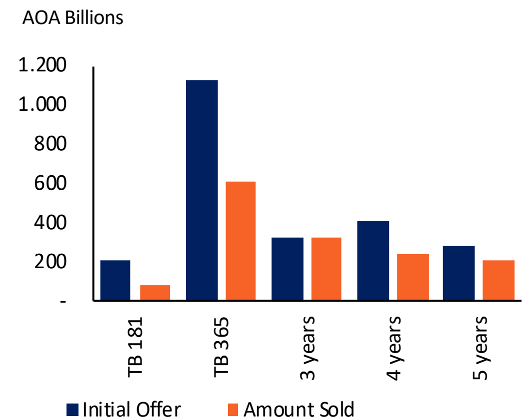
Kwanza Curve *yields*



Debt placements per month



Debt placements by maturity in 2024



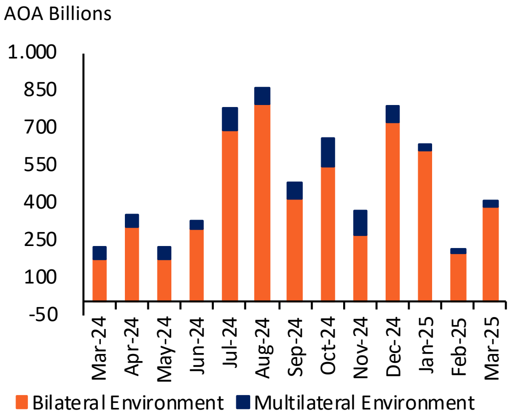
- **To date, the National Treasury has issued approximately AOA 1.4T in securities in the domestic primary market this year, representing around 31.0% of the amount planned under the 2025 Annual Debt Plan (ADP). Of this total, about 47.0% corresponds to short-term issuances (Treasury Bills – BTs), while the remaining 53.0% relates to Treasury Bonds (OTs).** The Ministry of Finance has maintained regular issuances of BTs with maturities of 182 and 364 days, as well as OTs with maturities of 3 years (with a residual maturity of one year, indicating short-term cash flow needs), 4 years, and 5 years. In volume terms, the 364-day BTs have been the most in demand, with total placements reaching around AOA 600B, standing out from other instruments.

- **With regard to Foreign Exchange Treasury Bonds (OTMEs), the Treasury has already placed approximately USD 263.5 million, equivalent to 74.0% of the annual target. Of this amount, USD 79.4 million was raised under the Green and Social Bonds (GSB) issuance.** This operation, conducted through a *bookbuilding* process, included maturities of 5 and 8 years and yields ranging between 5.0% and 7.0%, surpassing the initially projected amount by 23.0%. The GSB issuance aims to finance the construction and rehabilitation of 43 dams in the Namibe province. The Kwanza yield curve remains upward sloping, reflecting increasing compensation for risk and maturity. Interest rates for short-term instruments are visibly lower than those of longer maturities, indicating both a market perception of risk and the Treasury's strategy to extend debt duration through planned issuances of 7- and 10-year maturities later this year, as outlined in the ADP.

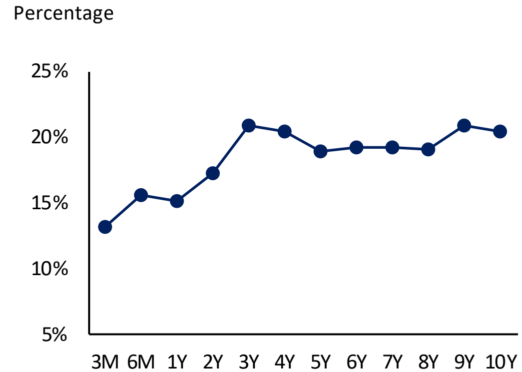
Sources: BODIVA,BFA Calc.

SECONDARY SECURITIES MARKET

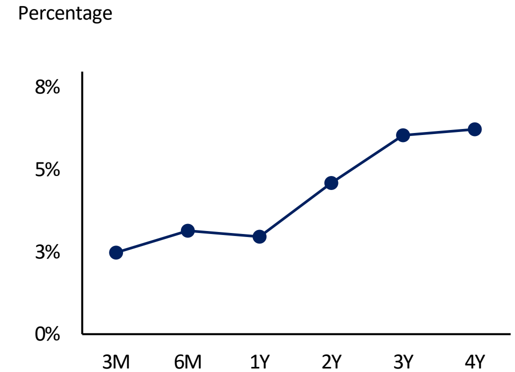
Transactions by trading environment



Kwanza yield curve



Kwanza yield curve OT-TX



- **The secondary securities market has seen a slowdown in trading volumes in recent months, reflecting some downturn in activity at BODIVA. In Q2 2025, total transactions reached around AOA 817B - 10% lower than the AOA 908B recorded in the same period of the previous year.** This drop interrupts a recovery trend observed at the end of 2024 and in the first quarter of the year. Analysis by trading environment reveals divergent dynamics. Bilateral trading - traditionally accounting for the largest share of traded volume - fell by 14.0% year-on-year in Q2, possibly reflecting lower demand from large institutional investors or a strategic adjustment of portfolios. On the other hand, the multilateral environment grew by 13%, suggesting greater dynamism with an increase in the participation of small and medium-sized investors.

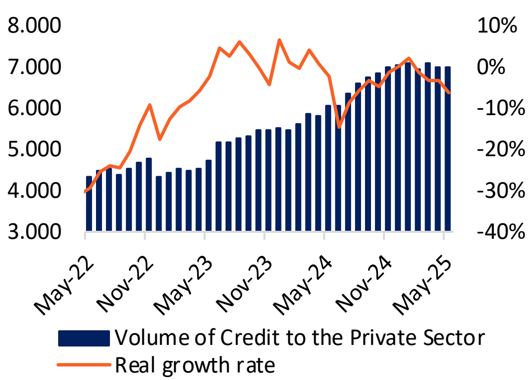
- From the point of view of the yield structure, the Kwanza yield curve in the secondary market continues to show a positive slope, although relatively stable, with the longest rates around 20.0% per year, while the shortest maturities range between 10.0% and 15.0%. The yield curve of OT-TX (Treasury bonds indexed to the exchange rate) shows a similar profile, with yields increasing with maturity and stabilizing between 6.5% and 7.5% in terms of 3 to 4 years.

Sources: BODIVA,BFA Calc.

CREDIT MARKET

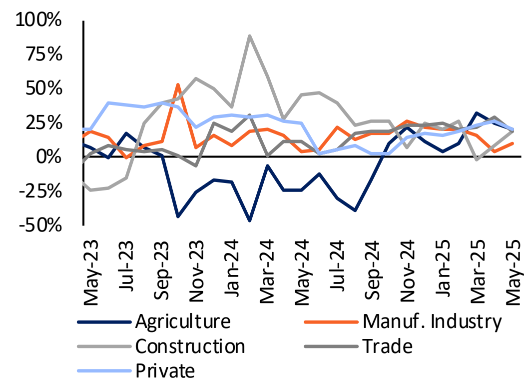
Credit volume and evolution

AOA Billions; Real year-on-year change



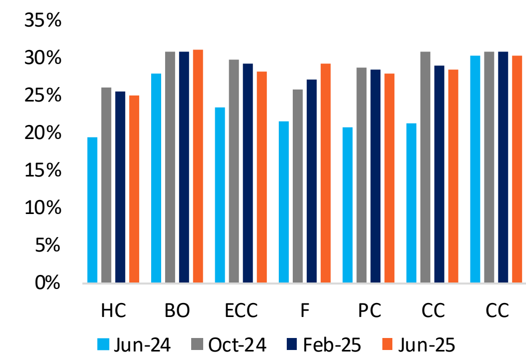
Evolution of credit by sector

Year-on-year change



Interest rates by type of credit

Percentage



- **In May, the volume of credit to the private sector in local currency stood at around AOA 5.5T, representing a nominal growth of 24.9% yoy - about AOA 1.1B additional. Credit to the public sector recorded a sharper expansion, of approximately 69.0% yoy, reaching AOA 656B.** In the analysis by sector, there was significant growth in credit to general government and mining and quarrying, of 26.9% and 25.4% yoy, respectively. In contrast, credit to hotel, real estate and manufacturing activities fell by 46.4% yoy, 15.1% yoy and 11.1% yoy, respectively.

- The average cost of credit remained high, at around 28.7% in May, significantly above the 23.6% recorded in the same month of the previous year. This increase reflects, in part, the increase in Luibor, which advanced around 244 basis points year-on-year, as well as the upward revision of bank prices. While current interest rate levels are below the peaks seen last October, they remain elevated in part due to inflationary rigidities. The deceleration trend in inflation, combined with the prospect of a more accommodative monetary policy, may make room for a reduction in interbank money market rates and, by extension, in credit interest rates in the coming months.

Sources: BNA, BFA Calc.

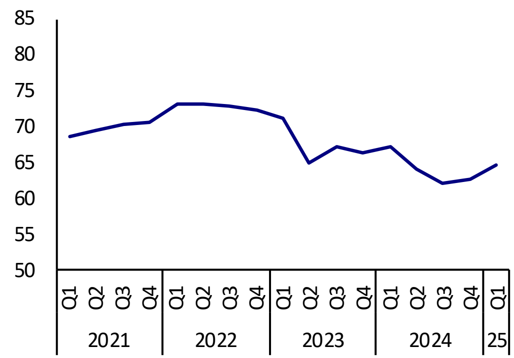
Graph to the right's legend: Housing credit (HC); Bank overdrafts (BO); Escrow Current Account (ECC); Financing (F); Personal credit (PC); Car credit (CC); Credit Cards (CC)

ECONOMIC REPORT
Q3 2025
Economic Research Unit

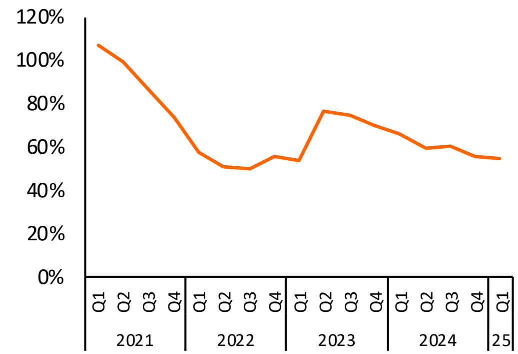
PUBLIC FINANCE

PUBLIC DEBT

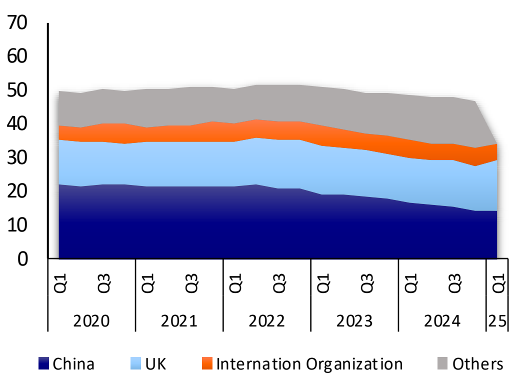
Total public debt



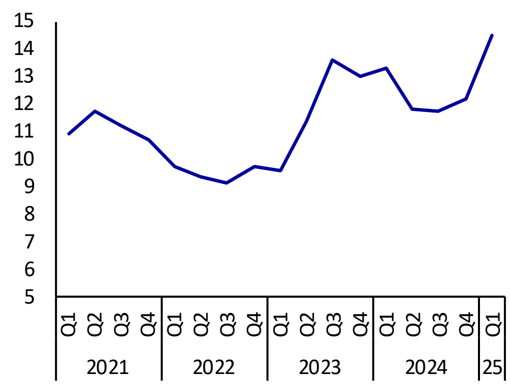
Government debt as a percentage of GDP



External public life by type of creditor



Domestic bond debt



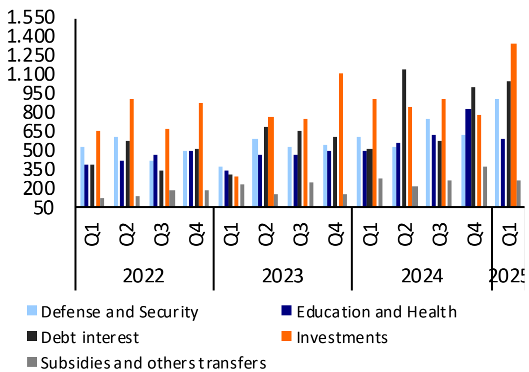
Sources: MinFin, BNA, BFA calc.

- **In the first quarter, public debt valued in dollars stood at USD 64.8B, USD 2.2B more than at the end of 2024.** The extension of the debt was mainly influenced by the growth of the domestic debt, which went from USD 14.7B to USD 16.9B. The external government debt has been around USD 45.7B since Q2 2024. We estimate that public debt represents around 55% of GDP, a drop of 5.7pp compared to the end of 2024. However, this reduction in the debt burden was fundamentally influenced by GDP, which is now calculated considering 2015 as the base year, bringing a slightly higher GDP.
- **The stock of external public debt stood at USD 48.6B , an increase of USD 1.8B compared to the previous quarter.** Currently, debt to Chinese entities represents 29.0% of the total, a weight that is still high, but substantially lower than the peak of 54.0% in 2017. On the other hand, the debt registered in the London markets - composed mainly of Eurobonds and other types of instruments - grew again, increasing by USD 1.5B to USD 15.1B. As a result, the London markets became Angola's main source of external financing, accounting for 31.0% of the total.

BUDGET EXECUTION

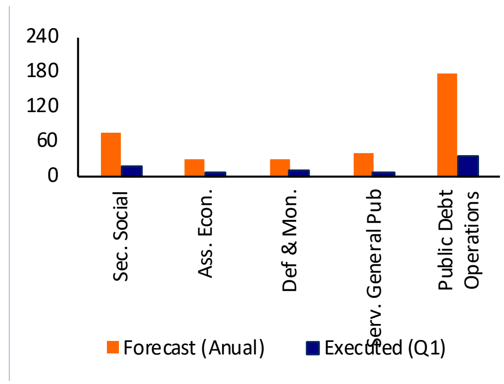
Fiscal weight by sector

AOA Billions



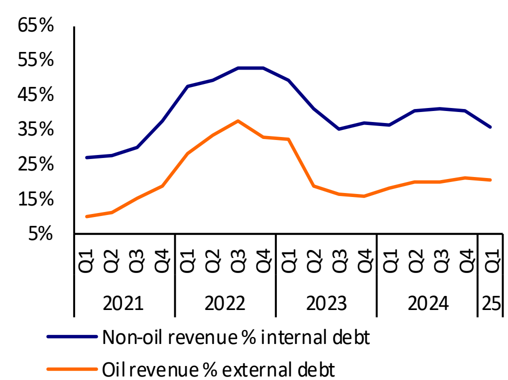
Expenditure planned and implemented by sector

AOA Trillions



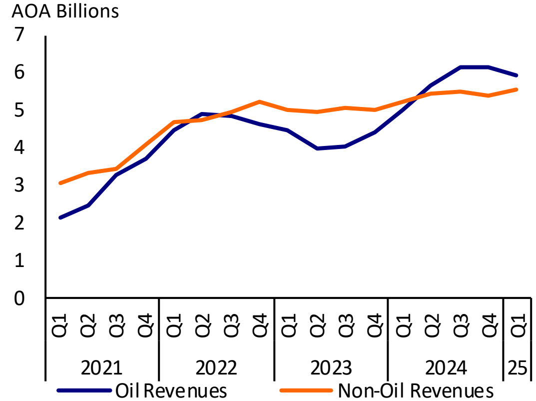
Oil and non-oil revenues as a percentage of debt

Percentage of debt



Budget balances by quarter

AOA Billions



Sources: MinFin, BNA, BFA Cálc.

- **In recent quarters, there has been a significant increase in debt interest expenditures.** This marks the second consecutive quarter in which interest payments remained around AOA 1.0T - a figure slightly below the amount spent on capital investment.

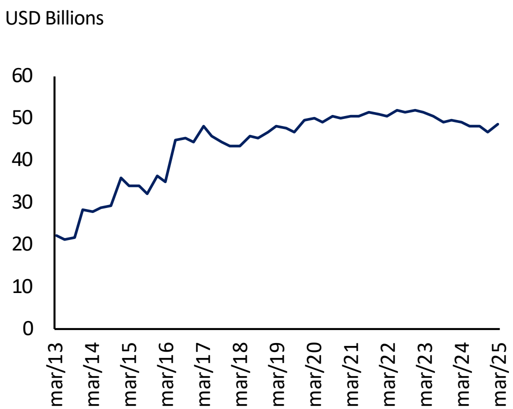
- On the primary expenditure side (excluding debt-related operations), approximately AOA 3.4T was executed. Of this total, the execution rate of expenditures related to the Social Sector stood at 19.6% during the first three months of the year. Within the Economic Affairs category, around AOA 230.3B was spent on fuel subsidies, representing 34.7% of the budgeted amount.

- Revenue collection recorded a substantial year-on-year increase of approximately 71.0%, reaching a total of AOA 6.1T. This growth was driven primarily by capital revenues, which surged to AOA 2.7T - a sharp rise compared to the AOA 217B collected during the same period in 2024. Current revenues also increased, growing by 2.0% year-on-year, supported by a 13.6% rise in non-oil tax revenues, while oil tax revenues experienced a slight contraction of approximately 4.6%.

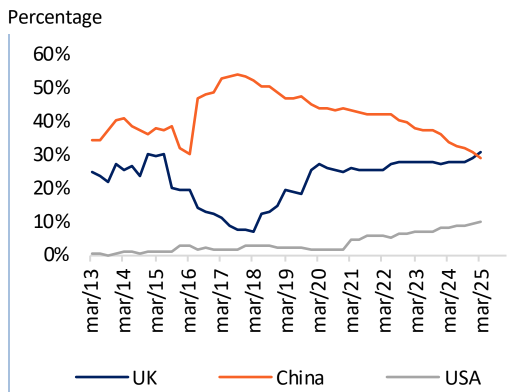
REAL ECONOMY

SPOTLIGHT

Public External Debt



Debt burden by country of origin



Sources: BNA; Ministry of Finance

FROM CHINA TO LONDON: CHANGING DEBT PROFILE

- **In recent quarters, we have observed a gradual and noteworthy shift in the structure of Angola's external debt, reflecting a progressive realignment of financing sources.** China, which had historically held the position of Angola's largest creditor, has now been overtaken by the United Kingdom - mainly due to the country's international debt in Eurobonds registered in the London markets. Nevertheless, China still maintains a significant presence as the second-largest creditor. In our view, this shift reflects not only market dynamics but also potential strategic and geopolitical factors that are beginning to reshape the country's financial landscape.

- With the growing presence of Eurobonds and other financial instruments issued in international markets, Angola is increasingly dependent on global private investors - a development that substantially alters the country's risk and foreign exchange exposure profile. Debt to Chinese entities, which for years financed major infrastructure projects across the country, is gradually losing weight. China's share of Angola's total external debt, which stood at 54.0% in 2017, has now fallen to 29.0%, marking the first time since 2012 that the Asian country no longer holds the top creditor position.

- In contrast, debt registered in the United Kingdom rose to USD 15.1B in Q1 2025, accounting for 31.0% of total external debt - a shift that signals Angola's openness to private international financing. Debt owed to U.S. entities and international organizations also increased, reinforcing a trend toward creditor diversification. Angola's debt to the United States rose by USD 500 million, now totaling USD 4.8B. Meanwhile, Angola's total external debt stock reached USD 48.6B in Q1 2025, reversing the downward trajectory observed since 2023. Behind this shift lies the need to reduce risk concentration and adapt the country's financing strategy to a new political and economic context. This diversification offers opportunities - such as enhanced liquidity and access to global investors - but also presents challenges, including greater exposure to financial market volatility and interest rate fluctuations.

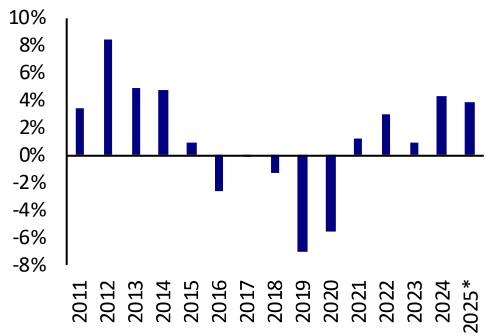
- **Will Angola maintain this trend of reducing dependence on China, or might it once again turn to Chinese funding for large-scale infrastructure projects in times of fiscal need?** The answer will depend on the evolution of the domestic economy, the country's financing requirements, and the geopolitical dynamics shaping relations with key partners such as China, the United States, and global financial markets.

United kindom: it essentially concerns eurobonds and other instruments that are held by inverstors in variuos geographis

NATIONAL ACCOUNTS

Year-on-year rate of change in GDP

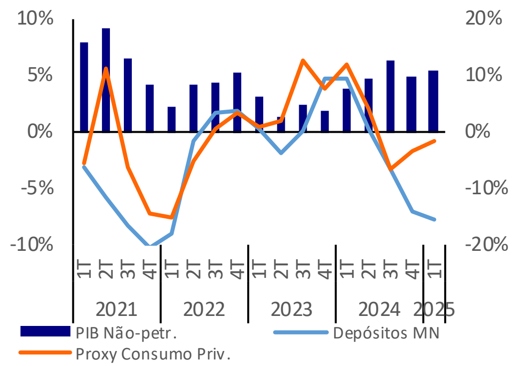
Real year-on-year change



* **Forecast**

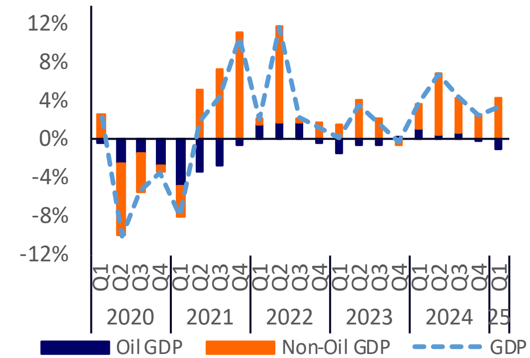
High-frequency indicators and non-oil GDP

Real year-on-year change



Evolution of oil and non-oil GDP

Real year-on-year change



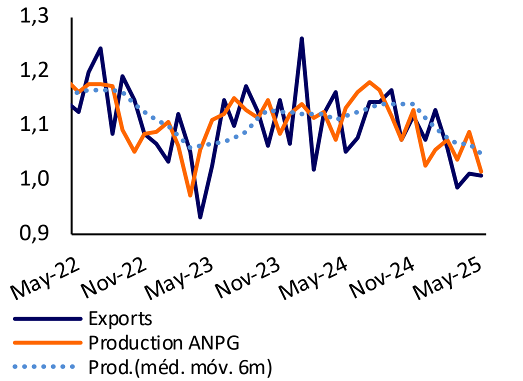
- **In Q1 2025, the Angolan economy grew 3.5% yoy, an increase of 0.9pp compared to the previous quarter. The oil economy contracted for the second time in a row and shaved 1.0pp off the economy's overall growth rate this quarter**. The non-oil economy recorded an advance of +2.4pp to 5.7% yoy this quarter. In recent quarters, the growth of the Angolan economy has been driven by the Diamonds & Minerals sector, and Q1 2025 was no exception. This sector returned to growth in the 50% range, driven by the consolidation of the Luele mine, which has been mainly responsible for an average growth of around 57.0% since Q2 2024, placing the sector at the forefront of the main drivers of economic growth.
- **According to ANGP data, oil production in Q1 was around 1.1 million barrels per day (mbd), which corresponds to a drop of 6.3% yoy, reflecting the difficulties that the sector faces, namely operational constraints and fluctuations in production.** On the other hand, gas production recorded a growth of 3.3% yoy, reaching 2.7 million cubic feet (mcf). However, the six-month moving average shows a clear downward trend in oil production, while gas shows a growth trend that, naturally, does not compensate for the drop in crude, as it represents close to 90.0% of the value of the oil sector.

Sources: INE, OPEC,EMIS

OIL AND NON-OIL ECONOMY

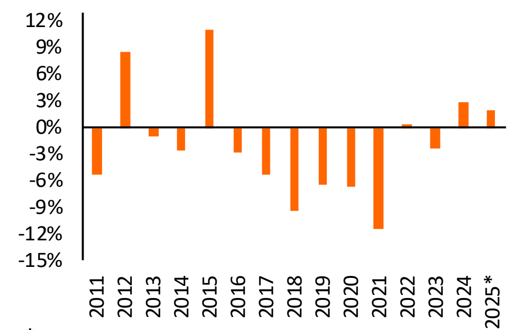
Production and exports of crude oil

Millions of barrels per day



Oil GDP

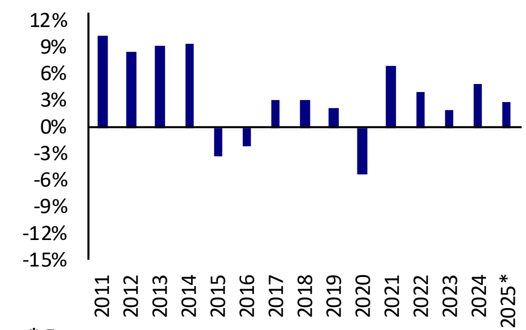
Real year-on-year change



*** Forecast**

Non-oil GDP

Real year-on-year change



*** Forecast**

- **Between January and May, oil production stood at an average of 1.04 mbd, which represents a drop of 7.2% compared to the same period last year.** Since the beginning of the year, production has recorded mixed behaviours, with February being the month with the highest level of production, 1.07 mbd, and April, in the opposite direction, the one with the lowest production, with only 1.00 mbd. In general, the decline in oil production may be associated with both natural issues and the retraction of investments in the sector in recent quarters. On the export side, they also recorded a considerable drop, influenced by the decrease in the price of a barrel of oil, which stood at USD 72.9 on average (-11.1% yoy), dragging average export earnings to USD 2.3B, below the USD 2.8B recorded on average in the same period of the previous year.

- **According to INE data, in Q12025 the non-oil economy continued to grow resiliently in almost all sectors. Diamonds and Minerals, Communications and Public Administration grew the most with +51.4% yoy, +26.7% yoy and +14.0 yoy, respectively, together contributing to add 2.6pp to the overall growth rate of economic activity.** On the other hand, Accommodation and food services (-2.5% yoy) and Financial Intermediation and Insurance (-0.6% yoy) were the only sectors to record contractions.

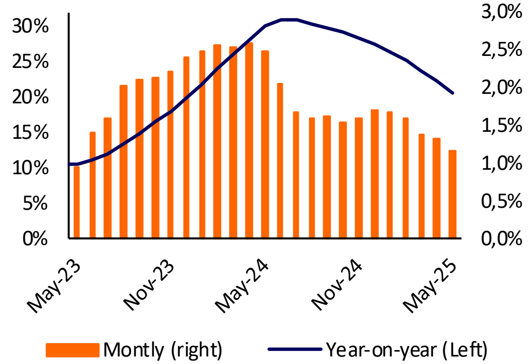
- **Our estimates for the growth of the Angolan economy have been slightly revised, considering the current global scenario and the prospects for the evolution of the different sectors of activity. Specifically, our projections point to economic growth of between 1.6% and 2.1%.**

Sources: INE, BFA calc.

CONSUMER PRICES

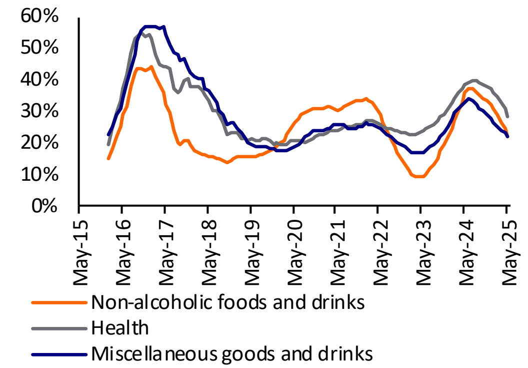
Headline inline

Percentage



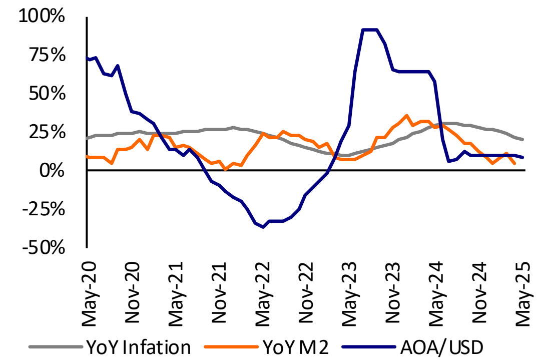
Inflation by classes

Year-on-year change



Inflation, M2 and exchange rate

Percentage



- **In May, annual national inflation stood at 20.7%, approaching the lowest level since December 2023. Inflation has been on a deceleration path since the second half of last year, reflecting the trend of more moderate monthly increases in the National Consumer Price Index (CPI).** In the month under review, the CPI registered a monthly change of 1.2%, which represents a deceleration of 0.2pp compared to the value observed in April. Among the categories that contributed the most to the change, "Miscellaneous goods and services" stand out, with an increase of 1.6%, followed by "Health" and "Furniture, household equipment and maintenance", with changes of 1.4% and 1.3%, respectively. On the other hand, the classes that changed the least were Communications, Transportation and Hotels, cafes and restaurants, with changes of only 0.2%, 0.7% and 0.8%.

- **Despite the recent increase in the price of diesel, inflation is visibly on a deceleration trend.** This restraint may be associated with a greater availability of goods in the market, driven by three main factors: (i) the maintenance of imports of consumer goods, which grew by 10% year-on-year in the first quarter; (ii) the increase in domestic production; and (iii) the relative stability of the Kwanza against the Dollar since the fourth quarter of 2024, which has contributed to mitigating the effects of imported inflation. Even against this backdrop of continued deceleration in inflation, there are still slight inflationary pressures that should continue to demand some attention from the monetary policy management side. In the Education sector, for example, the prices of tuition fees, emoluments and materials may start to accelerate as early as August, because of the measures imposed by the Executive through Decree No. 187/23.

Sources: INE, BNA, BFA calc.

ECONOMIC REPORT
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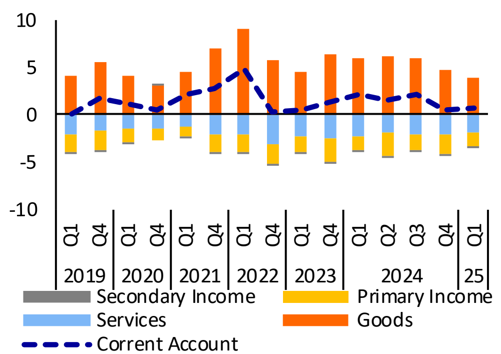
EXTERNAL ACCOUNTS

BALANCE OF PAYMENTS

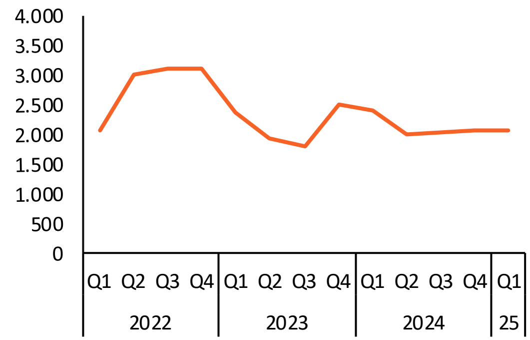
Quarterly balance of payments

USD Billions



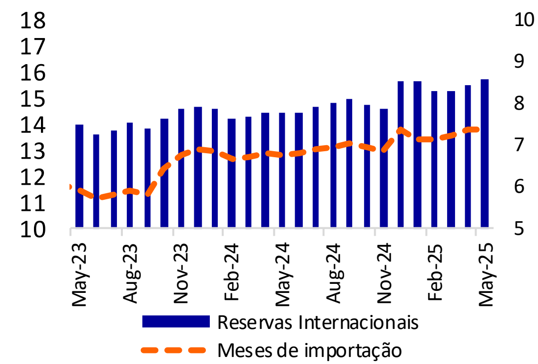
Evolution of imports of services

USD Millions



International Reserves

USD Billions; Months



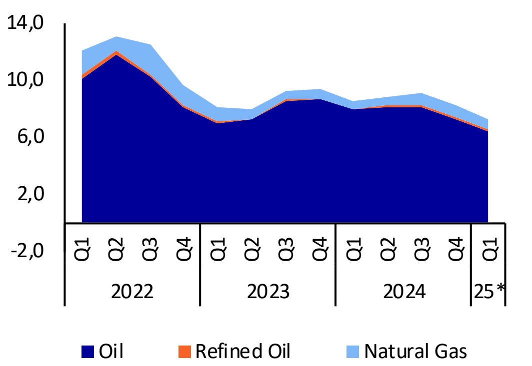
- **The current account ended Q1 2025 at USD 601.6 million, a reduction of around 71% (-1.4B) compared to the same quarter of 2025.** According to BNA data, the value of the current account represents approximately 2.0% of GDP. The goods account recorded a balance of USD 3.9B, a significant reduction when compared to USD 5.8B in Q1 2024; the account was greatly affected by the combined effect of the reduction in exports and the increase in imports, with imports above the average of the last 8 quarters, USD 3.8B and exports in the opposite direction registered the lowest value of the last 15 quarters, USD 7.2B. Regarding the services account, the deficit reduced to USD 1.9B: imports of services stood at USD 2.1B (-13.1% yoy) and exports, although still representing a small portion, grew by USD 89.4 million yoy. As regards the remaining categories contributing to the current account balance, the primary income account remained almost unchanged, at USD 1.3B. After 7 quarters of deficits, the Financial Account recorded a surplus, standing at USD 307.2 million. Again, there was an improvement in Foreign Direct Investment flows, with a reduction of around 77% in the account balance.
- **International Reserves closed the month of May at USD 15.7B, representing an increase of USD 231 million compared to the previous month. According to our calculations, the IR values cover approximately 7 months of imports of goods and services.**

Sources: BNA, BFA calc.

EXPORTS AND IMPORTS

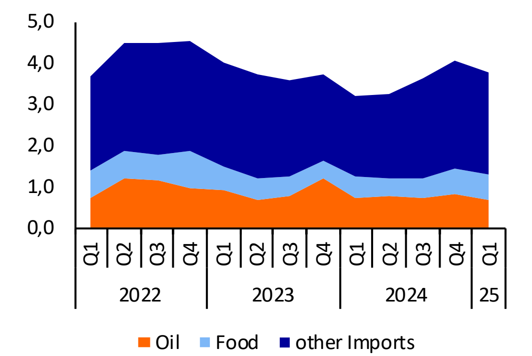
Hydrocarbon exports

USD Billions



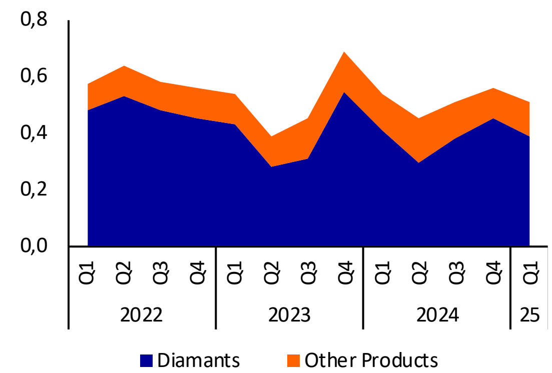
Imports by type

USD Billions



Exports of non-petroleum products

USD Billions



- **In Q1 2025, exports fell in all its categories, with the oil sector at the base of this less favorable performance. Oil exports stood at USD 7.8B, which makes a drop of 14.4% yoy: more specifically, crude oil exports totaled USD 6.4B, with price and volume contracting by 9.2% and 11.6% yoy, respectively, and even the increase in exports of refined products and gas (+11.6% and 9.2% yoy, in particular) were not able to support the fall in the sector.**

- **Non-oil exports decreased by 18.9% yoy. The diamond sector showed a reduction of 4.5%, strongly justified by the drop in the trading prices of precious stones of around 45.6%, although the exported volume increased significantly (+75.6% yoy). Exports of other products also decreased, from USD 149.6 million to USD 128.3 million, down 14.2% yoy.**

- **Imports recorded increases in all its categories, being current consumer goods (+10% yoy), intermediate consumer goods (+40% yoy) and capital goods (+28.5% yoy).** Among the most prominent products, we see that food imports grew by 15.1% yoy – in line with the deceleration of food inflation, supported by the greater availability of foreign exchange in the market compared to last year's Q1 and by the greater efficiency in the response time of import requests; on the other hand, fuel imports decreased slightly, -5.1%, to the lowest volume in the last 12 quarters, USD 697.4 million.

Sources: AGT, BFA calc.

BFA

MAIN EXTERNAL INDICATORS

DESCRIPTION	Q1 2024	Q4 2024	Q1 2025	QoQ	Yoy
GDP (USD Millions)	26.516,2	30.248,1	30.454,1	0,7%	14,9%
Exports of goods and services (USD Millions)	9.067,8	8.899,4	7.896,7	-11,3%	-12,9%
Imports of goods and services (USD Millions)	5.582,7	6.132,7	5.881,8	-4,1%	5,4%
Service Account (USD Millions)	(2.359,7)	(2.021,3)	(1.957,1)	-3,2%	-17,1%
International Reserves (USD Millions)	14.316,2	15.767,6	15.266,5	-3,2%	6,6%
Total External Debt Stock (USD Millions)	55.112,2	54.309,1	57.699,9	6,2%	4,7%
Stock of Short-Term External Debt (USD Millions)	4.620,3	5.793,8	7.045,8	21,6%	52,5%
Average Exchange Rate (USD/AOA)	829,7	911,7	912,0	0,0%	9,9%
Current Account/GDP (%)	7,8	1,7	2,0	12,9%	-74,8%
Goods Account/GDP	22,0	15,8	13,0	-17,6%	-40,8%
Services Account/GDP	(8,9)	(6,7)	(6,4)	-3,8%	-27,8%
Exports of goods and services/GDP	34,2	29,4	25,9	-11,9%	-24,2%
Imports of goods and services/GDP	21,1	20,3	19,3	-4,7%	-8,3%
Capital and Financial Account / GDP	(8,3)	(3,3)	(2,1)	-38,3%	-75,3%
Foreign Direct Investment (net)/GDP	(2,6)	(0,1)	(0,2)	289,6%	-91,8%
Total External Debt Stock/ GDP	52,0	44,9	47,4	5,5%	-8,8%
International Reserves / Imports of Goods and Services (Months)	7,7	7,7	7,8	1,0%	1,2%
International Reserves/Total External Debt Stock (%)	26,0	29,0	26,5	-8,9%	1,9%
International Reserves/Stock of Short-Term External Debt (%)	309,9	272,1	216,7	-20,4%	-30,1%

Sources: BNA

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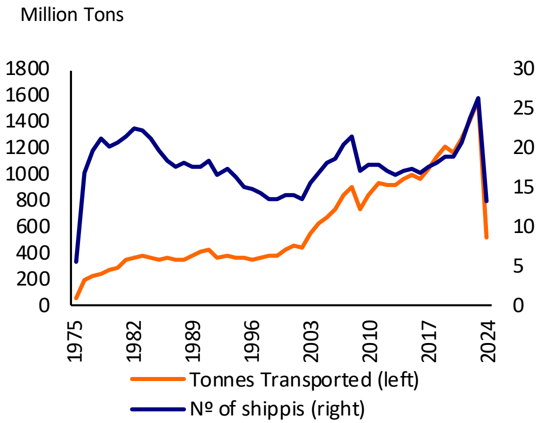
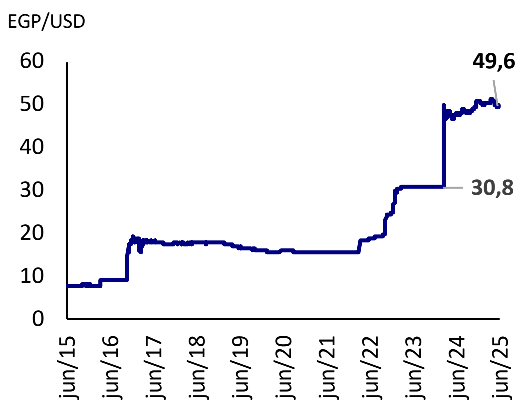
AFRICAN ECONOMIES

SPOTLIGHT

Traffic in the Suez Canal



Exchange rate



Sources: Reuters, Suez Canal Authority

TENSIONS IN THE MIDDLE EAST REDUCE TRAFFIC IN SUEZ

- **Rising tensions in the Middle East have had a profound impact on traffic in the Suez Canal – one of the world's most strategic shipping lanes, responsible for about 10.0% of global river trade. Opened in 1869, the canal plays a vital role in the international transport of oil, natural gas, and general goods, linking the Red Sea to the Mediterranean Sea.** According to data from the Suez Canal Authority (SCA), the entity responsible for managing the infrastructure, the number of vessels transiting the canal fell by 50.0% in 2024, totaling only 13,213 ships. In terms of cargo transported, the volume fell from 1,043.8 million tonnes in 2023 to just 524.5 million tonnes - the lowest level since 2003. The main cause of this retreat is related to attacks carried out by the Iranian-backed Houthi rebels on ships bound for Israel. These attacks, set in the context of the war in Gaza, aim to pressure Israel through a disruption in international maritime trade, directly affecting traffic in the Suez Canal. As an alternative, several vessels have chosen to go around the Cape of Good Hope, in South Africa. At the same time, the use of the China-Europe rail corridors for East-West trade has intensified, with emphasis on Poland, which is the main gateway for rail freight transport in Europe.

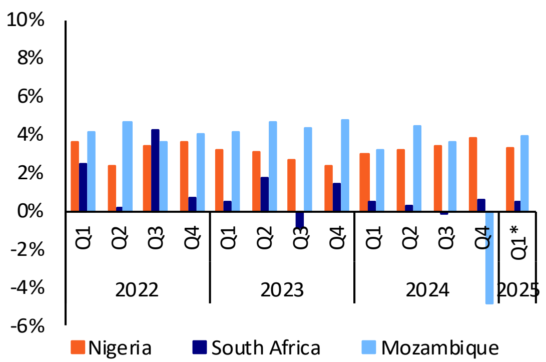
- As a result, the channel's revenues fell sharply, from USD 10.3B in 2023 to USD 4.0B in 2024 - this abrupt drop negatively impacted Egypt's balance of payments, aggravating the current account deficit and contributing to the financial rating agency Moody's revising, in January 2024, the country's credit outlook from "stable" to "negative". While the credit rating outlook has since returned to a stable level, a few tensions and uncertainties persist that continue to pressure the Egyptian economy.

- **In the first quarter of 2025, the number of ships that passed through the canal registered a further year-on-year reduction of 17.1%, accompanied by a drop of 23.1% in the tonnes transported.** The current traffic scenario has put negative pressure on the GDP growth of the transport and logistics sector, limiting access to foreign exchange and contributing to a devaluation of the exchange rate. The Egyptian currency has already depreciated by more than 50% against the Dollar since the beginning of the fall in transport volumes.

MACROECONOMIC INDICATORS

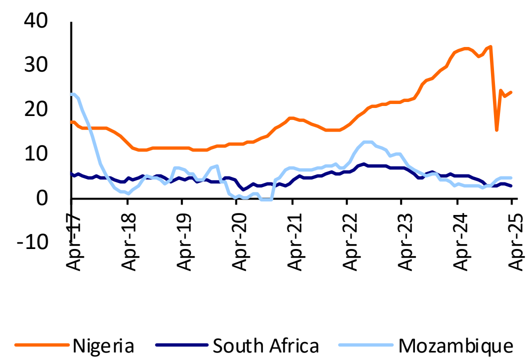
Annual GDP growth

Year-on-year change



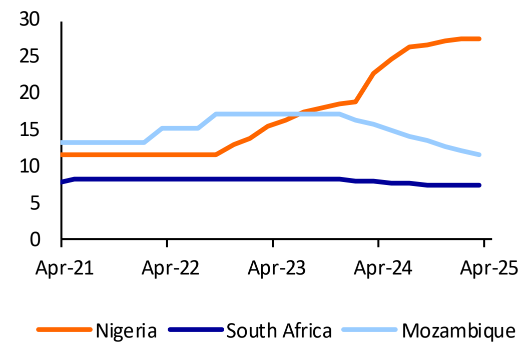
Year-on-year inflation

Year-on-year change



Interest Rate of African Economies

Percentage



- **African countries still have solid growth prospects but are subject to great pressure.** Rising trade tensions and political uncertainty, along with constraints on external financing and lower prices for some key commodities, have slightly weakened Africa's initial growth forecasts and require governments to be more prudent and cautious in conducting the economy. According to the IMF's latest regional Outlook, Sub-Saharan Africa is expected to grow by 3.8% in 2025: Mozambique's GDP is expected to grow by approximately 3.0% – below the initial forecast of 5.0%, while Nigeria and South Africa will grow more slightly, at 3.0% and 1.0%, respectively. For South Africa, Q1 2025 data show growth of 0.5% yoy, driven by agriculture (+15% yoy), trade (+0.5% yoy) and finance (+0.2% yoy). Annual inflation in the African countries under review shows a rather favorable path. In May, in South Africa, annual inflation stood at around 2.8%, making a drop of around 0.4pp since the beginning of the year; in Nigeria and Mozambique the annual drop was slightly larger, -1pp in both cases, standing at 23.7% and 3.99%. In the case of Mozambique specifically, inflation is expected to remain falling in response to the VAT exemption on basic products (sugar, cooking oil and soap), the downward adjustment of water tariffs and tolls and the relative of the local currency, the metical.

- **Regarding monetary policy, both the Central Bank of Mozambique and South Africa made reductions in the interest rate, placing them at 11% and 7.25%, respectively. In the case of Mozambique, this was the 3rd reduction this year, reinforcing the flexibility stance adopted since the beginning of 2024, while in South Africa, the Central Bank warned that no further cuts will be made in the coming months, as there are still inflationary pressures. The Central Bank of Nigeria maintains the key rate at 27.5%.**

Sources: SARB, BM, CBN, Stats SA, Bloomberg

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GLOBAL ECONOMIES

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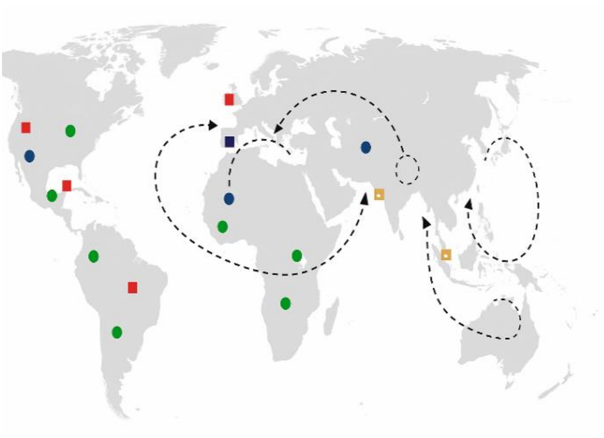
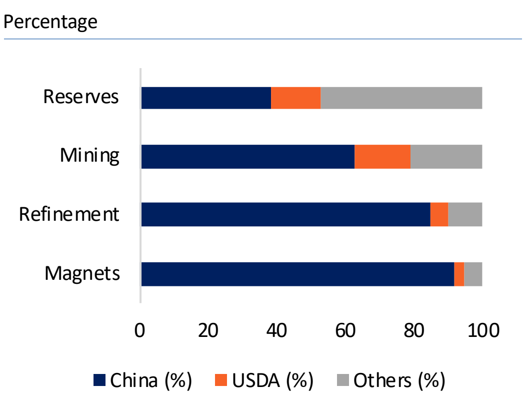
SPOTLIGHT

Geopolitics of global value chains



Market share of rare earths by country



Sources: WSJ, Global Trade Alert, IEA, Boomberg, BFA calc.

THE SILENT WAR IN GLOBAL VALUE CHAINS

- **In a context of growing rivalry between major powers, global value chains have ceased to function merely as mechanisms of economic efficiency and are increasingly being deployed as instruments of geopolitical competition.** The United States and China - the main protagonists of this new phase of globalization - have strategically resorted to export controls, technological restrictions, and control over critical raw materials as silent weapons. According to journalist Jason Douglas from The Wall Street Journal, when negotiators from both countries recently met in London, the talks focused less on tariffs and market access, and more on easing restrictions within supply chains - revealing the geopolitical centrality of these flows.

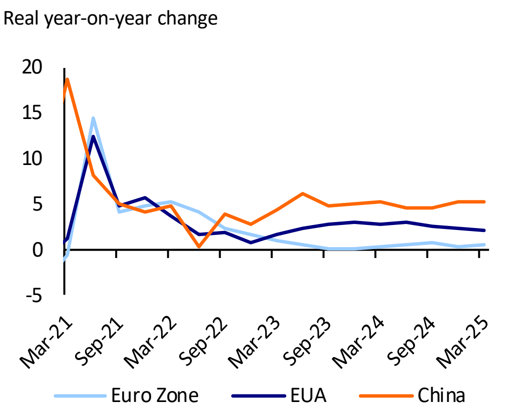
- It is now clear that the objective is no longer purely commercial. Rather, it concerns the control of strategic flows that underpin sectors such as defense, energy, and advanced technologies. This logic aligns with the principles of realism in international relations, which suggest that states act to safeguard their security and enhance their power within a competitive and anarchic international system.

- The map provided visually illustrates this reality. The red dots indicate the main semiconductor production hubs, concentrated in geopolitically sensitive regions such as Taiwan, South Korea, Japan, and the United States - highlighting the vulnerability of the global chip supply chain in the face of geopolitical shocks. The green circles show the global distribution of critical mineral extraction, mostly located in the Global South, including countries like the Democratic Republic of Congo (DRC), Chile, and Australia. However, the blue markers point to China's dominance in the refining and technological processing of these materials, giving it decisive influence over critical stages of the production chains. The logistical routes highlighted - such as the South China Sea and the Strait of Malacca - represent true geopolitical chokepoints.

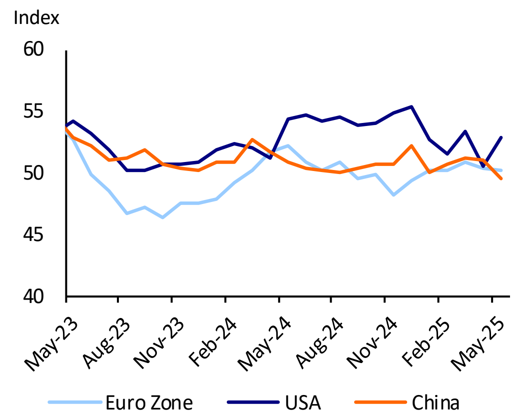
- The accompanying chart reinforces this analysis: although China holds less than 40.0% of global rare earth reserves, it is responsible for over 60.0% of mining, around 85% of refining, and nearly 95.0% of magnet production - essential components for strategic technologies. This shows that power lies not only in the possession of raw materials, but especially in the control of the technological and industrial stages of their transformation. In this context, value chains have become the new silent frontlines of geopolitics - where logistics, minerals, and technology serve as ammunition for power. Thus, in this new global order, efficiency is giving way to strategic resilience.

MAJOR ECONOMIES: REAL ECONOMY

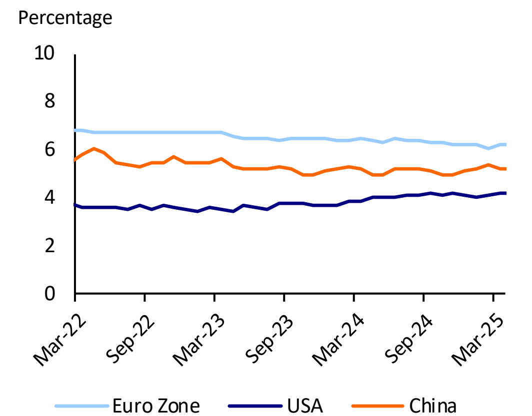
GDP in major economies



PMI indices in major economies



Unemployment in major economies



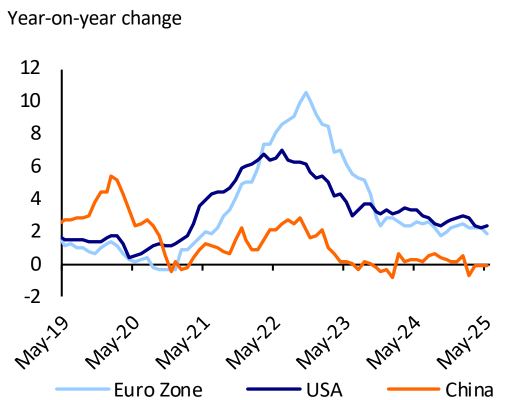
- **Trade tensions were not enough to curb economic growth in Q1 2025. The eurozone economy grew by 0.4% in the first quarter of 2025, driven by increased imports from the United States in response to the imminent imposition of trade tariffs. In the United States, the economy expanded by 2.1% yoy (slightly below the 2.5% recorded in Q4 2024**). The slowdown was justified, on the one hand, by the trade deficit - since imports increased at a rate of 41.3% (justified by companies that wanted to avoid higher costs of the tariff policy announced by the US president), canceling the effects of the increase in exports. On the other hand, there was a reduction in public spending, justified by the closure of several government agencies and programs. In China, growth was 5.4% yoy, in response to the increase in exports despite the moment of trade pressure it is going through. The euro area unemployment rate fell to 6.2%, mainly driven by the slowdown in energy prices and intermediate inputs, as well as stabilising inflation. These developments have given companies greater financial flexibility, reducing the need to lay off workers. In the United States, unemployment stood at 4.2% (+0.22pp YTD), essentially justified by the reduction of jobs by the Federal Government. In China, the labor market remains "relatively pressured", with unemployment at 5.2%.

- **China's PMI registered the lowest level since December 2022 in May, 49.6. Among other factors, the reduction in the volume of new export orders, which reached the lowest level since July 2023, and the drop in industrial production stand out. In the US, the index was 53, a recovery after the fall in May: the retreat in tariffs on China was one of the drivers. In the Eurozone, the PMI was 50.2 a relative stability, between weakened demand and a slight increase in input costs.**

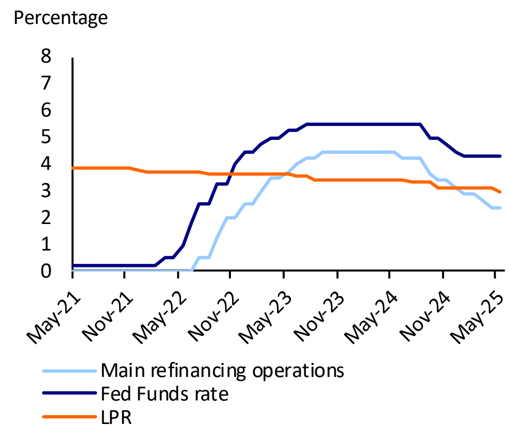
Sources: Bloomberg, FRED

INFLATION AND REAL INTEREST RATE

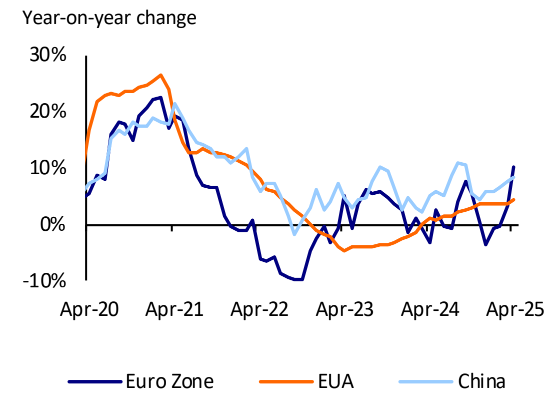
Inflation in major economies



Benchmark interest rates in major economies



Year-on-year change in M2



- **Inflation in the main economies has shown mixed movements. In May, inflation in the Eurozone stood at 1.9%, the first-time inflation has fallen below the ECB's 2.0% target since September 2024, suggesting that business uncertainty, partly driven by renewed global trade tensions and weak consumer demand, weighed little on price-setting.** In the United States, inflation accelerated slightly to 2.4%yoy, after a very favorable start to the year (3 consecutive declines), reacting slowly to President Donald Trump's tariffs, as only products that were already in stock were put on the market, raising their prices. In China, the CPI contracted for the fourth consecutive month by -0.1%, a result of the continued downward trend in domestic spending.

- **Central banks of the main economies opt for different decisions to conduct monetary policy. On the one hand, the ECB reinforces its position of flexibility with successive cuts in benchmark interest rates, on the other hand, the Federal Reserve chooses to keep rates unchanged since the beginning of the year.** In June, the ECB made its fourth reduction in the interest rate on the deposit facility, setting it at 2.15%; At the basis of this decision is the positive trajectory of inflation and especially the forecasts around its maintenance around 2.0%. As for the Federal Reserve, it has chosen to keep rates between 4.25%-4.5%, under the pretext of controlling the inflation rate and improving employment and anticipating possible inflation in the medium term due to tariffs. The People's Bank of China (PBoC) reduced the Loan Prime Rate, setting them at 3.0% for one-year loans and 3.50% for five-year loans.

Sources: Bloomberg, FRED

BFA

GLOBAL PERSPECTIVES

Recession Probability 30%

EUA	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Real GDP (yoy)	3,0%	2,7%	2,5%	2,1%	1,7%	1,2%	0,9%	1,3%
Industrial Production (yoy)	0,0%	-0,4%	-0,2%	1,5%	0,9%	0,8%	1,1%	0,6%
Inflation (yoy)	3,2%	2,6%	2,7%	2,7%	2,6%	3,2%	3,4%	3,1%
Unemployment Rate	4,0%	4,2%	4,1%	4,1%	4,3%	4,4%	4,5%	4,5%
Current Account (%GDP)	-3,3%	-3,6%	-3,8%	-3,8%	-3,9%	-3,9%	-3,8%	-3,6%
Central Bank Interest Rate	5,50%	5,00%	4,50%	4,50%	4,50%	4,30%	4,05%	3,85%
EUR/USD	1,07	1,11	1,04	1,08	1,13	1,15	1,15	1,16

Recession Probability 15%

CHINA	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Real GDP (yoy)	4,7%	4,6%	5,4%	5,4%	4,9%	4,4%	4,0%	3,8%
Industrial Production (yoy)	5,9%	5,0%	5,6%	7,7%	5,1%	4,6%	4,0%	4,1%
Inflation (yoy)	0,3%	0,5%	0,2%	-0,1%	0,0%	0,2%	0,5%	0,9%
Unemployment Rate	5,0%	5,2%	5,0%	5,3%	5,1%	5,2%	5,2%	5,1%
Current Account (%GDP)	1,3%	1,7%	2,3%	2,9%	1,7%	1,8%	1,7%	1,5%
Central Bank Interest Rate	3,45%	3,35%	3,10%	3,10%	2,90%	2,85%	2,75%	2,60%
USD/CNY	7,27	7,02	7,30	7,26	7,25	7,20	7,20	7,19

Recession Probability 30%

EUROZONE	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Real GDP (yoy)	0,4%	0,9%	1,2%	1,5%	1,1%	0,7%	0,7%	0,6%
Industrial Production (yoy)	-3,6%	-2,6%	-1,6%	-0,8%	0,8%	0,5%	0,6%	-0,3%
Inflation (yoy)	2,6%	2,5%	2,2%	2,3%	2,0%	1,9%	1,8%	1,6%
Unemployment Rate	6,5%	6,4%	6,3%	6,3%	6,3%	6,3%	6,4%	6,4%
Current Account (%GDP)	2,1%	2,6%	2,8%	2,9%	2,7%	2,4%	2,4%	2,5%
Central Bank Interest Rate	4,50%	3,65%	3,15%	2,65%	2,15%	1,90%	1,90%	1,90%
EUR/USD	1,08	1,11	1,04	1,08	1,13	1,15	1,16	1,18

Sources: Bloomberg

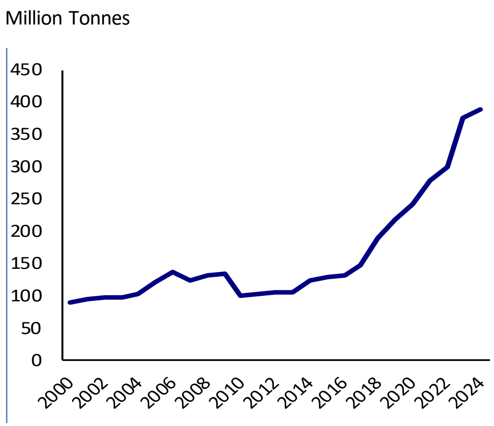
The figures as of Q3 2024 are all forecasts sourced on Bloomberg; with regard to Q2 2024, the values of GDP, Industrial Production, Unemployment Rate and Current Account are forecasts

ECONOMIC REPORT
Q3 2025
Economic Research Unit

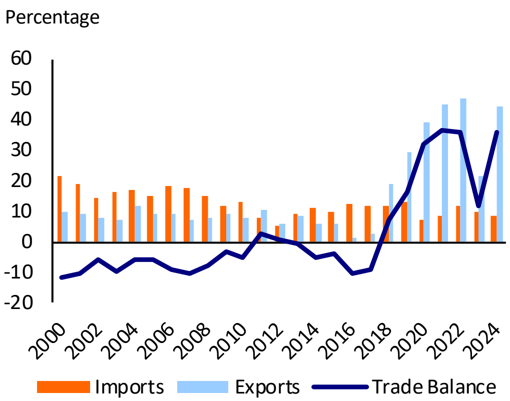
INTERNATIONAL FINANCIAL MARKETS

SPOTLIGHT

Rare Earths Word Production



US Trade Balance



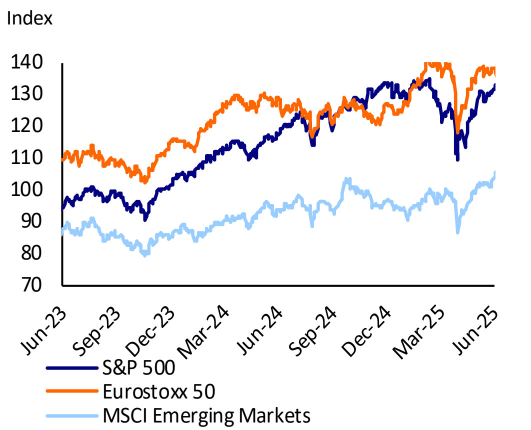
Sources: Bloomberg; ; USGS-US Geological Survey; SMM

WHAT IS SO RARE ABOUT "RARE EARTHS"?

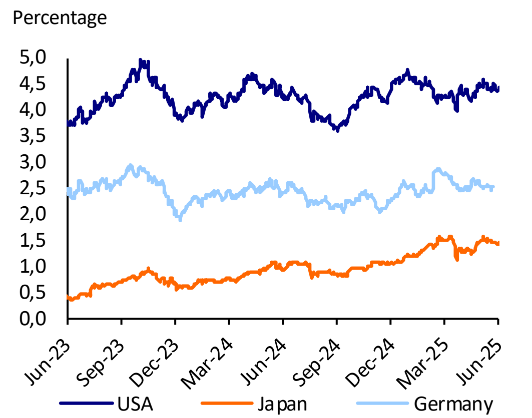
- **Over the past few months, the debates surrounding rare earths have suddenly increased. Interest in these became more evident soon after the President of the United States announced his intention to buy Greenland and demanded that Ukraine exploit its land as payment for the support granted during the military conflict.**
- Rare earth minerals (or simply, "Rare Earths") are a set of 17 chemical elements, including yttrium, scandium, lithium, vanadium, cobalt, nickel, platinum, niobium, dysprosium, neodymium, erbium, cerium, europium and others that have gained notoriety and are currently treated as "the oil of the 21st century" due to their rarity (despite being relatively abundant in the Earth's crust,   Minable concentrations are less common than for most other mineral raw materials) and importance in the process of modern economic development. The group of chemical elements is mainly used in electronics, renewable energy and defense and their ability to conduct electricity, generate magnetic fields and resistance makes them indispensable for modern industry.
- Due to growing demand, these strategic resources drive trade disputes and mining investments around the world. Countries that control large reserves of rare earth minerals play a crucial role in the global economy, and among these countries stands out China, which has the largest reserve of rare earths, about 44.0 million tons (M Ton) and is the largest producer of minerals but adopts a restrictive and non-proliferation stance of these materials, both as part of national strategy and to secure an advantage in the current geopolitical landscape.
- Rare earths are at the epicenter of current political discussions, especially on the part of the United States of America. According to the USGS, in the 2024 Rare Earth Minerals Yearbook, U.S. domestic production between 2020-24 was about 42.1M Ton, but proven reserves are only 1.9M Ton, which puts the country in a disadvantageous position. Hence the interest in having a more active position in certain regions with greater reserves such as Ukraine (1.5-3.0M Ton) and Greenland (38.5M Ton) to guarantee not only the presence of these products in their market, but their hegemonic position that is currently at risk.

EQUITIES AND DEBT

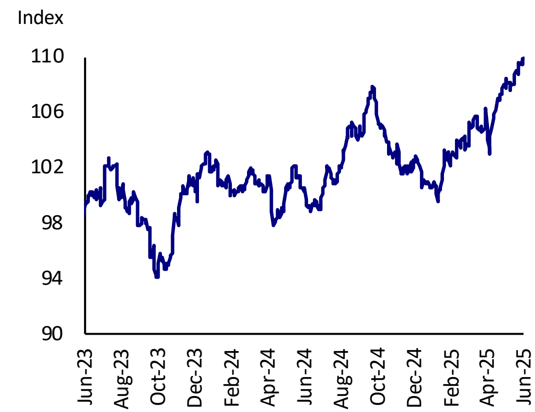
Main stock indices



10-year sovereign debt *yields* of major economies



Emerging economies bond index



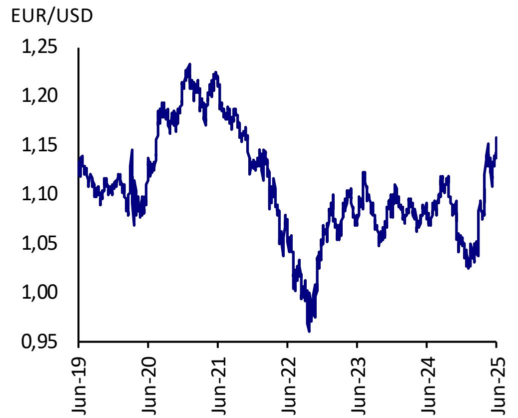
- **After a turbulent start to the year, the markets are gradually and consistently recovering.** Amid the constant comings and goings of Trump's trade policies, markets are calmer and recovering from the shocks that occurred in Q1, and some events contribute to the improvement of the indexes: the postponement of the application of the tariffs imposed by the Trump administration together with the most recent negotiations between the US and China on imports of permanent magnets and other rare earths have given investors more confidence and serve as support for broader recovery of global markets. The S&P 500 has gained 7.7% ytd and 21.0% since the peak of the decline in April. The Eurostoxx 50 has gained 14.0% since falling in April, and in recent days the index has been positively affected by the extension of the date of implementation of tariffs in the EU (now July 9) and the reduction of tariffs on car parts manufactured in the United States. MSCI has gained 9.2% ytd and 20.0% since April, amid a scenario of greater need for portfolio diversity to avoid concentration risks by investors.
- **The debt markets have had a very volatile behavior since the beginning of the year, in response to so many uncertainties. Currently, the intensification of tensions in the Middle East, with constant attacks between Israel and Iran, increase investors' uncertainties and drive them to safer assets such as gold, the dollar and treasury bonds: The great fear is that the supply of oil and gas will be compromised and that other countries will be forced to join the conflict, not excluding the little information regarding US trade policy. Government bond yields show a downward trajectory, and in the case of the US there was a slight rise on speculation that higher energy prices could fuel inflation, however, the shock was quite temporary, and yields have already fallen again in response to investor appetite.**

Sources: Bloomberg, Lazard Asset Management

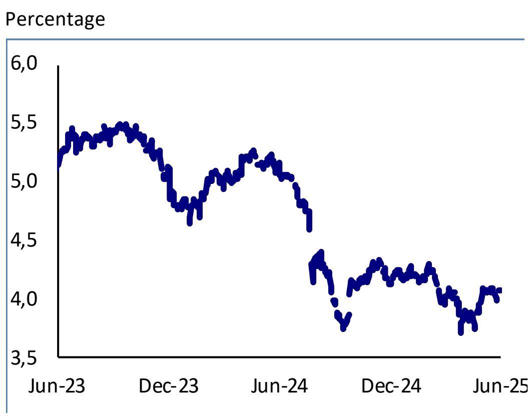
FOREIGN EXCHANGE AND MONETARY MARKET

Dollar Index

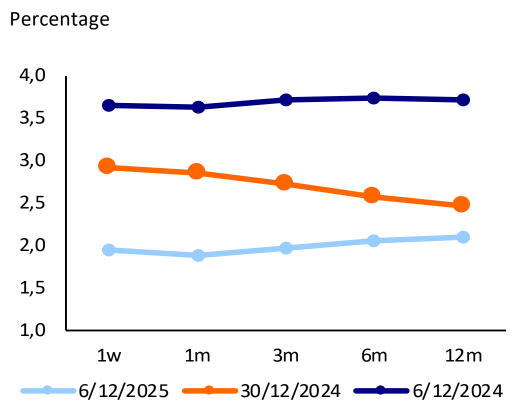
Exchange rate of the Dollar against the Euro



Money Market Interest Rate Dollar (SOFR 12M)



Money market interest rates Euro (Euribor)



Sources: Bloomberg

- **The US dollar has been depreciating due to the uncertain environment surrounding the US economy. The dollar index (DXY) currently stands at 97.9, which represents a loss of 9.4% compared to the beginning of the year.**
- Euribor rates are currently below what they were at the end of the previous year. This movement in these rates has been reflecting market expectations regarding monetary policy decisions. The three-month rate is slightly below 2%, levels it has not seen since the end of 2022.
- The EUR/USD pair has been on an upward trend in the short term, driven by uncertainties about the future of the US economy. This context has generated a devaluation of the dollar index, favoring the appreciation of the euro against the United States currency
- In the US interbank market, the 12-month SOFR fell again, having fallen slightly to 4.1%, down 16bp from the beginning of the year.

MARKETS OUTLOOK

FOREIGN EXCHANGE MARKET	Sep-24	Dec-24	Mar-25	YTD	YOY	QOQ	Q2 2025	Q3 2025	Dec-25	Dec-26	Dec-27
EUR/USD	1,11	1,04	1,08	4,5%	0,2%	4,5%	1,08	1,08	1,10	1,12	1,15
GBP/USD	1,34	1,25	1,29	3,2%	2,3%	3,2%	1,28	1,30	1,30	1,33	1,35
USD/JPY	143,63	157,20	149,96	-4,6%	-0,9%	-4,6%	148,00	146,00	144,00	156,00	155,00
Dólar Index (DXY)	100,78	108,49	104,21	-3,9%	-0,3%	-3,9%	105,00	103,40	102,20	100,10	96,90

MONEY MARKET	Sep-24	Dec-24	Mar-25	YTD	YOY	QOQ	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Euribor 3M	3,3%	2,7%	2,3%	-0,4	-1,6	-0,4	2,1%	2,0%	2,0%	2,0%	1,9%
SOFR 3M	4,6%	4,3%	4,3%	0,0	-1,0	0,0	4,2%	4,1%	3,9%	3,8%	3,6%
FED rate upper limit	5,0%	5,0%	4,5%	-0,5	-1,0	-0,5	4,4%	4,2%	4,0%	3,9%	3,8%
FED rate lower limit	4,8%	4,3%	4,3%	0,0	-1,0	0,0	4,1%	3,9%	3,8%	3,6%	3,5%
ECB - Main refinancing rate	4,3%	3,7%	3,2%	-0,5	-0,9	-0,5	2,3%	2,2%	2,2%	2,1%	2,1%
ECB - Deposite rate	3,7%	3,2%	2,7%	-0,5	-1,9	-0,5	2,1%	2,0%	1,9%	1,9%	1,9%
BOE rate	5,0%	4,8%	4,5%	-0,3	-0,8	-0,3	4,2%	4,0%	3,8%	3,6%	3,5%

SOVEREIGN DEBT	Sep-24	Dec-24	Mar-25	YTD	YOY	QOQ	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
USA 10-Year	3,8%	4,6%	4,2%	-0,4	0,0	-0,4	4,3%	4,3%	4,3%	4,2%	4,2%
Germany 10-Year	2,1%	2,4%	2,7%	0,4	0,4	0,4	2,7%	2,7%	2,7%	2,8%	2,8%
Japan 10-Year	0,9%	1,1%	1,5%	0,4	0,8	0,4	1,4%	1,5%	1,5%	1,6%	1,6%
UK 10-Year	4,0%	4,6%	4,7%	0,1	0,7	0,1	4,4%	4,2%	4,2%	4,1%	4,1%
China 10-Year	2,2%	1,7%	1,8%	0,1	-0,5	0,1	1,7%	1,7%	1,7%	1,7%	1,7%

COMMODITIES	Sep-24	Dec-24	Mar-25	YTD	YOY	QOQ	Q2 2025	Q3 2025	Dec-25	Dec-26	Dec-27
Brent	71,8	74,6	74,6	0,0%	-14,7%	0,0%	64,9	63,8	66,7	63,4	64,4
WTI	68,2	71,7	71,5	-0,3%	-14,1%	-0,3%	62,2	60,8	63,4	59,8	60,3
Natural Gas	77,0	77,0	102,0	32,5%	-45,2%	32,5%	83,5	85,8	93,4	84,3	75,5
Gold	2634,6	2624,5	3123,6	19,0%	40,1%	19,0%	3086,0	3118,0	3072,0	3231,0	3364,0

Sources: Bloomberg

DISCLAIMER