

Q22026 ECONOMIC REPORT

INDEX

1 FINANCIAL MARKETS

Foreign exchange market
Money market
Primary bond market
Secondary bond market
Credit market

2 PUBLIC FINANCE

Public debt
Budget execution

3 REAL ECONOMY

National accounts
Consumer prices

4 EXTERNAL ACCOUNTS

Balance of payments
Main external indicators

5 AFRICAN ECONOMIES

Spotlight: Fuel shortages expose vulnerabilities
Macroeconomic indicators

6 GLOBAL ECONOMY

Spotlight: Geopolitics and pressures on global chains
Major global economies
Global outlook

7 INTERNATIONAL FINANCIAL MARKETS

Spotlight: Escalating tensions cause Brent crude oil prices to soar
Equities and debt
Money and foreign exchange market



EDITORIAL

HIGH OIL: WHAT TO EXPECT FOR THE ANGOLAN ECONOMY?

The recent rise in the price of oil, driven by worsening geopolitical tensions, is redefining the global macroeconomic picture. After trading around USD 60 per barrel at the end of last year, Brent reached levels close to USD 118 in March, leading to a significant upward revision to market expectations. Currently, the Bloomberg consensus points to an average price of around USD 85 per barrel, well above the assumption underlying the General State Budget.

For Angola, this movement represents a positive external shock with relevant implications. Empirical evidence (see Policy Brief No. 01/2026 for more details) suggests that persistent increases in the price of oil tend to translate into an appreciation of the Kwana, resulting from the reinforcement of foreign exchange inflows, with direct effects on inflation, through the reduction of the prices of imported goods. At the same time, there is an increase in liquidity in the economy, which is reflected in the fall in short-term interest rates and, with some lag, in the expansion of credit to the private sector.

From a macroeconomic point of view, this context points to an acceleration in economic growth, supported not only by the oil sector, but also by second-round effects on non-oil activity. Inflation tends to moderate, albeit limited, given the simultaneous impact of disruptions in global supply chains, which continue to put pressure on prices, especially food. On the fiscal and external front, the gains are also significant. The increase in oil revenues improves the fiscal balance and strengthens the external position, contributing to greater exchange rate stability.

However, these positive effects are not without risks. Possible procyclicality of public spending and increased fuel subsidy burdens may limit fiscal gains. Thus, the current oil cycle represents an opportunity to strengthen macroeconomic stability. Its materialization will, however, depend on prudent management and the ability to turn cyclical gains into structural progress.

CHRONOLOGY

October

- Angola reissues Eurobonds worth USD 1.75 billion (b);
- The Ministry of Finance is issuing Treasury Bonds in a Bookbuilding format, totaling USD 300 million to finance the 2025 State Budget.

November

- Presentation of the proposal for the 2026 General State Budget, valued at AOA 33 trillion (t);
- Angola and Shell sign exclusive oil exploration agreement, an initial investment of USD 993 million;
- Fitch Ratings has confirmed Angola's rating at "B-" with a stable outlook.

December

- The N'Dola Sul Project, located in block 0, starts production, with a maximum capacity of around 25 thousand barrels per day;
- BNA updates the minimum amount of share capital for banking financial institutions for AOA 50b;
- Angola issues, for the first time, Samurai Bonds.

January

- Approval and Publication of the Annual Indebtedness Plan;
- BNA cuts key interest rates by 100 basis points;
- National year-on-year inflation ends the year at 15.7%, the lowest level since September 2023.

February

- The National Agency of Petroleum, Gas and Biofuels (NAPGB) announce discovery in the Algaita-01 exploration well;
- Publication of the Employment Survey data for the fourth quarter of 2025.

March

- AN approves draft Law on the Personal Income Tax Code;
- Angola returns to international markets with new issuance of Eurobonds in the amount of USD 2,5b.

AGENDA

April

17: Energy and Environment Forum;
28 to 29: FED Meeting;

May

13 and 1: CPM Meeting
15: Transport and Logistics Forum

June

16 and 17: FED Meeting;

HIGHLIGHTS

Angola

- Foreign exchange supply contracted slightly (-5.0% YoY) and remained insufficient to accommodate growing demand for foreign currency;
- Transactions in Open Market Operations (OMO) for absorption reached AOA 1.9t in February;
- In Q12026, the Treasury issued around AOA 1.1t in bonds in the domestic primary market, which represents approximately 20.1% of the forecast for the year;
- In 2026, Angolan public debt valued in dollars stood at around USD 64.1b, an increase of around USD 1.4b compared to 2025;

International

- Fuel shortages expose vulnerabilities;
- South Africa records moderate economic growth, standing at around 1.4% in 2025;
- In a global context still marked by high geopolitical uncertainty, the most recent indicators point to a maintenance of differentiated trajectories among the main economies;
- Escalating tensions send Brent price soaring;
- The EUR/USD exchange rate has shown high volatility, with alternating episodes of appreciation of both currencies.

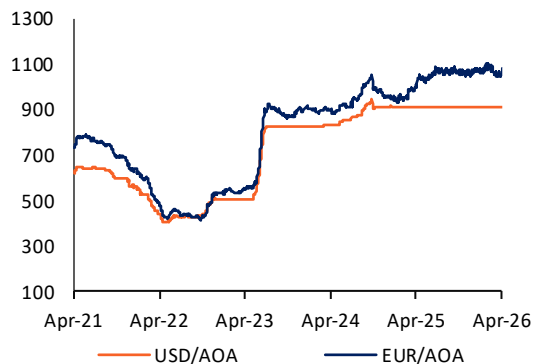
FINANCIAL MARKETS



FOREIGN EXCHANGE MARKET

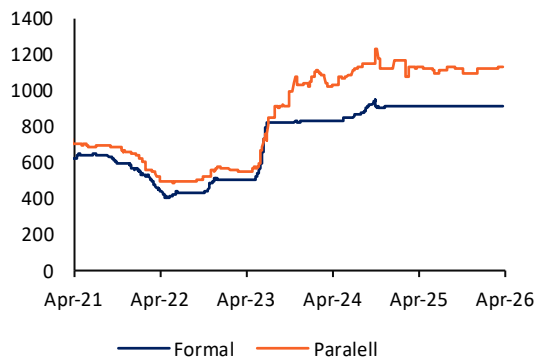
Exchange rate of the Kwanza against the Dollar and Euro

USD/AOA; EUR/AOA



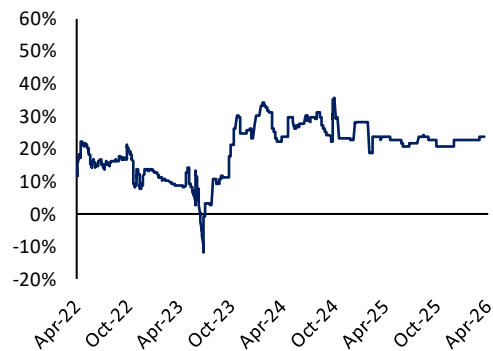
USD/AOA exchange rate in the official and parallel market

USD/AOA



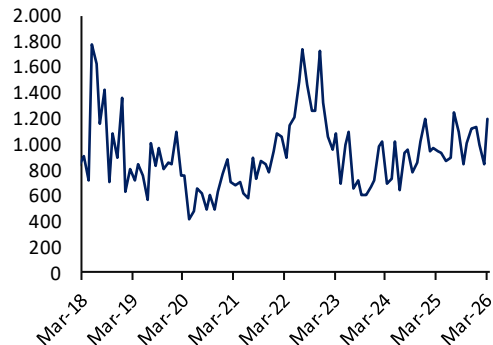
Gap between official and parallel USD/AOA exchange rate

Percentage



Monthly sales of foreign exchange to banks

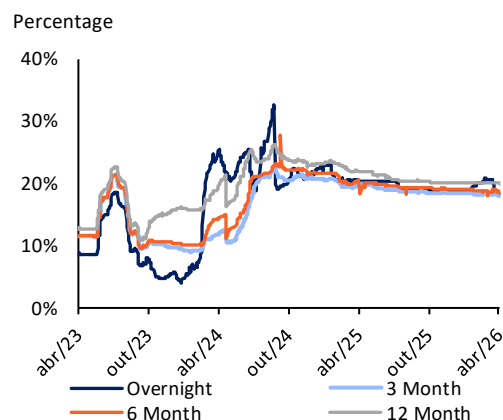
USD Millions



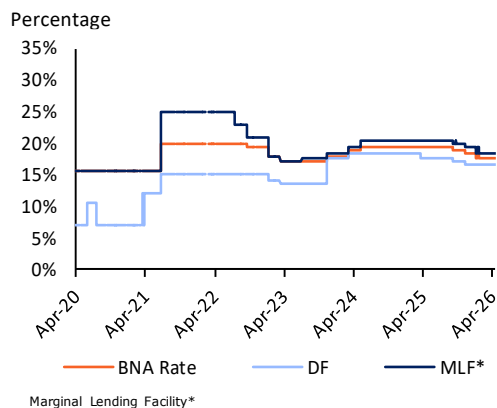
- In the first quarter of the year, the supply of foreign exchange grew by 5.62% YoY; however, it remained insufficient to accommodate the growing demand for foreign currency, which has resulted in the accumulation of a backlog estimated at around USD 1.5b. The supply was mainly supported by oil operators and various customers, which provided around 70% of the total.
- Preliminary data released by BNA indicate a slight acceleration in the National Treasury's foreign exchange sales to banks of around 16.9%, setting them at USD 532 million in Q1 2026 and remaining above the monthly average observed in the previous year (USD 152 million). It is quite likely that Ministry of Finance (MinFin) will accelerate the pace of sales compared to 2025, in a context marked by more favorable external conditions, which may contribute positively to the strengthening of foreign exchange supply in the coming periods.
- The exchange rate has been stable against the Dollar since the end of 2024 and is around 912. For the coming periods, the expectation is that the exchange rate will remain stable, with some trend of appreciation.

MONEY MARKET

Luibor rates on the various maturities

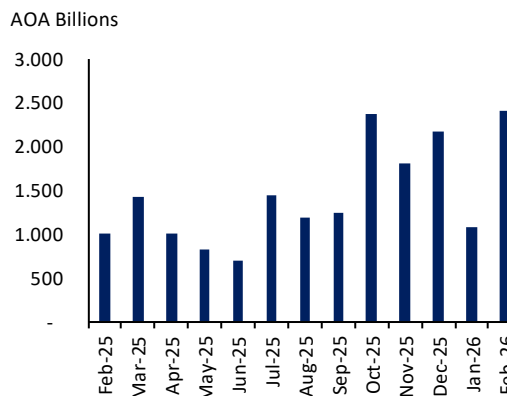


Main monetary policy rates

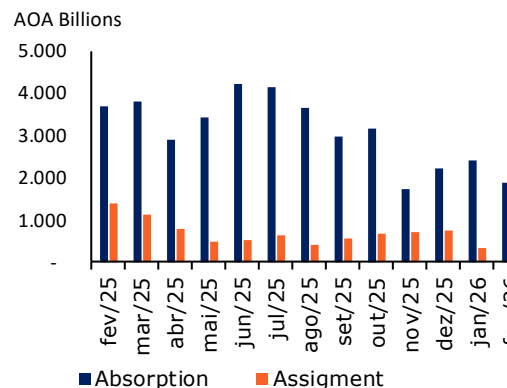


Sources: BNA, BFA Calc.

Liquidity exchange operations



Open Market Operations

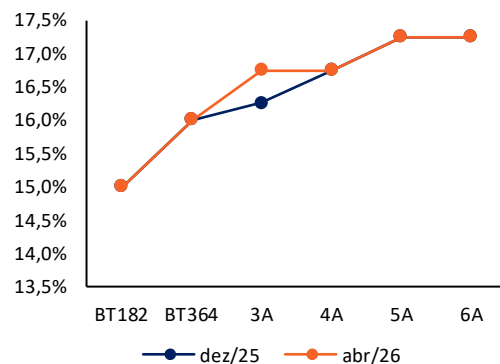


- In February, Open Market (OMO) transactions for liquidity absorption reached AOA 1.9 trillion (t), while interbank transactions totalled AOA 2.4t, slightly above the AOA 1.1t recorded in January, reflecting a relevant increase in the need for liquidity among banks.** The overnight rate, the main benchmark for transactions in the interbank money market, fell to 18.2%, after reaching 20.7% in mid-March. This behavior by Luibor has been reflecting current market conditions, in a context in which borrowing banks have been able to trade at rates below overnight, influenced by the high volumes of bond maturities in Q1 (approximately AOA 2.1t according to the Annual Debt Plan) and the strengthening of liquidity in the banking system, resulting from the reduction of the reserve requirement ratio in local currency.
- Regarding monetary policy, BNA has adopted a more accommodative stance, in a context of improving macroeconomic conditions, characterized by the acceleration of GDP and the deceleration of inflation. At the last meeting of the Monetary Policy Committee, the key interest rates were kept unchanged and the mandatory reservation ratio was reduced by 50bps from 18.0% to 17.5%.

PRIMARY BOND MARKET

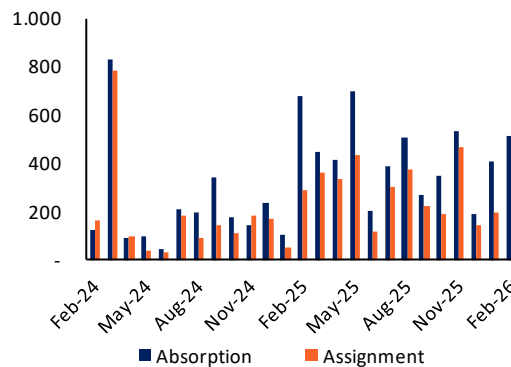
Kwanza Curve yields

Percentage



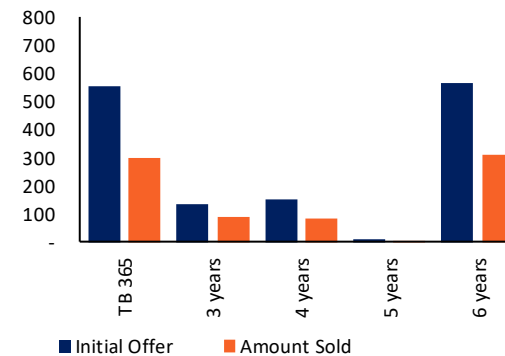
Debt placements per month

AOA Billions



Debt placements by maturity in 2025

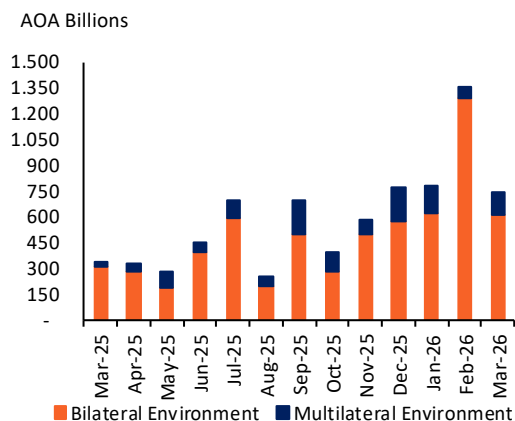
AOA Billions



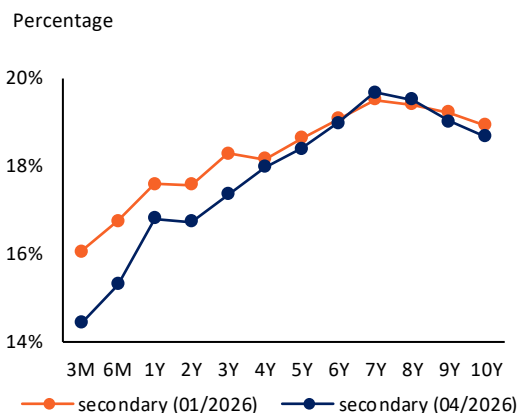
- In the first quarter of the year, the National Treasury issued around AOA 1.1t in bonds in the primary market, which represents approximately 20.1% of the forecast in **Annual debt Plan (AOA 5.2t)**. The volume placed has remained slightly below the initial offer, with a coverage ratio of around 60%, which reinforces the perception of lower appetite for these instruments, leading primary market participants to look for potentially more attractive investment alternatives.
- In the primary market, yields remained mostly unchanged. In the maturities in which there have already been issues this year (3, 4, 5 and 6 years), rates were generally stable, except for the 3-year maturity, which showed a slight increase compared to December.
- So far, only OTNRs with maturities of 3, 4, 5 and 6 years have been issued, with 3 and 6 years being the most representative in terms of supply. About OTs in foreign currency (OTME), issuances were concentrated exclusively in maturities of 4 and 5 years, with an amount placed of AOA 40.7b, which makes up only about 3% of the total forecast for 2026. The low volume of issuances by MinFin occurs in a context of a new issuance of USD 2.5b. Thus, we understand that issuances in OTMEs may have a slower pace compared to last year, since it is expected that the Treasury will have more liquidity in foreign currency due to greater access to international markets and also the new window that opens on prospects of greater gains in oil revenues with the price of Brent well above the USD 61 set in the State Budget.

SECONDARY SECURITIES MARKET

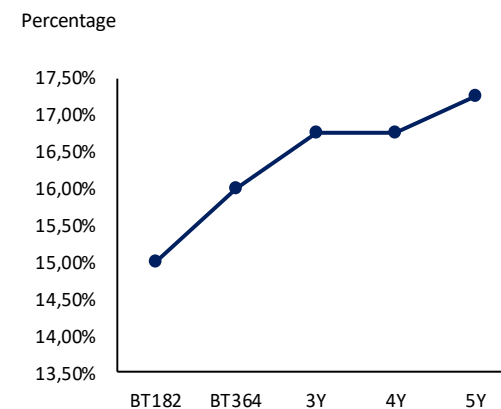
Transactions by trading environment



Kwanza yield curve



Kwanza yield curve OT-TX

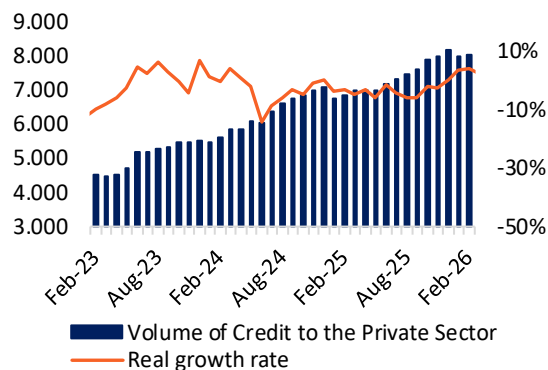


- In Q1 2026, BODIVA's markets traded AOA 2.9t, reflecting a significant growth of around 122.9% compared to the volume recorded in the same period of the previous year. The overwhelming majority of transactions continue to be concentrated in public debt. 87.7% of the total traded was in a bilateral environment, equivalent to a volume of AOA 2.5t. Between the three months of the quarter, February stood out, reaching a total volume of transactions of AOA 1.4t, of which about AOA 1.3t was traded in a bilateral environment while the remainder occurred in a multilateral environment.**
- In the secondary market, yields recorded slight variations and were below the levels observed at the beginning of the year. Specifically, there was a downward trend in yields, particularly in short-term instruments, in Kwanza, with maturities between 3 months and 3 years, which recorded an average decrease of around 113 basis points (bps).

CREDIT MARKET

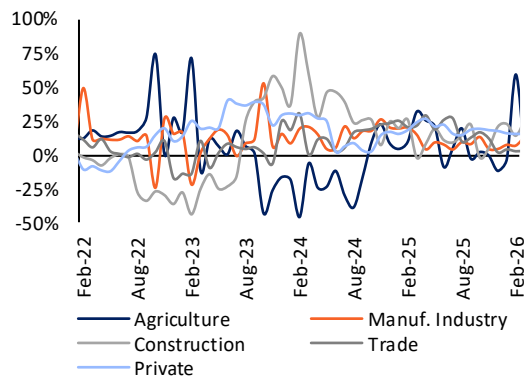
Credit volume and evolution

AOA Billions; Real year-on-year change



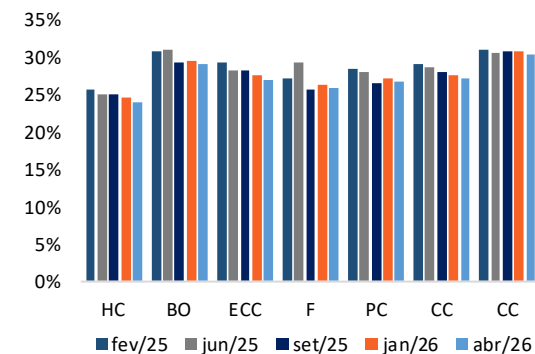
Evolution of credit by sector

Year-on-year change



Interest rates by type of credit

Percentage



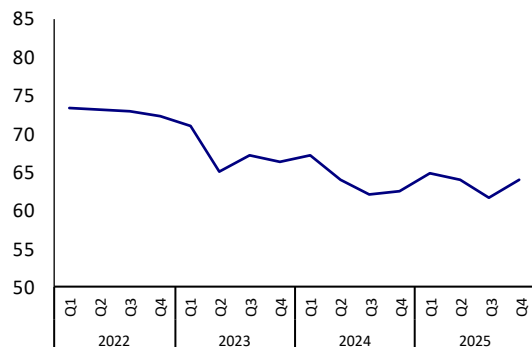
- In February, the volume of credit to the private sector stood close to AOA 8.1t, registering a nominal increase of 17.5% year-on-year. However, despite this nominal growth, our calculations, based on inflation data, indicate that credit to the private sector registered a real expansion of only 4.1% YoY. Credit to the public sector showed a sharper expansion, with a real growth of 37.5% YoY, standing at AOA 1.4t. In the analysis by sectors, "Agriculture", "Mining and quarrying industry" and "Public Administration" stand out with the highest real growth, around 46.4%, 27.3% and 11.8%, respectively. On the other hand, "Hotels", "Transport" and "Trade" recorded reductions of around 21.4%, 20.0% and 10.2% respectively. At a time when economic conditions seem better, with inflation decelerating, economic activity growing and the exchange rate stable, credit shows a growth trend.
- In April, the average interest rate on credit to the economy stood at 27.2%, slightly below the 27.7% recorded at the beginning of the year. The analysis of banks' price lists indicates that the biggest adjustments occurred in housing and car loans, whose rates decreased by 0.6 and 0.5 percentage points (pp) to 24.0% and 27.1%, respectively. Luibor rates, which serve as an index for several credit products, have decreased considerably since March, in line with the process of monetary policy easing.

PUBLIC FINANCE

PUBLIC DEBT

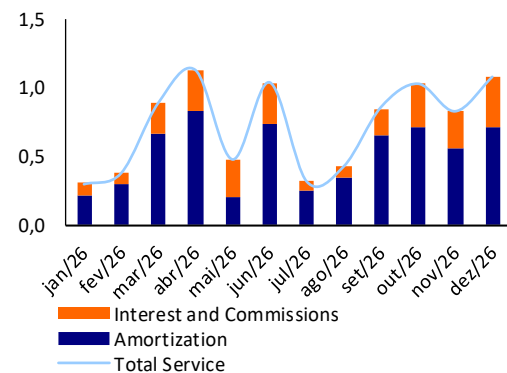
Total public debt

USD Billions



External debt service profile by flow

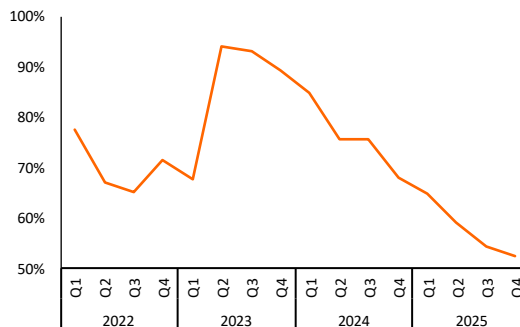
AOA Trillions



Sources: MinFin, BNA, BFA calc.

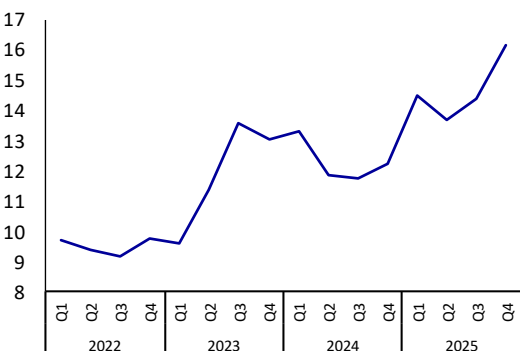
Government debt as a percentage of GDP

Percentage of GDP



Domestic bond debt

AOA Trillions

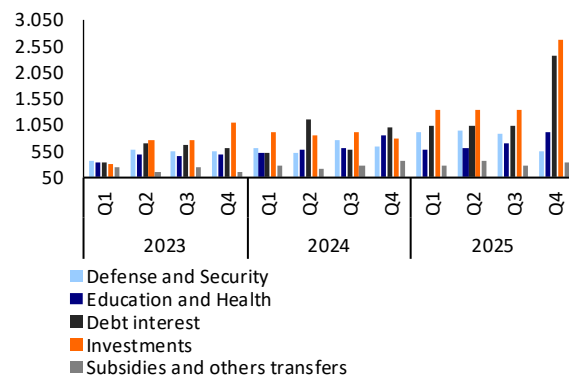


- Angolan public debt valued in dollars stood at around USD 64.1b, an increase of around USD 1.4b compared to the previous year.** The external public debt stood at USD 44b (-3.6b compared to 2024), while the domestic public debt stood at USD 19.7b, having increased in real terms by USD 5.0b - in local currency, the domestic debt is valued at AOA 17.9b (+34.0% when compared to the end of 2024). We estimate that the debt represents 52.5% of GDP, a drop of 15.4pp since the end of 2024, justified by the improvement in economic activity figures. For 2026, we estimate that public debt will reduce to around 50.1% of GDP, mainly reflecting the maintenance of positive primary balances, stable exchange rate, slightly lower interest rates and GDP growth.
- The debt service data presented in the Annual Debt Plan point to disbursements of around AOA 1.6b in Q1, including amortizations, interest and commissions, corresponding to 17.9% of the annual total.** It is also observed that Q2 should concentrate greater pressure, with disbursements estimated at approximately AOA 2.6b, with April standing out as the period with the highest volume of payments throughout the year.

BUDGET EXECUTION

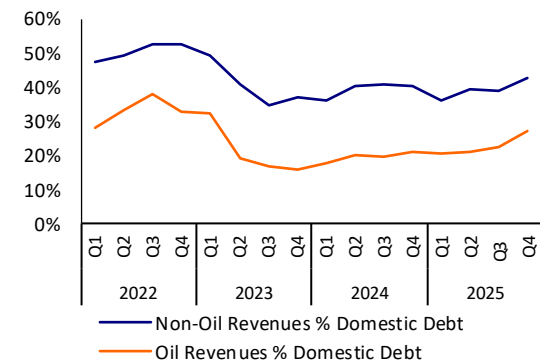
Fiscal weight by sector

AOA Billions



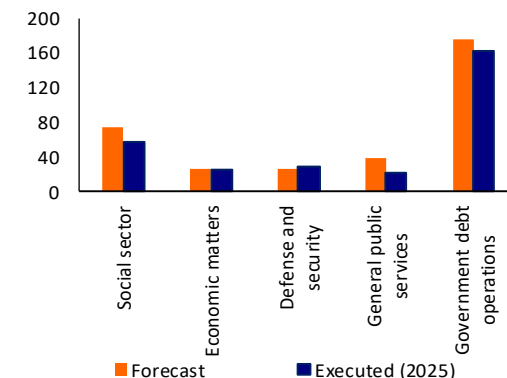
Oil and non-oil revenues as a percentage of debt

Percentage of debt



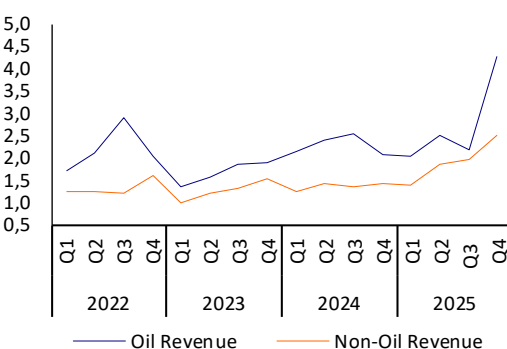
Expenditure planned and implemented by sector

AOA Trillions



Oil and non-oil revenues

AOA Billions



- Throughout the year, current expenses totaled AOA 14.6t, with emphasis on debt interest totaling AOA 5.0t (34% of the total) and personnel costs totaling AOA 4.2t (28% of the total): debt interest was exceptionally higher in the last quarter, AOA 2.3t (above the average of AOA 600b that has been recorded since 2020).
- On the current revenue side, the main contribution came from petroleum taxes, which totaled AOA 11.7t, making an execution of approximately 101% compared to the AOA 10.8t forecast for the whole year. According to Ministry of Finance, this result was due to the impact of the exchange rate and the tax compensation process in the oil sector that took place during the fourth quarter when revenues totaled AOA 4.1t (+100% YoY).
- On the other hand, non-oil revenues reached AOA 7.7t, which represents 86% of the forecast value, not exceeding the AOA 8.9t forecast. Capital revenues reached AOA 12.9t (+186% YoY), reflecting a particular improvement in the conditions of access to external financing, especially in the last quarter.

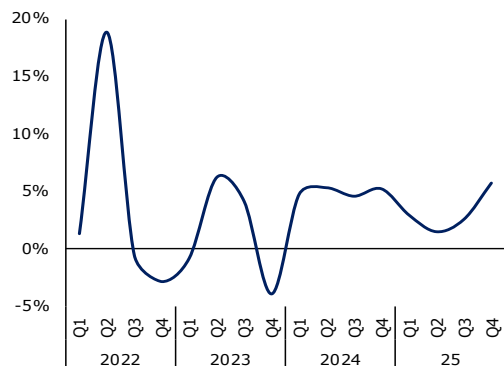
REAL ECONOMY



NATIONAL ACCOUNTS

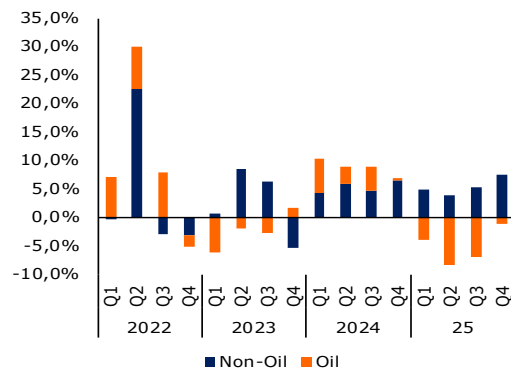
Year-on-year rate of change in GDP

Real year-on-year change



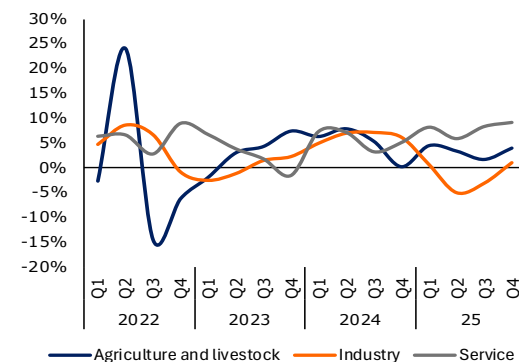
Evolution of oil and non-oil GDP

Real year-on-year change



Evolution of GDP by sector

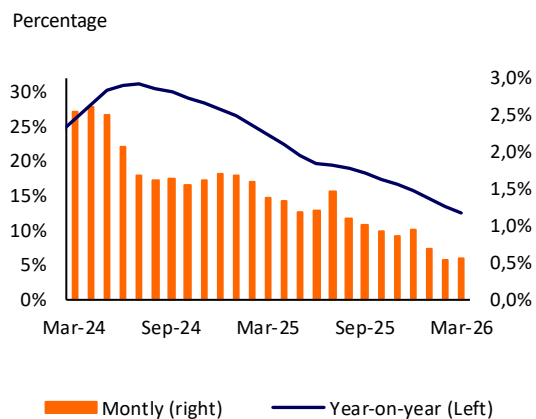
Real year-on-year change



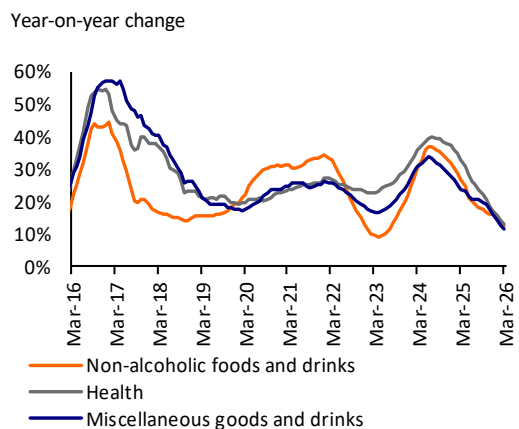
- In 2025, the GDP of the Angolan economy grew by 3.1% (-1.8pp compared to the growth recorded in the previous year). Oil GDP contracted by 5.2% year-on-year, a significant deterioration when compared to the growth recorded in 2024, 3.4%.** On the other hand, non-oil GDP maintained a positive trajectory, growing by 5.4%, which compensated for the poor performance of the oil sector. Particularly in Q4 2025, the Angolan economy grew by 5.7% compared to the same period of the previous year, of which the non-oil economy grew by 7.5% YoY, an acceleration of around 2.2pp and the oil economy contracted by about 1.2% YoY, removing 0.3pp from the general growth rate of the economy. Among the sectors of the non-oil economy, only the Diamonds and Minerals sector contracted in Q4, 7.0% YoY. Communications (+65.7% YoY), Accommodation and Food Services (+18.0%) and Industry (+16.5% YoY) are the ones that grew the most and together added 2.1pp to the overall growth rate of the economy.
- The performance of the national economy in the coming months is expected to remain favorable, with emphasis on the dynamics of the non-oil sector. Our projections point to GDP growth of around 3.3%, driven mainly by the expansion of non-oil GDP, estimated at around 4.6%.** This performance will be supported mainly by a positive evolution in private consumption. In contrast, the oil sector is expected to perform less favorably, with a contraction forecast in line with the trend observed in the previous year. Despite these estimates, there is still potential for upward revisions to economic growth, conditioned by the evolution of the current geopolitical context, which could positively influence the main macroeconomic indicators.

CONSUMER PRICES

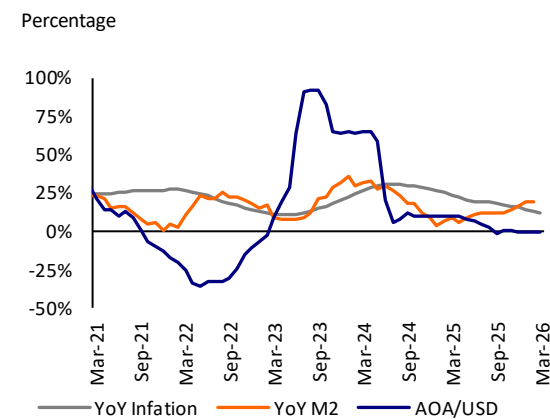
Headline inflation



Inflation by classes



Inflation, M2 and exchange rate



- The latest data indicate that year-on-year inflation in March stood at **12.4%**, the lowest level since July 2023. In monthly terms, the prices of goods and services increased slightly to **0.55%**, while remaining at low levels in the historical series. If this trend continues, annual inflation is expected to fall to single-digit levels by the end of the year. If confirmed, this will be the lowest value ever recorded in the country.
- Overall, the outlook for inflation is favorable, provided that the main supporting factors, namely the foreign exchange market, the availability of foreign exchange and the performance of economic activity, remain stable. Still, the scenario requires caution, given the risk of an increase in the cost of imports, in response to the rise in international prices. The FAO index, for example, has been on an upward trajectory, reflecting the appreciation of food products, partly driven by energy prices. At the same time, petroleum products have also become more expensive, putting pressure on the supply chain and the costs of various goods and services. Thus, we project average annual inflation of around 12.6%, with the possibility of a downward revision if a scenario of high Brent prices continues.

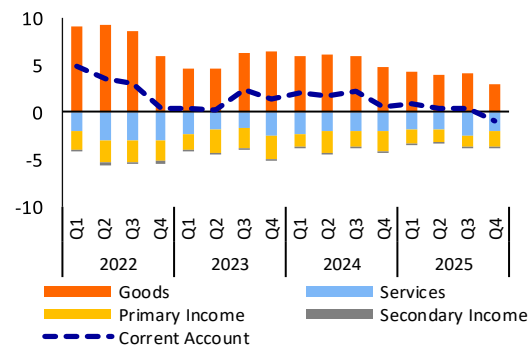
EXTERNAL ACCOUNTS



BALANCE OF PAYMENTS

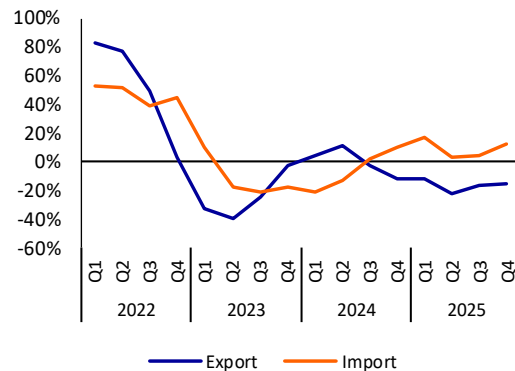
Quarterly balance of payments

USD Billions



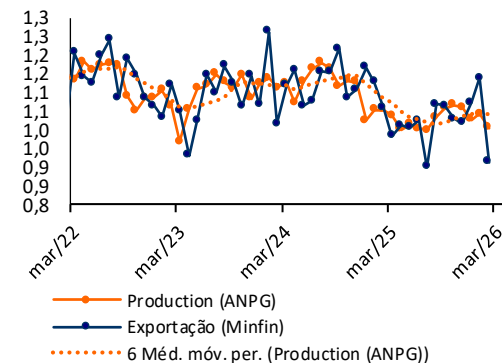
Evolution of imports of services

USD Millions



Production and export of crude oil

USD Billions; Months



- In the most recent period, Angola's current account remained in surplus, reaching around USD 536 million in 2025, albeit with high volatility throughout the year, including a deficit of around USD 944.4 million in the fourth quarter. This evolution reflects a moderation in the surplus compared to 2024 (USD 6.3b), in a context of reduced exports and increased imports. Total exports fell to around USD 30.5b (-16% YoY), while imports increased to approximately 15.5b (+9.4% YoY), reflecting some recovery in domestic demand.
- Oil exports continue to dominate, totaling around USD 28.1b in 2025, although down from the previous year. Crude oil production has remained relatively stable, but at slightly lower levels than in previous years, showing some volatility over the recent period. Still, the current context of high international oil prices could support the recovery in external revenues, even in a scenario of more contained production.
- On the other hand, non-oil exports show positive signs, especially in the diamond sector (around USD 1.7b) and other sectors (USD 0.6b), which have been gaining some momentum. In a context of high oil prices, a strengthening of exports associated with the energy sector is also expected, as well as growth opportunities in complementary sectors. For the coming periods, positive external balances are anticipated, although smaller, strongly dependent on the evolution of oil prices and the ability to stabilize production. The strengthening of non-oil exports will be decisive to sustain the balance of payments in a more uncertain external context.

MAIN EXTERNAL INDICATORS

| DESCRIPTION | Q4 2024 | Q3 2025 | Q4 2025 | QoQ | Yoy |
|---|-----------|-----------|-----------|--------|--------|
| GDP (USD Millions) | 30.175,5 | 31.888,8 | 37.798,9 | 18,5% | 25,3% |
| Exports of goods and services (USD Millions) | 8.899,4 | 7.987,7 | 7.503,7 | -6,1% | -15,7% |
| Imports of goods and services (USD Millions) | 6.132,7 | 6.338,0 | 6.689,7 | 5,5% | 9,1% |
| Service Account (USD Millions) | (2.021,3) | (2.495,5) | (2.091,7) | -16,2% | 3,5% |
| International Reserves (USD Millions) | 15.767,6 | 15.236,5 | 15.895,3 | 4,3% | 0,8% |
| Total External Debt Stock (USD Millions) | 54.309,1 | 59.572,2 | 64.324,9 | 8,0% | 18,4% |
| Stock of Short-Term External Debt (USD Millions) | 5.793,8 | 7.309,2 | 7.286,2 | -0,3% | 25,8% |
| Average Exchange Rate (USD/AOA) | 911,7 | 912,0 | 912,0 | 0,0% | 0,0% |
| Current Account/GDP (%) | 1,8 | 1,0 | (2,5) | -3,5 | -4,3 |
| Goods Account/GDP | 15,9 | 13,0 | 7,7 | -5,3 | -8,2 |
| Services Account/GDP | (6,7) | (7,8) | (5,5) | 2,3 | 1,2 |
| Exports of goods and services/GDP | 29,5 | 25,0 | 19,9 | -5,1 | -9,6 |
| Imports of goods and services/GDP | 20,3 | 19,9 | 17,7 | -2,2 | -2,6 |
| Capital and Financial Account / GDP | (3,3) | (1,8) | 3,1 | 4,9 | 6,4 |
| Foreign Direct Investment (net)/GDP | (0,1) | - | (0,7) | -0,7 | -0,7 |
| Total External Debt Stock/ GDP | 45,0 | 46,7 | 42,5 | -4,2 | -2,5 |
| International Reserves / Imports of Goods and Services (Months) | 13,1 | 11,9 | 10,5 | -1,4 | -2,6 |
| International Reserves/Total External Debt Stock (%) | 29,0 | 25,6 | 24,7 | -0,9 | -4,3 |
| International Reserves/Stock of Short-Term External Debt (%) | 272,1 | 208,5 | 218,2 | 9,7 | -53,9 |

AFRICAN ECONOMIES



SPOTLIGHT

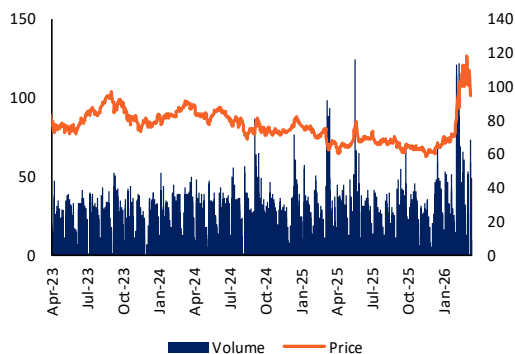
Average gasoline price

EUR/Liter



Price and traded volume (Brent)

USD Thousands; USD/bbl



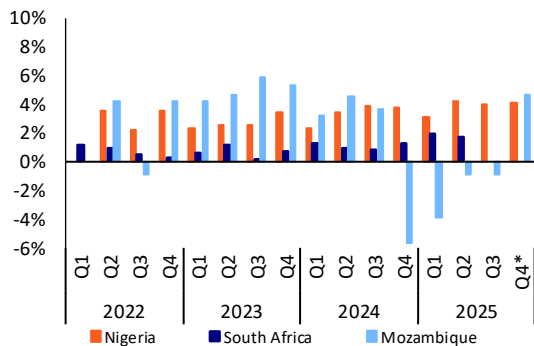
FUEL SHORTAGES EXPOSE VULNERABILITIES

- **The blockade of the Strait of Hormuz, responsible for about 20% of global oil traffic and 25% of LNG, triggered one of the most serious energy crises in recent decades, with severe impacts on Africa, where dependence on fuel imports is structural.** Countries such as Nigeria, Egypt, Mauritius and South Sudan that are already facing fuel shortages, are now implementing rationing measures to mitigate the impact.
- In the case of Nigeria, the crisis highlights a severe structural problem. Despite being the largest oil producer on the continent, the country has insufficient refining capacity to meet domestic demand, remaining dependent on imports of derivatives such as gasoline and diesel. To mitigate the effects of the shortage, the government has increased imports to avoid supply shortages. At the same time, it has intensified the incentive to invest in local refineries, especially the Dangote Refinery (the largest in Africa), considered strategic to reduce external dependence.
- Egypt, which is also dependent on fuel imports, has been facing significant constraints driven by both the rise in fuel prices and the reduction in the flow of the Suez Canal, a major artery for the country's economy. Egypt's Ministry of Oil has announced increases in fuel prices of between 14% and 30%. At the same time, the energy import bill has more than doubled, from USD 1.2b in January to USD 2.5b in March. To contain the pressure, energy conservation measures have been implemented, including a 30% reduction in fuel consumption by government vehicles and 50% cuts in street lighting and advertising.
- Overall, this crisis exposes the structural vulnerability of African economies in the face of global disruptions. The possibility of accelerating inflation, worsening food insecurity, and increasing social instability are among the main risks, as rising fuel prices tend to raise transportation and production costs, negatively affecting the dynamics of economic activity. While producing countries may benefit from rising oil prices, logistical constraints and limited refining capacity have reduced the potential for these gains.

MACROECONOMIC INDICATORS

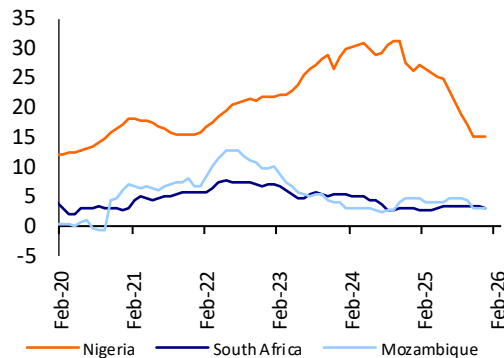
Annual GDP growth

Year-on-year change



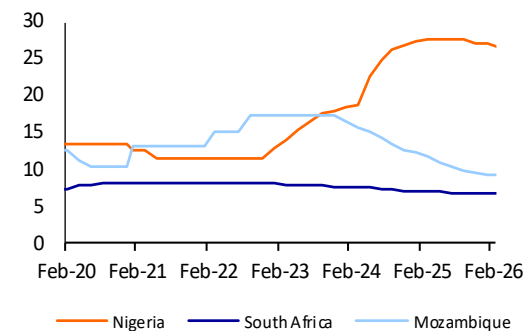
Year-on-year inflation

Year-on-year change



Interest Rate of African Economies

Percentage



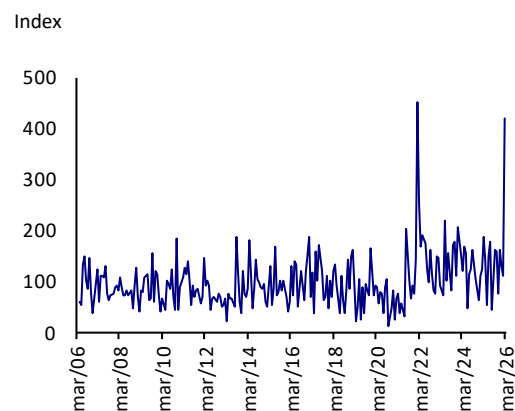
- In Nigeria, economic growth remained positive throughout 2025, standing at 3.9% YoY, peaking in the second quarter. Inflation, which reached around 31.0% in 2024, slowed significantly, falling to approximately 15.0% in February. The Central Bank of Nigeria, after a cycle of rate hikes, which peaked at around 27.5% between November 2024 and July 2025, recently began a gradual reduction, currently standing at around 26.5%, reflecting a still restrictive monetary policy.
- In South Africa, economic growth remained moderate, standing at around 1.4% in 2025. Inflation remained relatively subdued, at around 3%, having fallen to that level in February, a reduction of 0.5pp compared to January. In line with this evolution, the interest rate currently stands at 6.75%, below the highest levels of the last 12 months (around 7.75%), signaling a more accommodative stance of monetary policy.
- In Mozambique, economic growth was more volatile, alternating between expansion and contraction. After a period of recession, with at least four consecutive contractions, GDP grew by 4.7% in the fourth quarter of 2025, after a contraction of 0.3%. Inflation, which had been increasing, has recently started to decelerate, standing at 3.2%, below the maximum of 4.9% observed in the last 12 months. The interest rate has followed this evolution, currently standing at 9.3%, below the highest levels of the recent period, signaling a more flexible monetary policy in a context of still weak growth.

GLOBAL ECONOMIES

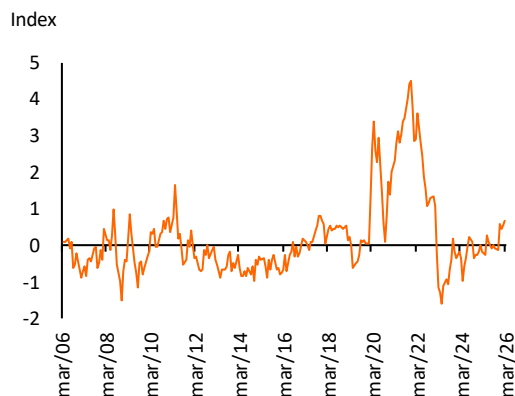


SPOTLIGHT

Geopolitical Index risk (Caldera e Matteo)



Global Supply Chain Pressure Index



Sources: Bloomberg

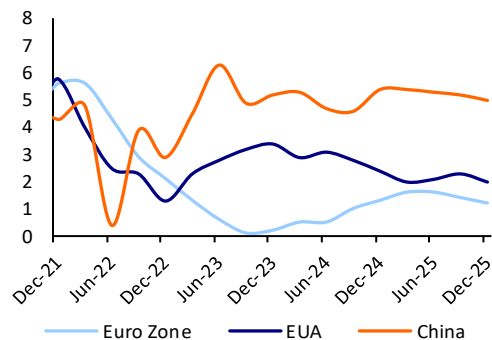
GEOPOLITICS AND PRESSURES ON GLOBAL CHAINS

- The recent evolution of the global economy has been strongly influenced by the increase in geopolitical instability, with increasingly visible impacts on value chains and the functioning of international trade. This dynamic is evidenced by the behavior of the Caldera and Lacovillo geopolitical risk index (GPR), as well as by the Global Supply Chain Pressure Index (GSCPI), which captures tensions in global supply chains. The geopolitical risk index reveals a trend of greater volatility over the last few years, with episodes of significant peaks associated with events such as military conflicts, tensions between major powers and global political shocks.
- These moments reflect periods in which uncertainty increases abruptly, influencing investment, trade and economic policy decisions. More recently, there has been an intensification of these episodes, suggesting that geopolitics has been assuming a structural role in determining global economic dynamics. In turn, the GSCPI shows how these shocks are transmitted to the real economy. After relatively stable levels during the previous decade, the index recorded a sharp increase during the pandemic period, reflecting severe disruptions in global supply chains. Although there was partial normalization later, recent episodes again indicate pressures, albeit more moderate, suggesting that global chains remain vulnerable to external shocks.
- Together, these indicators illustrate an important shift: the shift from a relatively stable global system to an environment characterized by greater fragmentation, uncertainty and sensitivity to geopolitical events. In this new context, economic efficiency is no longer the sole determinant of trade and production organization, but rather strategic considerations such as security, resilience and geopolitical alignment. For open economies dependent on external factors, these transformations are particularly relevant, as they reinforce the role of external shocks (notably through commodity prices and the exchange rate) as central determinants of macroeconomic dynamics.

MAJOR ECONOMIES: REAL ECONOMY

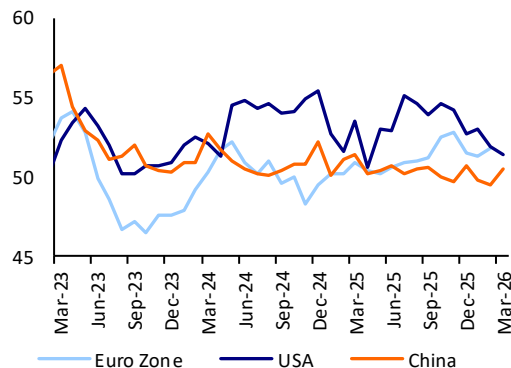
GDP in major economies

Real year-on-year change



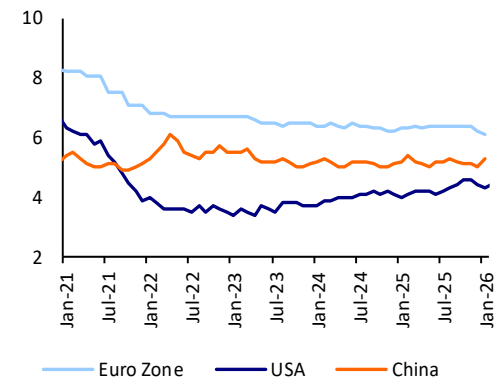
PMI indices in major economies

Index



Unemployment in major economies

Percentage

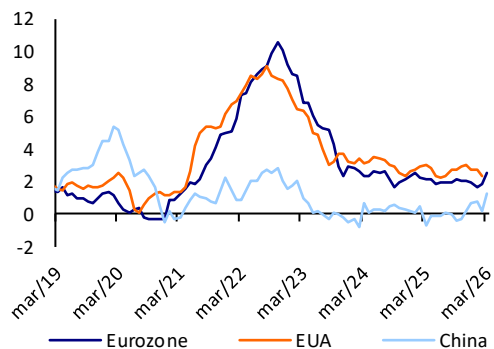


- In a global context still marked by moderate growth, relatively restrictive financial conditions and high geopolitical uncertainty, the latest indicators point to a maintenance of differentiated trajectories between the main economies.** In the United States, economic activity remains resilient, with GDP growth stabilizing at around 2.0% YoY, supported mainly by domestic demand, in particular private consumption. PMI indicators remain consistently above 50 points, signaling expansion in activity, although with some loss of dynamism compared to previous periods.
- In the Eurozone, economic activity remains fragile, with growth showing signs of stagnation or very moderate expansion. In Q4, GDP decelerated to 1.2% YoY and for the whole of 2025 it grew by 1.45% YoY, up from 0.8% in the previous year. What we observe in the indicators is that the weakness of the industrial sector persists, combined with tight financial conditions and still contained external demand that continues to limit a more robust recovery. PMIs have been gradually recovering, standing just above the 50-point threshold, which points to a marginal expansion, although still insufficient to generate significant momentum.
- In China, economic growth remains relatively robust in comparative terms, remaining around 5.0%. Activity continues to be supported by selective stimulus measures, in an environment where domestic demand remains subdued and the real estate sector continues to pose a risk. The PMI have been hovering around the expansion threshold (50 points), reflecting unstable economic dynamics dependent on support from the authorities.

INFLATION AND REAL INTEREST RATE

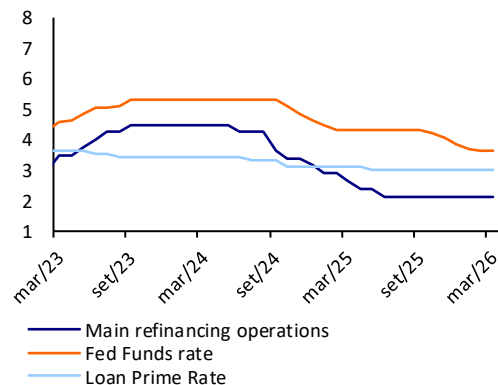
Inflation in major economies

Year-on-year change



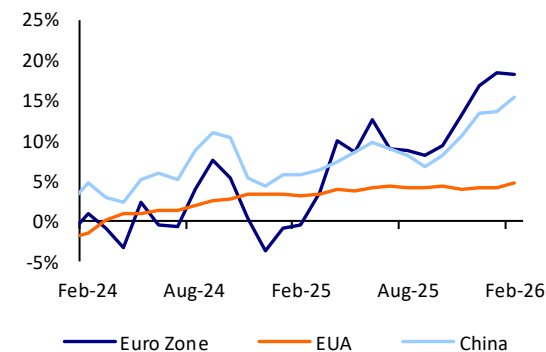
Benchmark interest rates in major economies

Percentage



Year-on-year change in M2

Year-on-year change



- In the United States, inflation has stood at 2.4% over the past two months, but continues a general deceleration trend, close to but still slightly above the Federal Reserve's target, after a significant reduction from the 2022 highs.** Monetary policy has started a gradual cycle of lowering interest rates, although still in a relatively restrictive framework. Recent developments in the M2 monetary aggregate, with moderate growth, suggest a slight improvement in liquidity conditions, consistent with a later phase of the monetary cycle.
- In the Eurozone, inflation had been declining, reaching 2.0% in December, and falling to 1.7% and 1.9% in the first two months of the year, respectively, before rising to 2.5%, above the European Central Bank's target. Monetary policy has entered a phase of easing, with gradual reductions in interest rates, reflecting greater concern about growth. In China, inflation remains low, with episodes of deflation approaching, reflecting weak domestic demand and adjustments in the property sector. Monetary policy has been more accommodative, with interest rates relatively stable, with M2 growth above inflation being a sign of this expansionary stance.
- Overall, the current environment of inflationary risk associated with energy shocks could slow down or delay the more accommodative stance that had been emerging in several economies. While some central banks have already started interest rate cuts, the materialization of these risks could lead to a pause in the easing cycle, or even a prolongation of tighter monetary conditions than anticipated.

GLOBAL PERSPECTIVES

Recession Probability 30%

| EUA | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 | Q3 2026 | Q4 2026 | Q1 2027 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Real GDP (yoy) | 2,1% | 2,3% | 2,0% | 2,7% | 2,2% | 1,7% | 2,0% | 1,9% |
| Industrial Production (yoy) | 0,5% | 1,7% | 1,6% | 1,2% | 1,2% | 1,0% | 1,5% | 1,6% |
| Inflation (yoy) | 2,4% | 2,9% | 2,7% | 2,7% | 3,6% | 3,0% | 3,0% | 3,2% |
| Unemployment Rate | 4,2% | 4,5% | 4,5% | 4,3% | 4,4% | 4,5% | 4,5% | 4,4% |
| Current Account (%GDP) | -4,4% | -3,9% | -3,6% | -3,0% | -2,9% | -3,0% | -3,0% | -3,0% |
| Central Bank Interest Rate | 4,5% | 4,3% | 3,8% | 3,8% | 3,7% | 3,6% | 3,5% | 3,4% |
| EUR/USD | 1,18 | 1,17 | 117,0% | 116,0% | 117,0% | 119,0% | 119,0% | 119,0% |

Recession Probability 12,5%

| CHINA | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 | Q3 2026 | Q4 2026 | Q1 2027 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Real GDP (yoy) | 5,2% | 4,8% | 4,5% | 5,0% | 4,6% | 4,7% | 4,6% | 4,4% |
| Industrial Production (yoy) | 6,2% | 5,8% | 5,0% | 5,7% | 5,3% | 5,1% | 4,8% | 4,7% |
| Inflation (yoy) | 0,0% | -0,2% | 0,6% | 0,8% | 1,1% | 1,1% | 0,9% | 1,1% |
| Unemployment Rate | 5,0% | 5,2% | 5,1% | 5,3% | 5,1% | 5,1% | 5,1% | 5,1% |
| Current Account (%GDP) | 3,2% | 3,4% | 3,7% | 3,5% | 2,8% | 3,9% | 3,7% | 3,9% |
| Central Bank Interest Rate | 3,0% | 3,0% | 3,0% | 3,0% | 3,0% | 2,9% | 2,9% | 2,9% |
| USD/CNY | 7,16 | 7,12 | 699,0% | 689,0% | 685,0% | 682,0% | 680,0% | 675,0% |

Recession Probability 22,5%

| EUROZONE | Q2 2025 | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 | Q3 2026 | Q4 2026 | Q1 2027 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Real GDP (yoy) | 1,5% | 1,4% | 1,2% | 0,2% | 0,2% | 0,3% | 0,3% | 0,3% |
| Industrial Production (yoy) | 1,3% | 1,4% | 1,9% | -0,8% | -0,2% | 0,2% | 0,4% | 1,8% |
| Inflation (yoy) | 2,0% | 2,1% | 2,1% | 2,1% | 3,1% | 2,9% | 3,0% | 2,7% |
| Unemployment Rate | 6,4% | 6,4% | 6,3% | 6,2% | 6,3% | 6,3% | 6,3% | 6,3% |
| Current Account (%GDP) | 2,1% | 1,8% | 1,7% | 1,3% | 0,9% | 1,0% | 1,2% | 1,3% |
| Central Bank Interest Rate | 2,0% | 2,0% | 2,0% | 2,0% | 2,1% | 2,2% | 2,3% | 2,3% |
| EUR/USD | 1,18 | 1,17 | 1,17 | 1,16 | 1,17 | 1,19 | 1,19 | 1,19 |

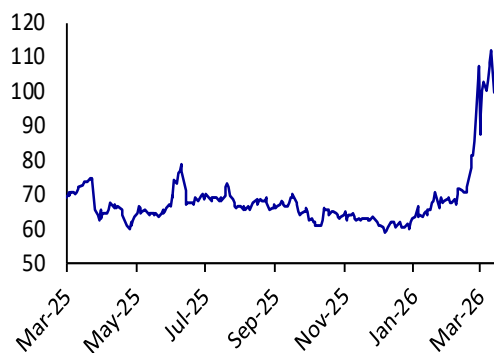
INTERNATIONAL FINANCIAL MARKETS



SPOTLIGHT

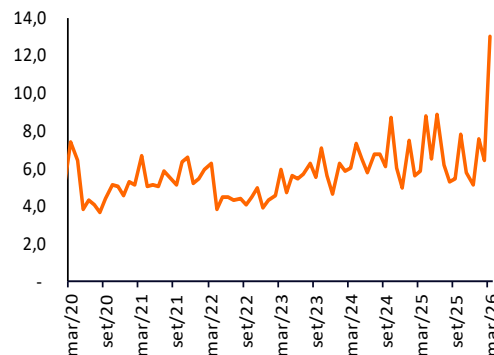
Brent Prices

USD/barril



Volume of contracts traded

Million of barrils



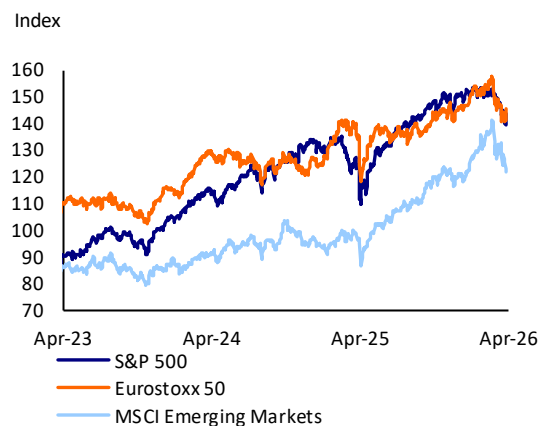
Sources: Bloomberg; IEA; S&P Global

ESCALATING TENSIONS SEND BRENT PRICES SOARING

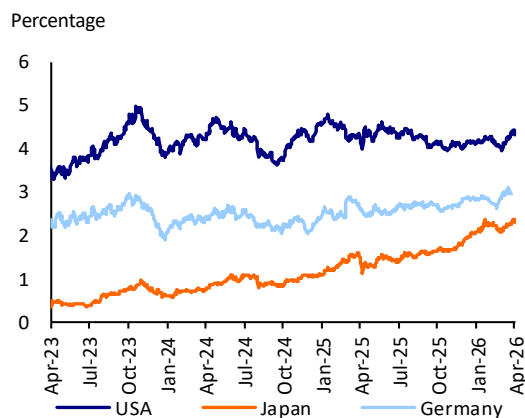
- **The current situation in the international oil market is marked by strong instability, driven by geopolitical upheavals of great magnitude.** Brent recorded sharp movements throughout March 2026, with values ranging from around USD 77 to more than USD 110, reflecting the increased perception of risk associated with the conflict in the Middle East. On March 17, tensions in the Strait of Hormuz pushed Brent to USD 103, after successive disruptions in regional maritime traffic. The military escalation intensified in the second half of the month, leading quotations to exceed USD 118 on March 31, driven by direct attacks on energy infrastructure and the prospect of a prolonged blockade on one of the main export routes.
- According to the International Energy Agency (IEA), the geopolitical shock caused the largest supply drop in recent history, with production cuts of more than 10mbd in Gulf countries and an estimated reduction of 8mbd in global supply in March alone. On the other hand, the volume traded in the Brent futures market, measured through the aggregate continuous contract, shows high structural liquidity, with financial volumes equivalent to multiple times the world's daily crude oil production. Short-term projections reflect high uncertainty, as the price of Brent is expected to remain above USD 95 in the coming months, stabilizing below USD 80 in the third quarter, if the partial normalization of maritime transit materializes. However, the agency stresses that these estimates depend entirely on the duration of the conflict and the speed of replenishment of exports from the Middle East.
- The geopolitical conflict also extends to the global economy, as the consequences are expected to have a significant impact on global markets, with export flows across the Strait almost at a standstill. Currently, agencies such as S&P Global warn that the persistence of tensions adds to the risks of stagflation, given the "combination of inflationary pressures arising from rising energy prices and weakening economic activity".
- Taken together, the current outlook shows a highly volatile environment where geopolitical conflicts threaten global macroeconomic stability.

EQUITIES AND DEBT

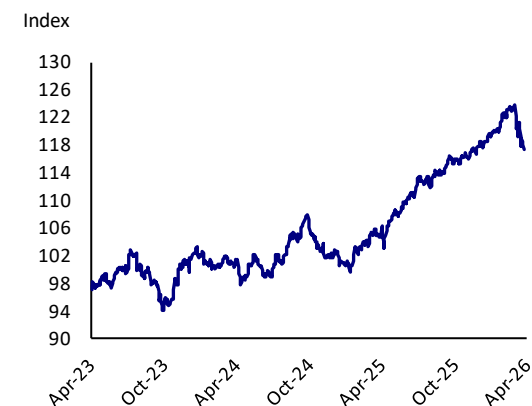
Main stock indices



10-year sovereign debt yields of major economies



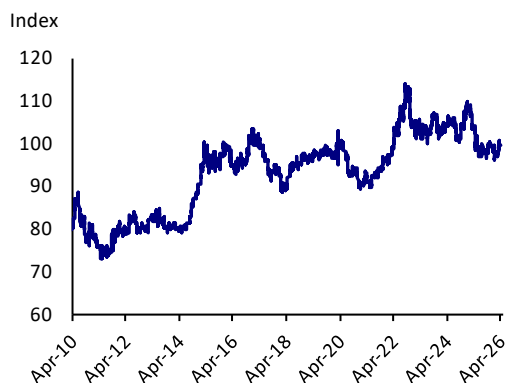
Emerging economies bond index



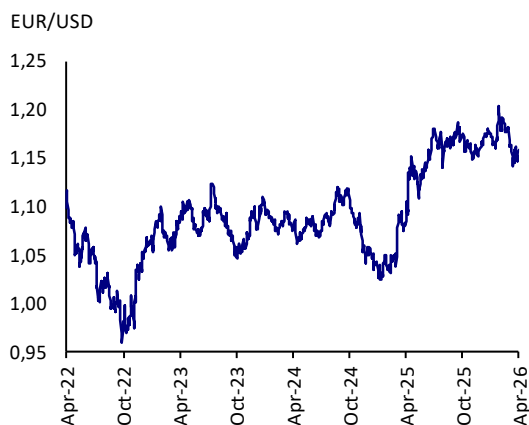
- **Developments in global financial markets were broadly positive at the beginning of the year, supported by the deceleration in inflation and the expectation of monetary policy easing.** However, worsening geopolitical tensions, linked to the crisis in Iran, already appear to be negatively affecting investor sentiment, reflected in a correction in the main stock indices.
- In the United States, the S&P 500 was up about 1.9% at the end of January (ytd) but entered a downward trajectory from the end of February, recording a drop of approximately 4.6% in April. In Europe, the Euro Stoxx 50 reached its peak of the year at the end of February, with a cumulative appreciation of 6.6%, having since corrected, currently showing a loss of about 3.8%.
- In emerging markets, performance was also initially quite robust, with gains reaching around 15% at the end of February. However, this movement was partially reversed, with markets starting April slightly lower by 0.5%. In contrast, sovereign debt markets have remained relatively stable, suggesting a more restrained reaction from fixed income investors.

FOREIGN EXCHANGE AND MONETARY MARKET

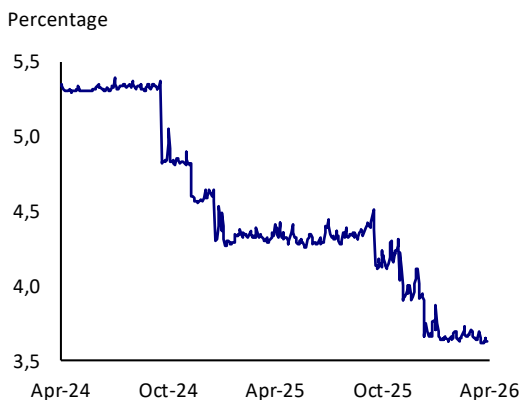
Dollar Index



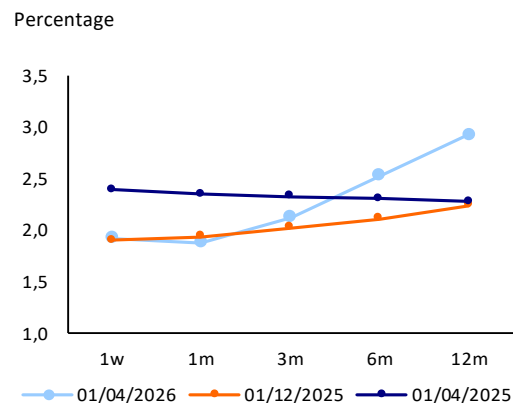
Exchange rate of the Dollar against the Euro



Money Market Interest Rate Dollar (SOFR 12M)



Money market interest rates Euro (Euribor)



- The dollar index has remained at relatively high levels over the recent period, albeit with some volatility, supported by the interest rate differential favorable to the United States and the demand for safe-haven assets in an environment of geopolitical uncertainty.
- The EUR/USD exchange rate has shown high volatility, with alternating episodes of appreciation in both currencies. After a period of appreciation of the Euro until the end of February, the trend has reversed, with a depreciation of around 1.6% year-to-date. This movement may be associated with increased geopolitical uncertainty, reinforcing the dollar's role as a safe-haven asset.
- In the money market, there is a downward path of the SOFR, reflecting the beginning and continuation of the cycle of interest rate reductions in the United States. In the Euro Area, Euribor rates also show signs of decline, especially in shorter maturities, albeit more gradually, while longer maturities remain relatively higher, reflecting expectations of a gradual normalization of monetary policy.

MARKETS OUTLOOK

| FOREIGN EXCHANGE MARKET | Mar-25 | Dec-25 | Mar-26 | YTD | YOY | QOQ | Q2 2026 | Q3 2026 | Q4 2026 | dez/27 |
|-------------------------|--------|--------|--------|------|-------|------|---------|---------|---------|--------|
| EUR/USD | 1,08 | 1,17 | 1,17 | 0,0% | 8,2% | 0,0% | 1,18 | 1,19 | 1,19 | 1,19 |
| GBP/USD | 1,29 | 1,34 | 1,35 | 0,7% | 4,5% | 0,7% | 1,34 | 1,35 | 1,35 | 1,36 |
| USD/JPY | 149,96 | 156,70 | 160,00 | 2,1% | 6,7% | 2,1% | 183,50 | 183,50 | 183,50 | 181,00 |
| Dólar Index (DXY) | 104,21 | 98,32 | 98,70 | 0,4% | -5,3% | 0,4% | 98,50 | 97,45 | 97,00 | 96,90 |

| MONEY MARKET | Mar-25 | Dec-25 | Mar-26 | YTD | YOY | QOQ | Q2 26 | Q3 26 | Q4 26 | Q1 27 |
|-----------------------------|--------|--------|--------|------|--------|------|-------|-------|-------|-------|
| Euribor 3M | 2,3% | 2,0% | 2,2% | 6,4% | -7,1% | 6,4% | 2,3% | 2,4% | 2,4% | 2,4% |
| SOFR 3M | 4,3% | 3,7% | 3,7% | 0,0% | -14,4% | 0,0% | 3,6% | 3,5% | 3,4% | 3,3% |
| FED rate upper limit | 4,5% | 3,8% | 3,8% | 0,0% | -16,7% | 0,0% | 3,7% | 3,6% | 3,5% | 3,4% |
| FED rate lower limit | 4,3% | 3,5% | 3,5% | 0,0% | -17,6% | 0,0% | 3,5% | 3,4% | 3,2% | 3,1% |
| ECB - Main refinancing rate | 3,2% | 2,2% | 2,2% | 0,0% | -31,7% | 0,0% | 2,3% | 2,4% | 2,4% | 2,4% |
| ECB - Deposit rate | 2,7% | 2,0% | 2,0% | 0,0% | -24,5% | 0,0% | 2,2% | 2,3% | 2,3% | 2,3% |
| BOE rate | 4,5% | 3,8% | 3,8% | 0,0% | -16,7% | 0,0% | 3,8% | 3,8% | 3,7% | 3,7% |

| SOVEREIGN DEBT | Mar-25 | Dec-25 | Mar-26 | YTD | YOY | QOQ | Q2 26 | Q3 26 | Q4 26 | Q1 27 |
|-----------------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
| USA 10-Year | 4,2% | 4,8% | 4,9% | 2,8% | 17,5% | 2,8% | 4,3% | 4,2% | 4,2% | 4,2% |
| Germany 10-Year | 2,7% | 2,9% | 3,1% | 6,9% | 12,1% | 6,9% | 3,0% | 3,0% | 3,0% | 3,0% |
| Japan 10-Year | 1,5% | 2,2% | 2,5% | 10,5% | 65,9% | 10,5% | 2,3% | 2,4% | 2,5% | 2,5% |
| UK 10-Year | 4,7% | 4,5% | 5,0% | 11,1% | 6,9% | 11,1% | 4,7% | 4,6% | 4,5% | 4,5% |
| China 10-Year | 1,8% | 1,8% | 1,7% | -4,4% | -4,0% | -4,4% | 1,8% | 1,8% | 1,7% | 1,7% |

| COMMODITIES | Mar-25 | Dec-25 | Mar-26 | YTD | YOY | QOQ | Q2 26 | Q3 26 | Q4 26 | Q1 27 |
|-------------|--------|--------|--------|-------|-------|-------|--------|--------|--------|--------|
| Brent | 74,6 | 65,7 | 112,3 | 71,1% | 50,5% | 71,1% | 104,8 | 91,4 | 84,7 | 80,8 |
| WTI | 71,5 | 60,8 | 100,7 | 65,6% | 40,9% | 65,6% | 94,9 | 84,9 | 78,2 | 74,8 |
| Natural Gas | 102,0 | 104,9 | 109,5 | 4,3% | 7,3% | 4,3% | 107,3 | 107,3 | 112,4 | 102,8 |
| Gold | 3123,6 | 5065,0 | 4571,0 | -9,8% | 46,3% | -9,8% | 4597,0 | 4641,0 | 4693,0 | 4747,0 |

DISCLAIMER

The information contained in this document has been obtained from sources considered reliable, but its accuracy cannot be fully guaranteed. Recommendations are for internal use only and may change without notice. The opinions expressed are those of the authors and reflect their views only and may not coincide with BFA's position in the markets mentioned. BFA, or any affiliate, in the person of its employees, is not responsible for any loss, direct or potential, resulting from the use of this publication or its contents. BFA and its employees may hold positions in any asset mentioned in this publication. Reproduction of part or all this publication is permitted, subject to acknowledgment of the source. Numbers are expressed using the period as the thousand's separator and the decimal point as the decimal separator and using the term "thousand million" for 10^9 .