

FLASH NOTE

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Non-oil economy drives growth in Q1 2026

Oil economy contracts for the fifth consecutive quarter

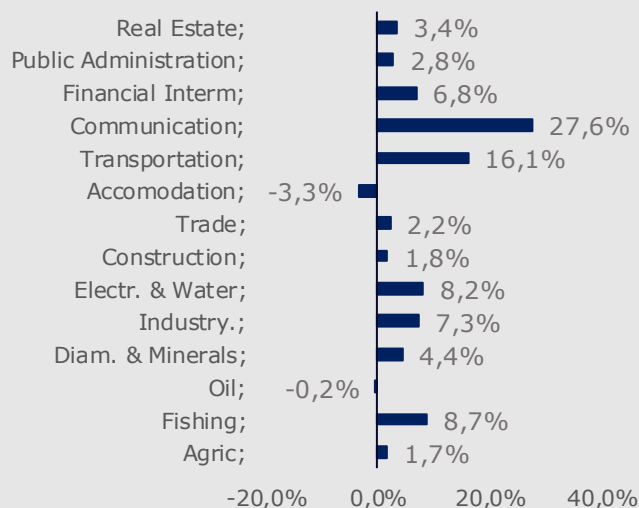
A. DESCRIPTION

1| In the first quarter of 2026, Angola's GDP grew by 5.3% (+1.0 percentage point(pp) compared with the growth recorded in the same quarter of 2025). The oil sector contracted by 0.2% year-on-year (YoY), below the 1.2% recorded in the last quarter of the previous year. In contrast, non-oil GDP maintained a positive trajectory, growing by 5.9% (+0.6% YoY).

2| The non-oil GDP has been growing consistently across almost all sectors and has now recorded its third consecutive quarter of expansion. Communications (+27.6% YoY), Transportation (+16.1% YoY), and Fishing (+8.7% YoY) posted the strongest growth, contributing a combined 2.7 pp to the overall economic growth rate. Conversely, Accommodation and Food Services (3.3% YoY) was the only sector to contract during the quarter.

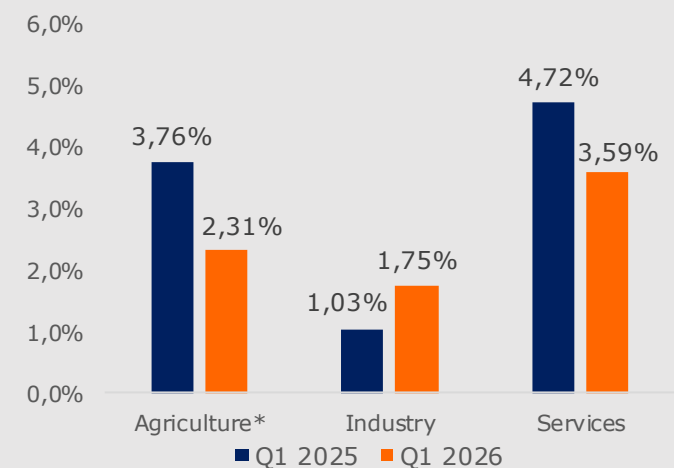
Communications and Transportation stand out for their growth level in the quarter

YoY Variation



The service sector is growing again, and sharply

YoY Variation



*Agriculture and Forestry, Fishing and Aquaculture

Source: INE

B. ANALYSIS

1|Angola's economic growth continues to be driven by the non-oil sector, particularly Communications and Transportation, which played a central role in the acceleration of economic activity observed in the first quarter of 2026. The latest data from the local Institute of Statistics (INE), following the revision of the National Accounts, reveals a significant change in the interpretation of the sectoral structure of the economy, showing a particularly expressive dynamism in the Communications sector since the first quarter of 2025. Although it represents only about 3.1% of GDP, the Communications sector recorded growth of 27.6% YoY in the first quarter of the year, contributing approximately 0.7pp to the economy's growth rate.

The Transportation sector also stood out for its performance, recording year-on-year growth of 16.1% and contributing approximately 1.8 percentage points (pp) to the overall growth rate. Given its nature, the sector's performance also serves as an indirect indicator of the dynamism of other sectors, such as trade, agriculture, and services.

The Trade, Agriculture, Public Administration, and Transportation sectors currently represent about 55.6% of GDP, reinforcing the perception that economic growth in recent quarters has been mainly sustained by non-oil activity.

Conversely, Accommodation and Food Services was the only non-oil sector to contract, declining by approximately 3.3% YoY during the quarter and subtracting 0.1pp from the overall economic growth rate. This represents a notable drop following the 18.0% expansion in the previous quarter.

2|The oil economy remained in negative territory for the fifth consecutive quarter, although there are signs of stabilization. In Q1 2026, oil-sector GDP contracted by 0.2% YoY, marking the mildest decline since the beginning of the contraction cycle.

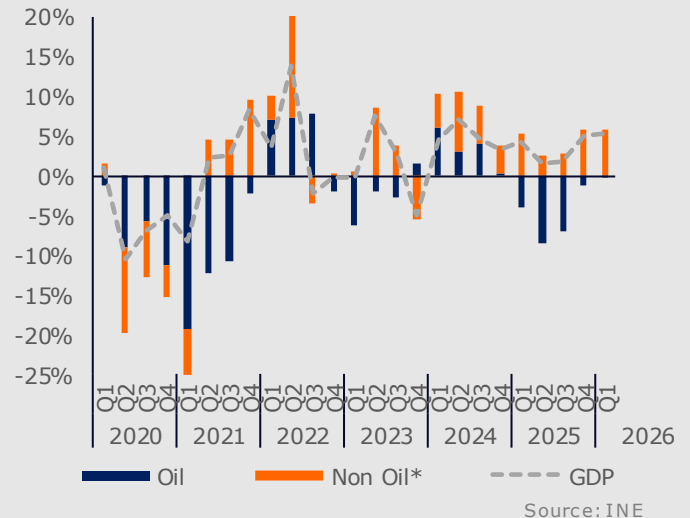
The sector's performance continues to reflect the persistent decline in production observed throughout the quarter. Between January and March, crude oil production fell by 2.4% YoY, while associated natural gas production decreased by 1.8% YoY. These figures confirm that the sector's main constraint remains the natural decline of mature fields, which has limited the ability to expand output despite ongoing investment and maintenance efforts.

According to data from the local Oil, Gas and Biofuels Agency (ANPG), Block 17, the country's main producing block, accounted for approximately 30.6% of total production during the quarter, followed by Block 15 and Block 15/06, which contributed 15.9% and 11.5%, respectively.

The high concentration of production in a few blocks highlights their strategic importance for production stability, but also reinforces the sector's structural vulnerability to potential production declines or occasional operational interruptions. Although recent investments and the gradual entry of new projects have contributed to slowing the decline in production, the observed results still seem insufficient to reverse the structural downward trend in the oil industry.

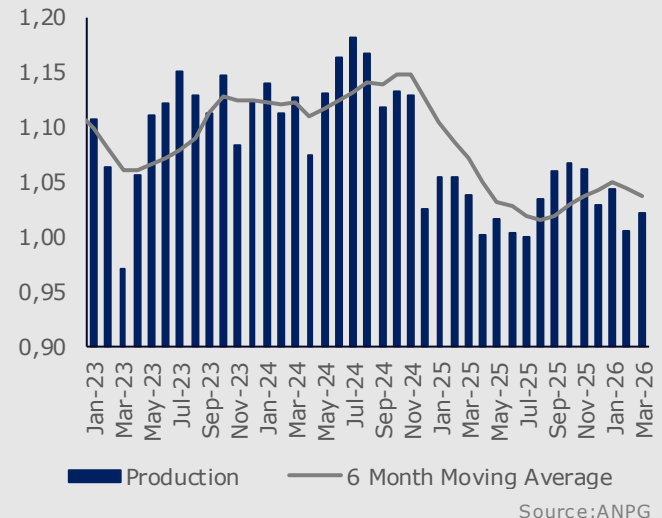
The oil sector is falling again, but now with less intensity

YoY Variation; Contribution to year-on-year change



The 6-month moving average indicates a declining trend in production

Millions of barrels per day (mbd)



3| From a sectoral perspective, the Services sector once again stood out as the main driver of economic growth. With an expansion of approximately 3.6% in the first quarter of 2026, services made a significant contribution to the economy's performance, reflecting the strong moment in activities related to Communications, Transportation, Trade, and Public Administration. Its contribution highlights the growing importance of the non-oil economy in local output and reinforces the signs of economic diversification observed over recent quarters, particularly considering the revision of the local accounts.

C. CONCLUSION

1| Angola's economy recorded another strong expansion this quarter, growing by 5.3% year-on-year. This performance was driven primarily by the dynamism of non-oil economic activity, at a time when the oil sector continues to show signs of weakness, although the contractions observed over recent quarters have been gradually easing.

2| Although the Angolan economy continues to grow, distinct trends persist between the oil and non-oil sectors. The oil sector, which recorded its smallest contraction since the first quarter of 2025, may show a slight improvement as early as the second quarter, supported by a gradual recovery in production. Indeed, April data already point to some improvement, with production reaching 1.03 million barrels per day, representing a YoY increase of 2.8% and marking the first annual expansion since the beginning of the year. Meanwhile, the non-oil economy is expected to maintain a favorable performance in the coming quarters, reflecting the positive contribution of sectors such as trade, agriculture, transportation, and communications. As a result, the non-oil sector is likely to remain the main driver of Angola's economic growth, partially offsetting the effects of the still-limited recovery in oil-sector activity.

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