Q42026 ECONOMIC REPORT



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EDITORIAL

FISCAL CONSOLIDATION PRESSURES SET TO INTENSIFY

Angola's budget execution in the first half of 2026 reveals a significant deterioration in public finances, reflecting a considerably more expansionary fiscal policy than initially envisaged in the State Budget. The overall deficit reached 5.1% of GDP, compared with 1.4% in the same period of the previous year, already exceeding the full-year target of 2.8%. Meanwhile, the primary balance shifted from a surplus of 2.2% to a deficit of 1.6% of GDP. The deterioration was primarily driven by a sharp expansion in public expenditure, which increased by 32.4%, while revenues rose just 1.5%. Notable increases included spending on goods and services (54.1%) and fuel subsidies (55.6%), which absorbed a significant share of the gains generated by oil revenues. The latter grew by 9.7%, contrasting with a 9.4% contraction in non-oil revenues, despite the expansion of non-oil economic activity. The scale of the imbalance poses significant challenges to meeting budgetary targets. The cumulative deficit reached AOA 3.9 trillion (t), exceeding the amount projected for the entire year. Reversing this trajectory would require a substantial adjustment in the second half of the year, a scenario we consider unlikely given the current spending dynamics. Despite this backdrop, the public debt trajectory remains relatively favorable. Our projections point to a debt-to-GDP ratio of 42.2% in 2026, rising slightly to 43.9% in 2027 before declining to 37.3% in 2028. This trajectory is supported primarily by nominal economic growth and the relative stabilization of debt levels.

Looking ahead, we expect an expansionary fiscal stance to persist in 2027, in an election-year context, with fiscal consolidation becoming more prominent only in 2028. The gradual reduction of fuel subsidies is expected to play a central role in this adjustment, although it may generate temporary inflationary pressures.

In addition, the prospect of lower oil exports could constrain fiscal revenues and increase financing challenges. Against this backdrop, we do not rule out exchange rate adjustments to partially offset the loss of foreign-currency oil revenues. The main challenge will therefore be to reconcile public finance sustainability with the preservation of macroeconomic stability by improving spending efficiency and mobilizing non-oil revenues, without undermining economic growth or the capacity to finance productive public investment.

CHRONOLOGY

April

- The United Arab Emirates (UAE) announced their decision to leave from OPEC;
- Commercial banks and the Central Bank of Angola purchased foreign currency from the Ministry of Finance amounting to USD 833.5 million in the first quarter.

May

- The Central Bank of Angola reduced its key policy rates by 50pb;
- Angola returned to the international capital markets with the issuance of USD 1.5b in Eurobonds, its second sovereign bond issuance of 2026;
- Publication of the Q1 2026 National Accounts.

June

- Approval of a financing agreement to facilitate the execution of advance payments to existing creditors under a portfolio of external commercial debt;
- Publication of the Balance of Payments and External Debt Stock data for the first quarter.

July

- The United Arab Emirates (UAE) announced their decision to leave from OPEC;
- Commercial banks and the Central Bank of Angola purchased foreign currency from the Ministry of Finance amounting to USD 833.5 million in the first quarter.

August

- The Central Bank of Angola reduced its key policy rates by 50pb;
- Angola returned to the international capital markets with the issuance of USD 1.5b in Eurobonds, its second sovereign bond issuance of 2026;
- Publication of the Q1 2026 National Accounts.

September

- Approval of a financing agreement to facilitate the execution of advance payments to existing creditors under a portfolio of external commercial debt;
- Publication of the Balance of Payments and External Debt Stock data for the first quarter.

AGENDA

October

14 to 17: Conferência de Acesso e Investimento em Angola 2026;
21 and 22: Financial Times Africa Summit 2026;

November

3 and 4: African Financial Industry Summit (AFIS 2026);
11 and 13: African Gas and LNG Summit;
20 and 22: Angola International Tourism Forum;
26 and 27: International Mining Conference of Angola (AIMC 2026);

December

8 and 10: Africa Investiment Forum.

HIGHLIGHTS

Angola

- Foreign exchange supply grew 15.9% YoY in September;
- Liquidity conditions remained comfortable in September;
- The average interest rate on credit to the economy has been on a downward trajectory;
- The Treasury lowered interest rates on government debt securities with maturities of 4, 5, and 7 years
- Angolan public debt reached the highest value in the last 8 years;
- The Angolan economy recorded the highest growth rate since mid-2022.

International

- African economies showed a favorable evolution in the second quarter of 2026;
- The Dangote Group made available to the public 3.3% of the capital of its refinery;
- Yuan-based debt issuance reaches all-time highs;
- Developed-country sovereign bond yields continue to rise significantly;
- Financial markets maintained a generally favorable evolution;
- November's midterm elections could bring more uncertainty to the dollar.

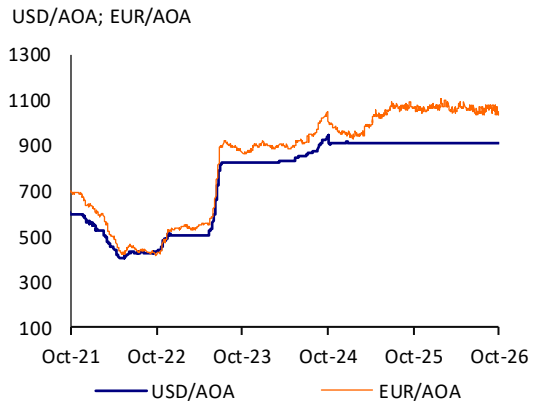
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FINANCIAL MARKETS

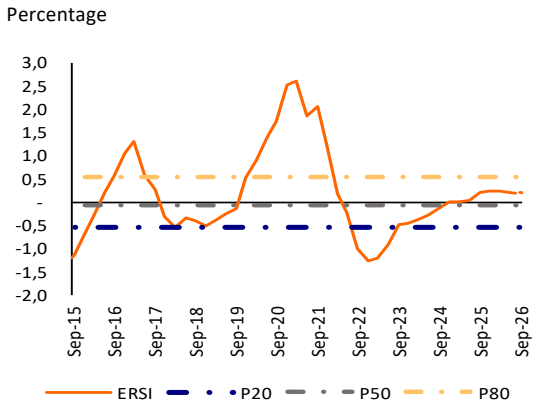


FOREIGN EXCHANGE MARKET

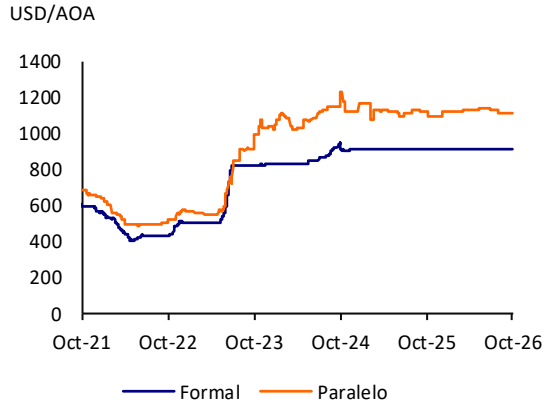
Exchange rate of the Kwanza against the Dollar and Euro



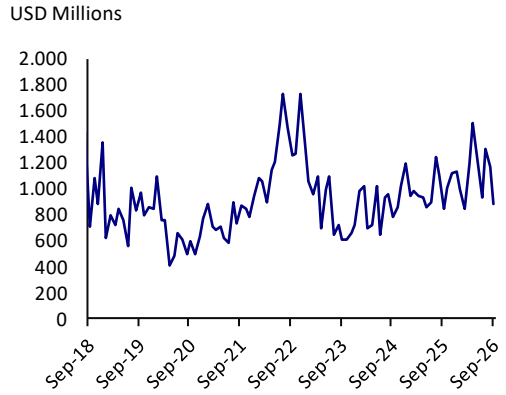
FX Stability Indicator (FXSI)



USD/AOA exchange rate in the official and parallel market



Monthly sales of foreign exchange to banks



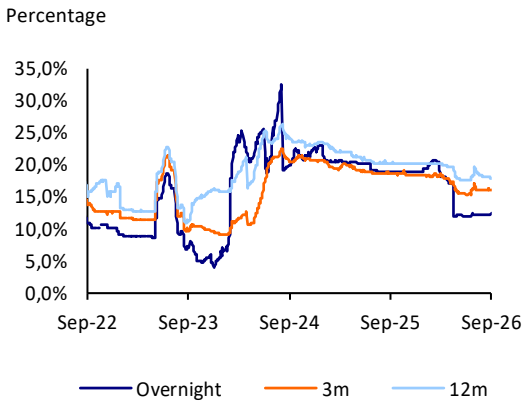
- Foreign currency supply in the market reached USD 10.0 billion (b) through September, representing a 15.9% Year-on-Year (YoY) increase. The oil sector remained the main supplier, accounting for 36.9% of total supply, despite a 4.3% YoY contraction. This was followed by Other Clients, with a 28.1% share and growth of 18.7%, and the Ministry of Finance, which accounted for 21.5% of supply, recording a significant 78.2% YoY increase.
- In terms of pricing, the market remains stable, with the Kwanza unchanged at USD/AOA 912 and the spread between the official and parallel exchange rates ranging between 20% and 24%. However, demand-side pressures persist, as reflected in a backlog of foreign currency purchase orders of approximately USD 1.8b, above the 2025 average of USD 1.2b. The additional supply has been accompanied by stronger demand, highlighting persistent imbalances in the foreign exchange market.
- **Over the coming months, we expect exchange rate stability to be maintained, supported by higher Brent crude prices, foreign direct investment inflows and access to external financing.**

Sources: BNA, BFA Calc.

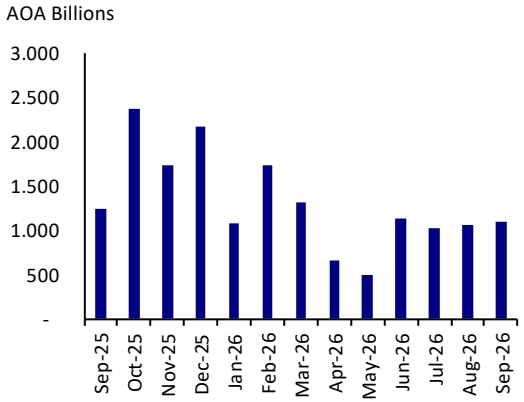
•ERSI ≤ P20 – Highly stable foreign exchange market. P20 < FXSI ≤ P50 – Moderately stable foreign exchange market.P50 < FXSI ≤ P80 – Moderately unstable foreign exchange market. FXSI > P80 – Highly unstable foreign exchange market.

MONEY MARKET

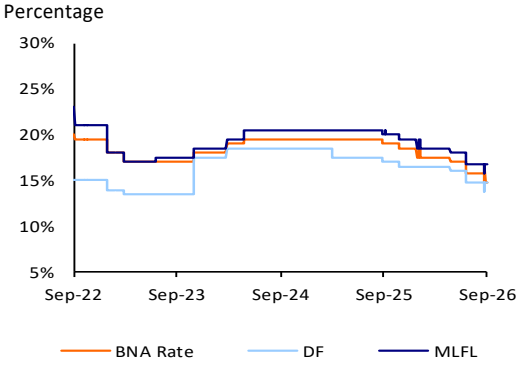
Luibor rates across different



Interbank money market trading volume



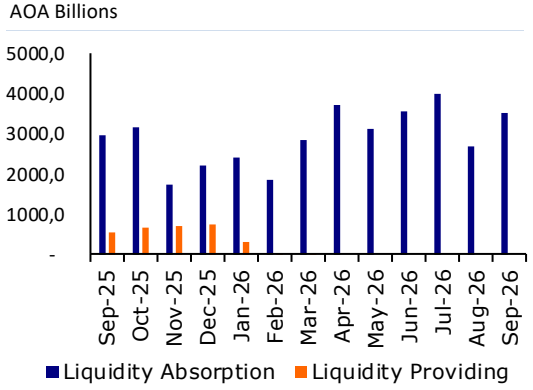
Main monetary policy rates



DF – deposity facility
MLFL - Marginal Lending Facility*

Sources: BNA, BFA Calc.

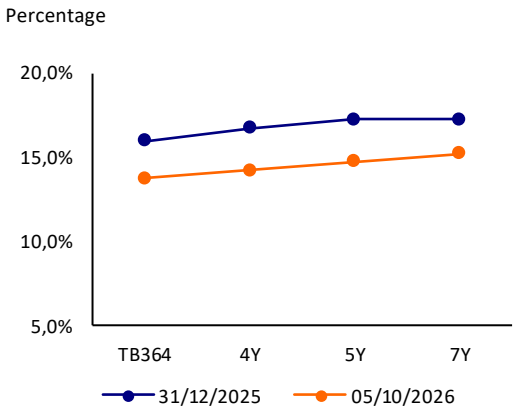
Open market operations



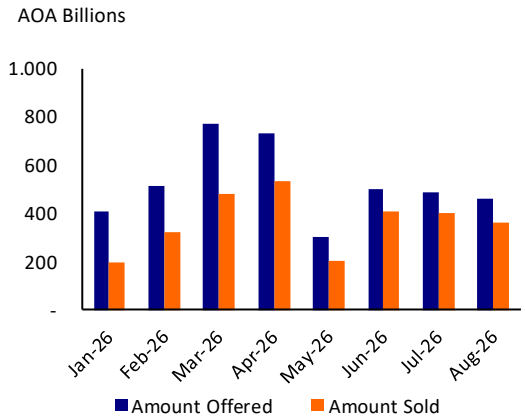
- In the money market, liquidity conditions remain comfortable, despite some reduction in the surplus in August. Investments in the Deposity Facility decreased from AOA 5.1t to AOA 4.1t, while open market liquidity absorption operations increased from AOA 2.7t to AOA 3.5t. At the same time, Marginal Lending Facility operations remained practically non-existent, showing the availability of resources in the banking system.
- In September, BNA decided to cut the main monetary policy rates by 100 basis points (bps) and the reserve requirement ratio (RRR) on local-currency deposits from 17.5% to 16.5%. These decisions reflect the ongoing disinflation process and reinforce the easing of monetary conditions. We anticipate further rate cuts at the November meeting, with the BNA policy rate expected to end the year at around 13.5%.
- **We expect the market to remain liquid over the coming months, benefiting from the reduction in the RRR, which, according to our estimates, should release approximately AOA 132.4b in additional liquidity. This injection, combined with lower policy rates, could support credit expansion.**

PRIMARY BOND MARKET

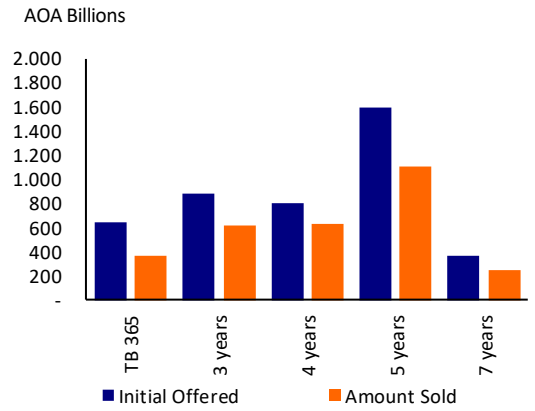
Kwanza Curve *yields*



Debt placements per month



Debt placements by maturity



- **Yields in the primary market finally declined, with the Treasury setting 365-day Treasury bill (T-bill) rates at 13.75% and Treasury bond (T-bond) rates for 4, 5 and 7-year maturities at 14.25%, 14.75% and 15.25%, respectively.** This move, which had already been anticipated by the market, brought the yield curve to significantly lower levels than those observed at the end of 2025. We expect rates to remain relatively stable until year-end before declining in early 2027, in line with the 2027 Annual Debt Plan(PAE). This outlook is supported by continued disinflation and the BNA's monetary policy easing, although high domestic financing requirements in 2027 could limit the scope for further rate reductions.

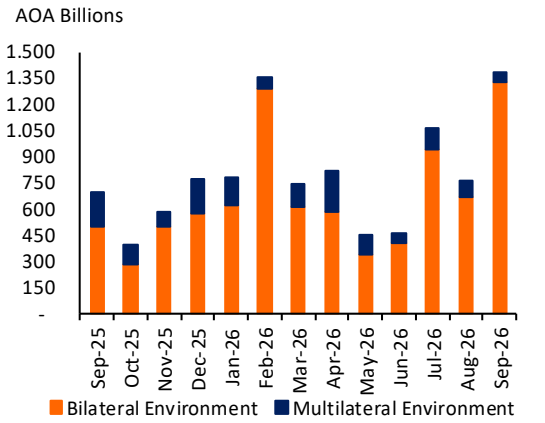
- Government securities issuances amounted to approximately AOA 3.1t, representing around 60% of the annual target set out in the PAE. Of this amount, AOA 368.0b corresponded to T-bills, issued mainly in the first quarter, while T-bonds accounted for the largest share of financing. By maturity, 3, 4 and 5-year T-bonds represented approximately 76% of total issuances, amounting to around AOA 2.4t.

- In the foreign-currency-denominated T-bond (OTME) segment, the Treasury raised USD 377.4 million, equivalent to 27.7% of the annual target. This relatively moderate execution reflects the greater diversification of financing sources, including domestic and external funding, particularly Eurobond issuance, as well as the increased availability of foreign currency associated with oil revenues.

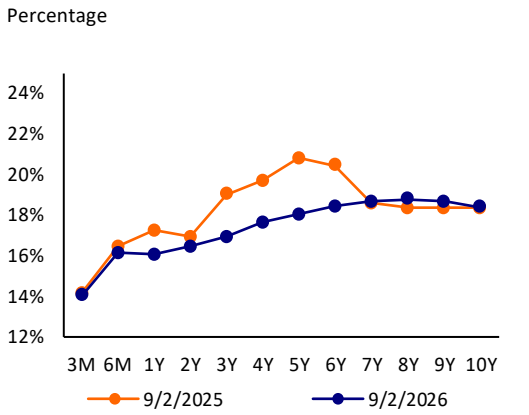
Sources: BODIVA,BFA Calc.

SECONDARY SECURITIES MARKET

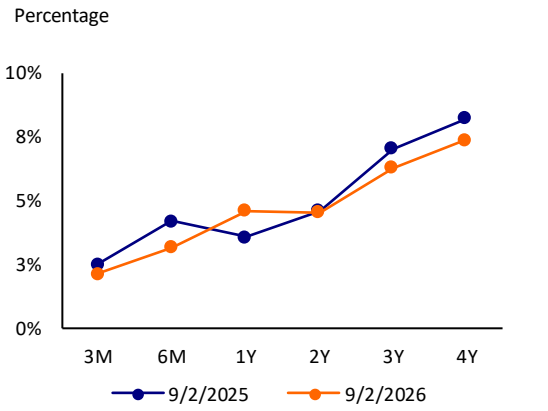
Transactions by trading environment



Kwanza yield curve



Kwanza yield curve OT-TX



- **BODIVA markets maintained positive momentum in Q3 2026, with trading volumes reaching AOA 3.2t, up 85.6% quarter-on-quarter (QoQ) and 96.3% YoY. This performance was accompanied by the stock market listings of Unitel in July and Standard Bank Angola (SBA) in September.** SBA's Public Share Offering (PSO) generated AOA 208.5b, with demand reaching 181.96% of the shares offered and attracting 6,215 new shareholders. These transactions represent important steps towards diversifying the equity market, although trading activity is likely to remain largely concentrated in the government securities segment. Cumulatively, market trading reached AOA 7.8t through September, compared with AOA 4.0t in the same period of 2025, reflecting a significant expansion in market activity.

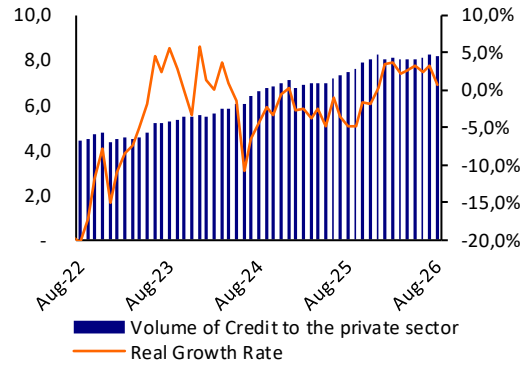
- Yield curves displayed divergent movements throughout the quarter. For Kwanza-denominated government securities, yields declined at intermediate maturities, particularly between 3 and 6 years, while longer-term yields remained relatively stable. For exchange rate-linked Treasury bonds (OT-TX), yields followed a mixed trajectory, rising at some maturities and declining at others. This reflected differing trading conditions across market segments and variations in investors' expectations regarding the future path of interest rates.

Sources: BODIVA,BFA Calc.

CREDIT MARKET

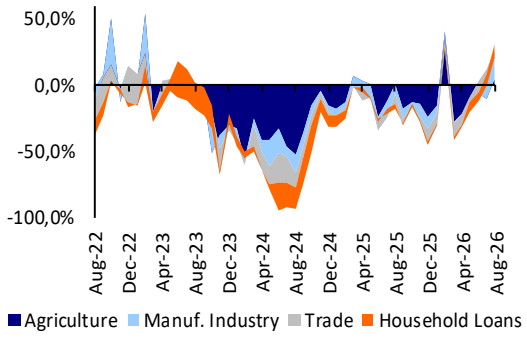
Credit volume and evolution

AOA Billions; Real year-on-year change



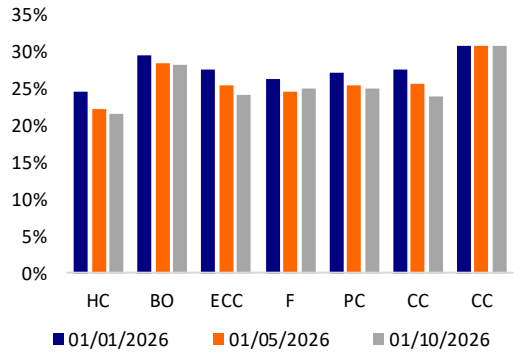
Evolution of credit by sector

Year-on-year change



Interest rates by type of credit

Percentage



- **In August, total credit to the economy stood at AOA 9.6t, recording nominal YoY growth of 12.0%, driven by both the public and private sectors. Credit to the public sector increased by 29.1%, to AOA 1.4t, while credit to the private sector grew by 9.5%, reaching AOA 8.1t.** By currency, growth was more pronounced in foreign-currency-denominated credit (+15.7%) than in local-currency credit (+10.9%). By sector, the strongest increases were recorded in Manufacturing (+31.8%), Extractive Industry (+28.1%) and Public Administration (+23.8%), reflecting stronger financing activity in these segments.

- **The average lending rate to the economy has followed a downward trajectory since the beginning of the year, amid monetary policy easing.** According to banks' published rate schedules, the average lending rate declined from 27.67% in January to 25.50% in October, representing a cumulative decrease of 2.17 percentage points (pp). Despite this trend, lending rates have adjusted relatively moderately compared with the more pronounced decline in LUIBOR, highlighting some rigidity in the transmission of monetary conditions to bank borrowing costs. This rigidity partly reflects the fact that not all banks use LUIBOR as the benchmark for their lending operations, with some relying on their own reference rates, thereby limiting the speed and magnitude of the adjustment. Over the coming months, continued disinflation and the prospect of further declines in money market interest rates are expected to support a further reduction in lending rates, albeit gradually.

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)

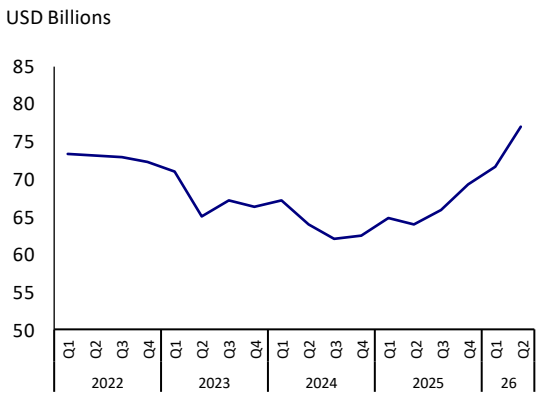
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PUBLIC FINANCE

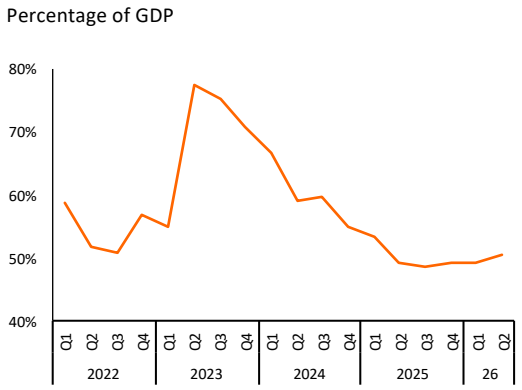


PUBLIC DEBT

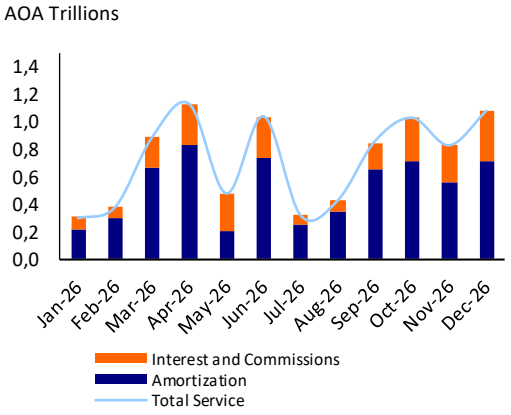
Total public debt



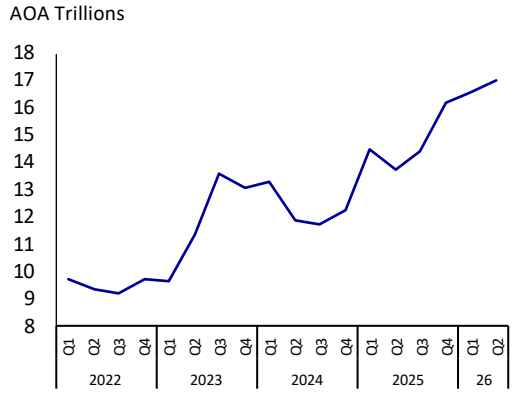
Government debt as a percentage of GDP



External debt service profile by flow



Domestic bond debt

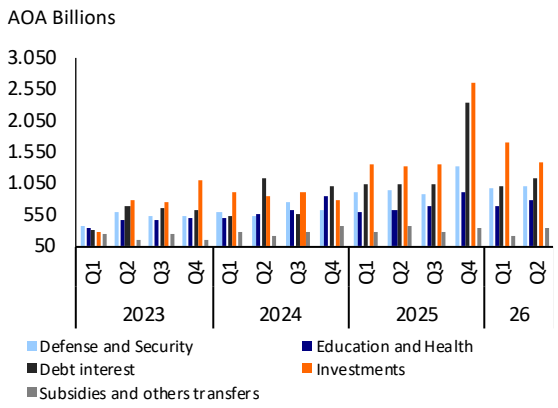


Sources: MinFin, BNA, BFA calc.

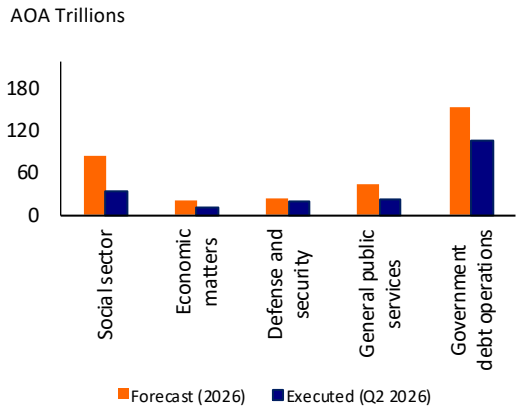
- **Angola's public debt reached USD 76.9b in the second quarter of 2026, an increase of USD 5.2b compared to the same period of the previous year, reaching its highest level in the last eight years.** Public debt has been rising steadily since the second half of 2025, driven by exchange rate depreciation and an actual increase in the stock of external government debt, particularly in recent quarters following new Eurobond issuances.
- **According to BNA data, external public debt totalled USD 56.3b, with commercial creditors, including banks and companies, accounting for approximately 74.3%, followed by multilateral creditors at 20.8% and bilateral creditors at the remaining 4.9%.** The breakdown of debt by creditor points to a consolidation of the government's financing profile. Debt held in the London markets reached USD 21.2b, equivalent to 37.6% of external debt, the highest level since records began, representing an increase of approximately USD 4.2b compared with the previous quarter. By contrast, debt owed to the People's Republic of China declined by USD 677.8 million to USD 11.8b, accounting for just 21.0% of total external debt and returning to levels close to those recorded in Q1 2016.

BUDGET EXECUTION

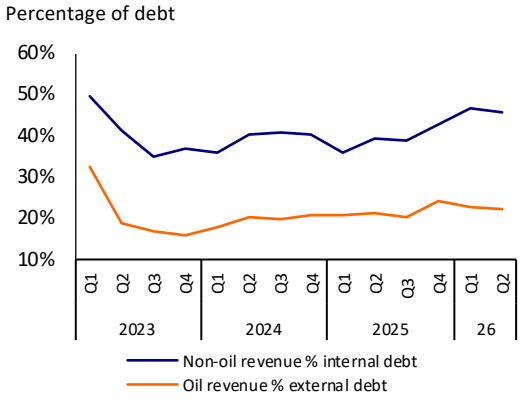
Fiscal weight by sector



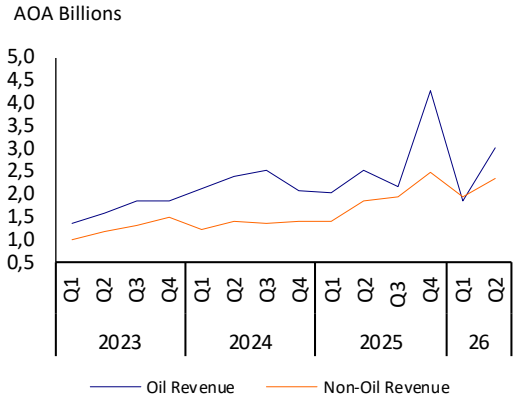
Expenditure planned and implemented by sector



Oil and non-oil revenues as a percentage of debt



Oil and non-oil revenues



Sources: MinFin, BNA, BFA Cálc.

- **Budget execution in the first half of 2026 points to a more expansionary fiscal stance than envisaged in the State Budget.** The overall balance deteriorated from a deficit of 1.4% of GDP in S1 2025 to 5.1% of GDP in S1 2026, exceeding the full-year deficit target set out in the Budget. Similarly, the primary balance shifted from a surplus of 2.2% of GDP to a deficit of 1.6%, while the non-oil primary deficit deteriorated from 6.6% to 9.9% of GDP. In the second half of the year, the fiscal stance is expected to remain expansionary, albeit potentially to a lesser extent. According to our estimates, the public debt-to-GDP ratio stood at approximately 36.6% at the end of Q2 2026, down from 49.2% in 2025. By year-end 2026, our projections point to a debt-to-GDP ratio of 42.2%.

- **The deterioration in public finances was driven by a sharp increase in current expenditure, particularly subsidies, spending on goods and services, and interest payments.** According to the Statistical Bulletin on Government Operations, total expenditure rose by 32.4% YoY in Q2, from AOA 8.5t to AOA 11.3t. On the revenue side, the increase was about 1.5% YoY, from AOA 10.3t to AOA 10.4t.

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BFA

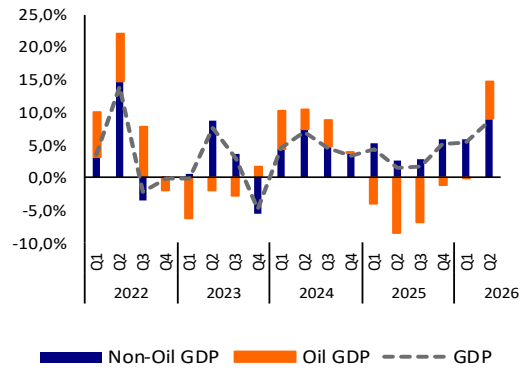
REAL ECONOMY



NATIONAL ACCOUNTS

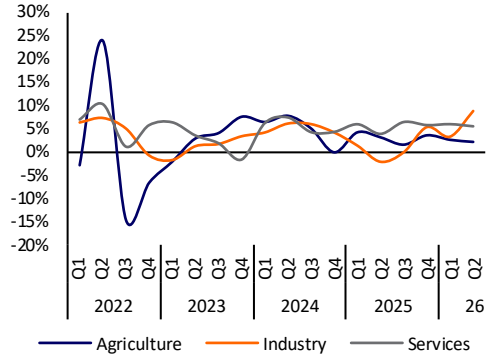
GDP

Real year-on-year change



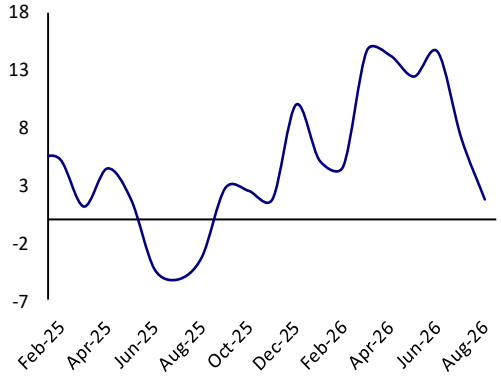
Evolution of GDP by sector

Real year-on-year change



Industrial Production Index

Year-on-year change

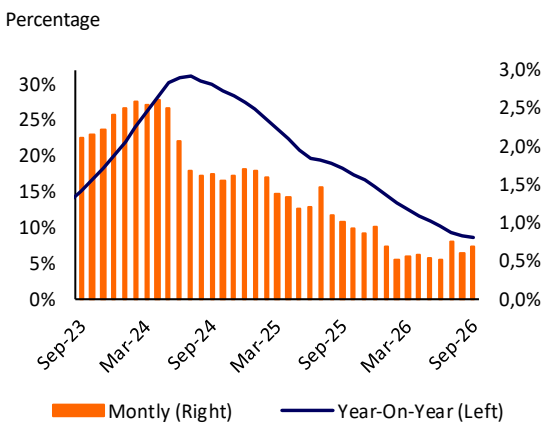


- **The Angolan economy accelerated by 3.4pp to 8.7% in Q2 2026, recording its fastest growth rate since mid-2022. This acceleration was supported by both a recovery in oil sector activity and continued robust momentum in the non-oil sector.** The oil sector grew by 5.6% YoY in Q2, interrupting a five-quarter contraction streak. Non-oil GDP also maintained a positive trajectory, accelerating by 3.1pp to 9.0%. Among the main sectors, Industry and Trade stood out, growing by 12.2% YoY and 5.0% YoY, respectively, and together contributing 1.5pp to overall economic growth.
- **The most recent data on the Industrial Production Index (IPI), released by the Nation Statistics Institute (INE) and updated in accordance with its policy of revising statistics, point to a gradual loss of dynamism in industrial activity over the third quarter.** The evolution of the index shows an acceleration in production between January and April, followed by a deceleration in May and a slight recovery in June. From July onwards, a loss of dynamism is again observed, which became more pronounced in August. Overall, the data suggest a stronger performance of industrial production in Q1 and Q2, followed by a slowdown in Q3. The possible deceleration of industrial activity in Q3 seems to be particularly associated with the performance of the activities of the mining and manufacturing industries, which recorded negative year-on-year changes in the IPI in July and August, contributing to the loss of dynamism in industrial production.

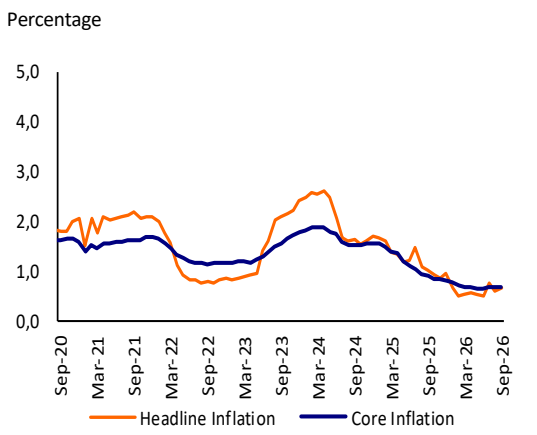
Sources: INE and ANPG, BFA Calc.

INFLATION

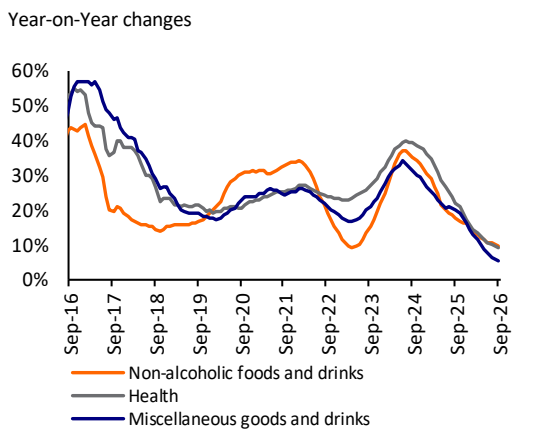
Headline inflation



Headline Vs Core Inflation



Inflation by classes



- Year-on-year inflation stood at 8.4% in September, a deceleration of 0.4pp compared to the previous month, extending the disinflation path. In monthly terms, general inflation accelerated from 0.6% to 0.7%, while core inflation remained relatively stable, from 0.68% to 0.69%, showing the moderation of core inflationary pressures. Compared to the last 12 months, the price level rose the most in "Education" (+18.5%) and "Food and Non-Alcoholic Beverages" (+9.5%). On the other hand, "Transport" (+3.3%), "Leisure, recreation and culture" (+3.4%) and "Hotels, cafes and restaurants" (+4.4%) recorded the smallest increases.

- **For the coming months, considering the historical pattern of price developments, we anticipate a deceleration in inflation in October, followed by a gradual acceleration in the following two months. This behavior should mainly reflect the seasonal effects associated with the festive season, a period in which there tends to be temporary pressure on the prices of certain goods and services. It is important to note, however, that although we are forecasting a monthly acceleration of inflation in November and December, this movement should not translate into a reversal of the disinflation trend.**

Sources: INE, BNA, BFA calc.

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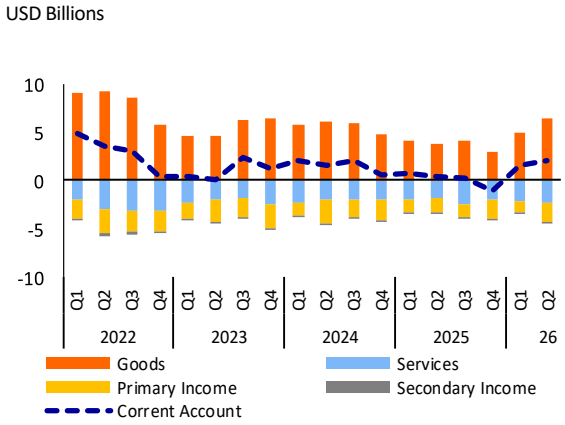
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EXTERNAL ACCOUNTS

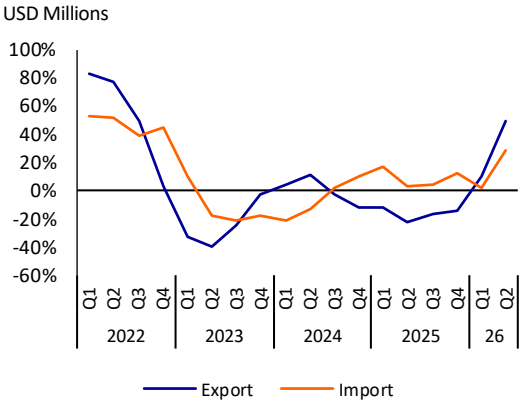


BALANCE OF PAYMENTS

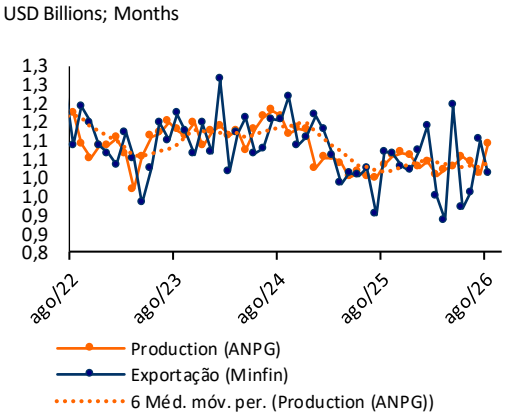
Quarterly balance of payments



Evolution of imports of services



Production and export of crude oil



- **In Q2 2026, the current account recorded a surplus of USD 2.1b, compared with USD 399.5 million in the same period of the previous year.** This performance was primarily driven by an increase in the goods trade surplus, which rose from USD 3.8b to USD 6.5b. The improvement in the goods balance resulted from strong export growth, with exports reaching USD 10.7b, up 49.7% YoY. Oil exports, valued at USD 10.2b, were the main contributor to this performance, benefiting from an increase in crude oil prices from USD 67.9 to USD 100.8 per barrel (+48.5% YoY). Gas exports also performed positively, growing by 64.2% YoY, supported by simultaneous increases in export volumes (+9.4%) and prices (+50.1% YoY).
- On the import side, goods purchases also recorded significant growth of approximately 28.3% YoY, reaching USD 4.3b. Among the main import categories, non-durable consumer goods were the only category to record YoY growth, increasing by 67.4% to USD 2.9b. This was driven by a sharp increase of more than 200% in fuel imports, reflecting structural conditions in international markets. By contrast, imports of intermediate goods and capital goods contracted by 17.1% and 11.0% YoY, respectively.
- Over the coming quarters, we expect the current account to remain in surplus, supported by the relative stability of underlying domestic and external conditions. Oil production is expected to remain broadly stable around current levels, helping preserve export capacity. Meanwhile, geopolitical tensions remain elevated, sustaining uncertainty surrounding the trajectory of international Brent crude oil prices and their derivatives.

Sources: BNA, ANPG, MinFin and BFA calc.

MAIN EXTERNAL INDICATORS

DESCRIPTION	Q2 2025	Q1 2026	Q2 2026	QoQ	Yoy
GDP (USD Millions)	40.998,1	37.293,9	47.576,1	27,6%	16,0%
Exports of goods and services (USD Millions)	7.237,4	8.713,8	10.805,2	24,0%	49,3%
Imports of goods and services (USD Millions)	5.255,5	6.007,1	6.727,7	12,0%	28,0%
Service Account (USD Millions)	(1.848,2)	(2.193,7)	(2.375,1)	8,3%	28,5%
International Reserves (USD Millions)	15.657,0	15.432,9	14.938,0	-3,2%	-4,6%
Total External Debt Stock (USD Millions)	59.738,2	64.142,3	67.633,3	5,4%	13,2%
Stock of Short-Term External Debt (USD Millions)	7.270,6	8.269,0	7.514,2	-9,1%	3,3%
Average Exchange Rate (USD/AOA)	912,0	912,1	912,9	0,1%	0,1%
Current Account/GDP (%)	1,0	4,0	4,4	0,4	3,4
Goods Account/GDP	9,3	13,1	13,6	0,4	4,2
Services Account/GDP	(4,5)	(5,9)	(5,0)	0,9	-0,5
Exports of goods and services/GDP	17,7	23,4	22,7	-0,7	5,1
Imports of goods and services/GDP	12,8	16,1	14,1	-1,9	1,3
Capital and Financial Account / GDP	(2,7)	(3,3)	(5,3)	-2,0	-2,6
Foreign Direct Investment (net)/GDP	1,2	1,2	1,4	0,2	0,2
Total External Debt Stock/ GDP	36,4	42,5	35,5	-7,0	-0,9
International Reserves / Imports of Goods and Services (Months)	8,9	7,7	6,7	-1,1	-2,3
International Reserves/Total External Debt Stock (%)	26,2	24,3	22,1	-2,3	-4,1
International Reserves/Stock of Short-Term External Debt (%)	215,3	204,8	198,8	-6,0	-16,5

Sources: BNA

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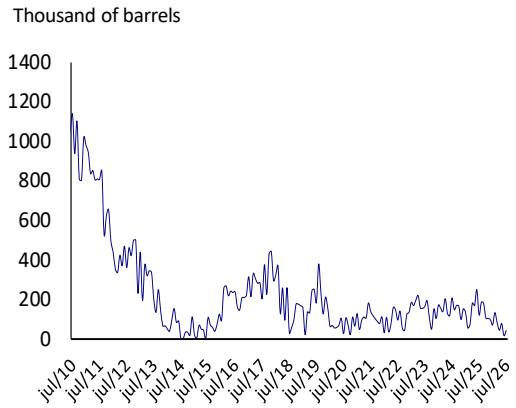
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AFRICAN ECONOMIES

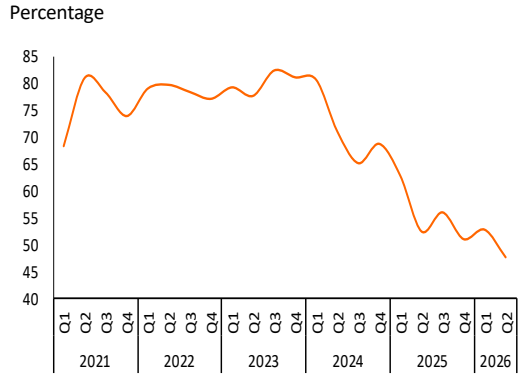


SPOTLIGHT

Oil imports from Nigeria



Crude oil exports over the total



DANGOTE REFINERY: AN IPO FOR THE PEOPLE

- **The Dangote Group has made available to the public 4.1b of shares in its refinery, about 3.3% of the capital, with the aim of raising approximately ₦2.2t, equivalent to USD 1.6b. The shares are made available at ₦525 each, and in the event of oversubscription, the issuer can issue up to 30% of additional shares, subject to regulatory approval.** This would bring the public's stake to about 4.3% of the capital. The subscription will run until October 13, and listing on the Nigerian Exchange (NGX) follows the approval of the allocation by the Securities Exchange Commission. The project is headed by Aliko Dangote has been operating since 2024 and currently processes 700 thousand barrels of oil per day. The proceeds from the offer will serve to double the capacity to 1.4mbd.

- The operation was named "The IPO for the People", reflecting its inclusive design. The minimum subscription is 10 shares, i.e. ₦5,250, about USD 4 and, in addition to traditional channels (mobile applications, web version and bank branches), the process provides for participation by USSD (no internet required) and ATM. The IPO takes place in a context of structural transformation of the Nigerian oil sector, historically characterized by the high production and export of crude oil, but also by the heavy dependence on imports of refined products, namely gasoline, diesel and jet fuel. The refinery's entry into production and the removal of fuel subsidies coincide with a change in the macroeconomic picture: decelerating inflation (annual inflation stood at 15.4% in August 2026, below the average of 32.7% recorded in 2024); less dependence on crude oil (crude oil accounted for 47.8% of total exports in the second quarter of 2026, a considerable decrease from 71.7% in Q1 2020). Exports of other petroleum products over the total grew to 34.1%, totaling ₦10.38t.

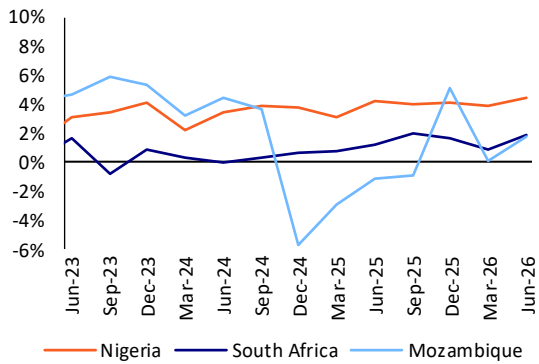
- The IPO of Africa's largest refinery comes against a backdrop of transformation in the Nigerian oil sector, characterized by increased domestic refining capacity, reduced dependence on imported fuels and growth in exports of refined products. The possible expansion of capacity to 1.4mbd could consolidate this trend, reinforcing the creation of added value in the economy. The success of the operation will, however, depend on the completion of the planned investments, the profitability of the project and the ability to attract a diversified investor base.

Sources : Bloomberg, Reuters,Dangote Petroleum Refinery,National Bureau of Statistics

MACROECONOMIC INDICATORS

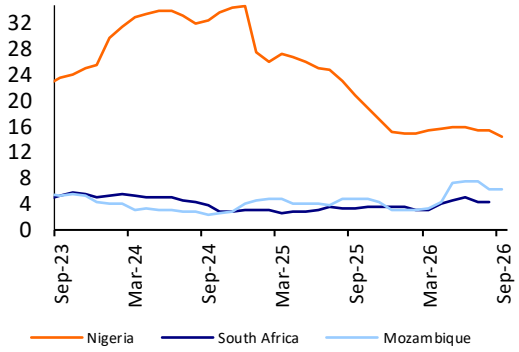
Annual GDP growth

Year-on-year change



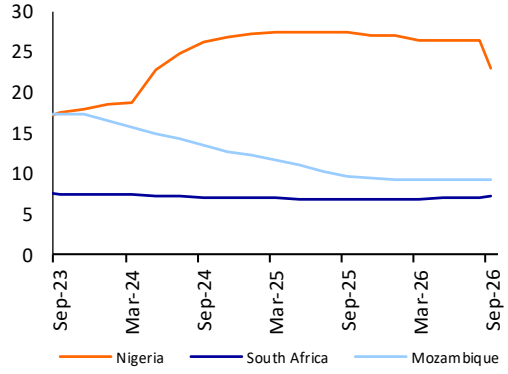
Year-on-year inflation

Year-on-year change



Interest Rate of African Economies

Percentage



- **The African economies analyses showed favorable developments in the Q2 2026, marked by the broad-based acceleration of economic growth.** Nigeria recorded an acceleration in GDP to 4.4% YoY, from 3.9% in the previous quarter. South Africa also recorded a recovery, with growth reaching 1.9%, after 0.9% in the first quarter. In Mozambique, economic activity accelerated to 1.7% from 0.1% previously, signaling a gradual recovery after the contraction seen in 2025. Inflation and interest rate developments continue to present distinct challenges. In Nigeria, inflation decelerated to 15.4% in August from 21.0% in September 2025, allowing the central bank to reduce the turnover rate to 23.0% in September. In South Africa, inflation stood at 4.4% in August, while the South African Reserve Bank raised the interest rate to 7.25% (+0.25 pp) in September. In Mozambique, inflation reached 6.3% in September, remaining relatively moderate, while the Central Bank kept the MIMO rate at 9.25%.

- The international framework remains marked by inflationary risks and tight financial conditions. Fuel supply disruptions associated with the conflict in the Middle East continue to put pressure on transport, production and food costs. At the same time, the tighter stance of international monetary policy may increase external financing costs, pressure African currencies and worsen public debt service. This context may limit economic expansion, especially in economies dependent on energy imports, such as South Africa and Mozambique.

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

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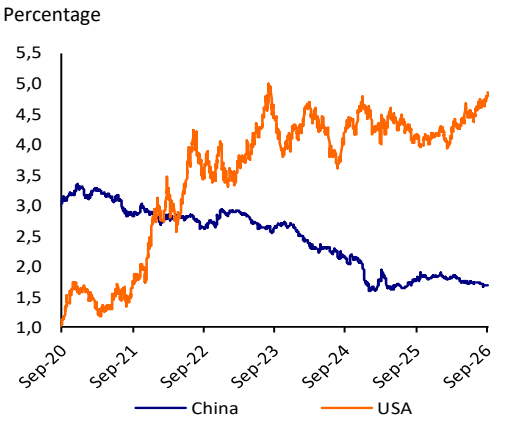
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GLOBAL ECONOMIES

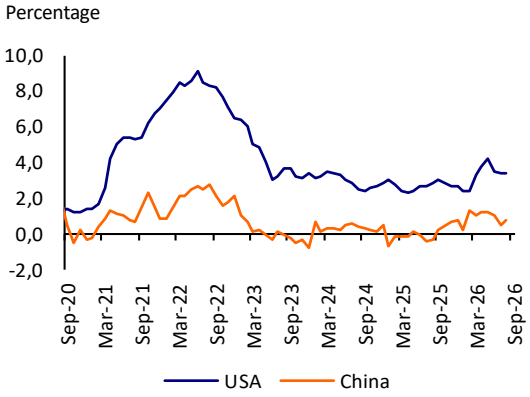


SPOTLIGHT

10-year sovereign debt *yields* of China and USA



Inflation



Sources: Bloomberg, Financial Times

DEBT ISSUANCE IN YUAN REACHES RECORD HIGHS

- **Yuan-denominated debt issuance on international markets reached record levels in 2026, reflecting increased demand for Chinese assets and China's effort to strengthen the international use of its currency.** According to the Financial Times, offshore renminbi financing reached about 1b yuan in 2026, equivalent to approximately USD 149b. Of this amount, about 786.3b yuan corresponded to Dim Sum bonds, i.e., yuan-denominated securities issued outside mainland China, while Pandas bonds, issued in China by foreign entities, accounted for about CNY 231.6b.

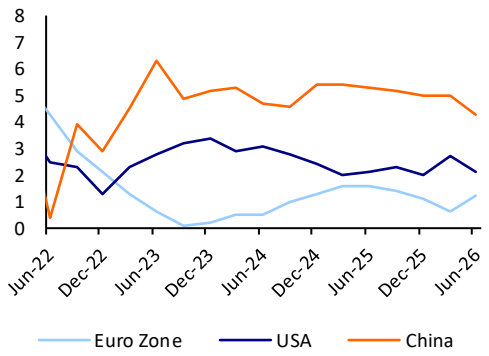
- One of the main factors explaining this growth is the relatively low level of Chinese interest rates. According to Bloomberg, the interest rate on ten-year Chinese sovereign bonds stands at approximately 1.7%, while the rate on US Treasury bonds with the same maturity is 4.9%. This difference makes financing in Yuan cheaper for certain issuers and may encourage international companies and institutions to turn to the Chinese market for financing. The growing demand is also related to the process of internationalization of the renminbi.

- Despite the growth in issuances, the international use of the yuan remains limited when compared to the global size of the dollar. The Financial Times highlights that approximately two-thirds of Dim Sum bond issuers in 2026 are Chinese entities seeking to finance operations abroad. This shows that, although the market is growing, a significant part of the demand remains linked to Chinese companies and institutions. The increase in yuan debt issuance outside China therefore represents a sign of greater internationalization of the Chinese currency and growing investor interest in the country's financial markets. However, for the yuan to be able to assume a more relevant role in the international financial system, it will require a deeper development of offshore markets, greater participation of foreign investors and a greater opening of the Chinese financial system.

MAJOR ECONOMIES: REAL ECONOMY

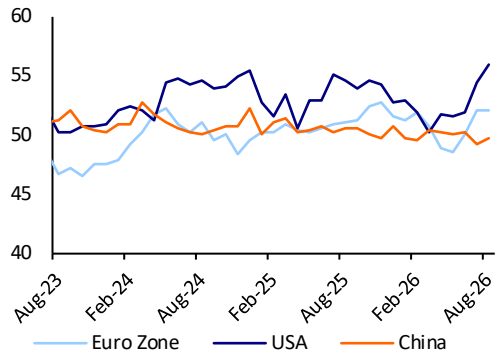
GDP in major economies

Real year-on-year change



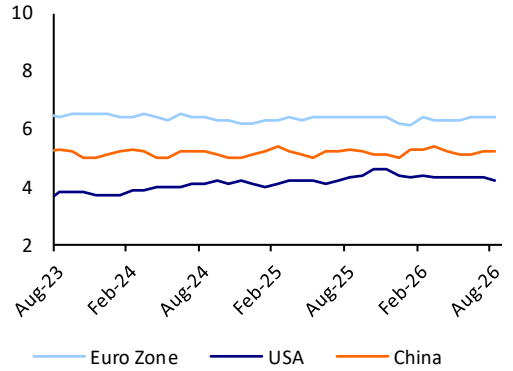
PMI indices in major economies

Index



Unemployment in major economies

Percentage



- The U.S. economy expanded by 2.2% YoY in Q2 2026, down from 2.6% in the previous quarter, while remaining on a growth trajectory. Private consumption, which accounts for approximately two-thirds of GDP, continued to be one of the main drivers of economic activity, growing by 2.5% YoY. Private investment also remained supported by strong demand for technology, digital infrastructure, and artificial intelligence solutions. High-frequency indicators reinforced this positive momentum, with the Composite PMI rising to 58.4 in September, signalling an acceleration in business activity. In the labour market, the unemployment rate remained at 4.2%, while approximately 162,000 jobs were created, highlighting the continued resilience of employment conditions.

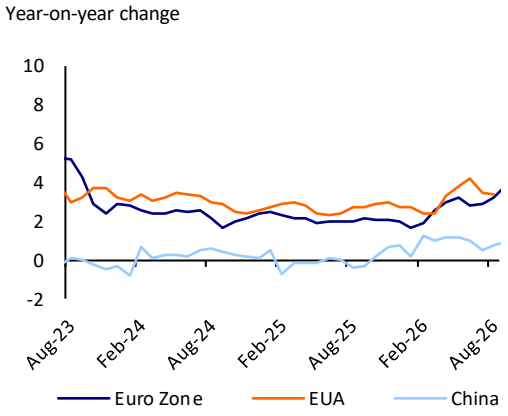
- In the Euro Area, economic activity grew by 1.2% YoY in Q2 2026, supported by a moderate recovery in domestic demand and investment, although the pace of expansion remained relatively subdued. Business activity indicators point to improving economic momentum, with the Composite PMI reaching 53.1 in September, driven by a recovery in manufacturing activity and the continued expansion of the services sector.

- The Chinese economy recorded growth of 4.3% YoY in Q2 2026, down from 5.0% in the previous quarter, reflecting a moderation in the pace of expansion. In August, however, industrial activity showed signs of recovery, with industrial production increasing by 5.2% YoY and the Manufacturing PMI reaching 51.5, indicating a more robust expansion of the manufacturing sector. Despite the recovery in industry, domestic demand remains relatively weak.

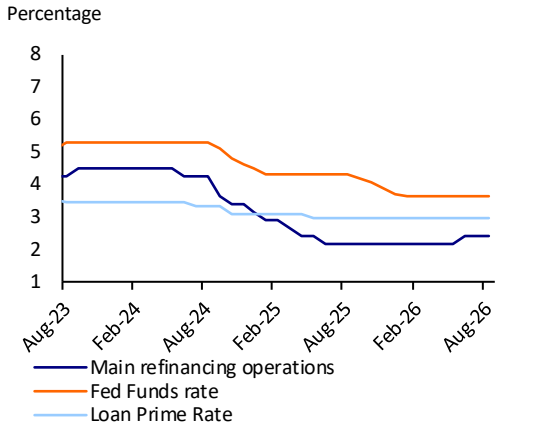
Sources: Bloomberg and FRED

INFLATION AND REAL INTEREST RATE

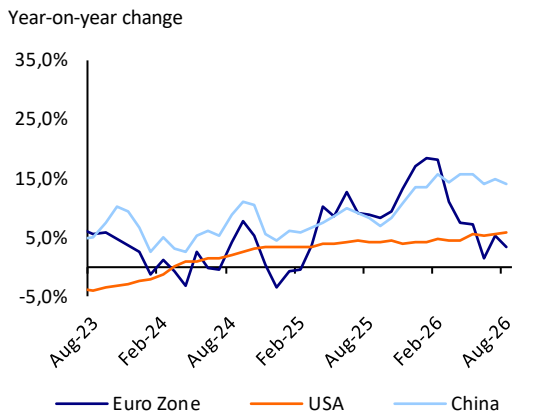
Inflation in major economies



Benchmark interest rates



Year-on-year change in M2



- **Price dynamics continue to differ significantly across the three economies under review.** While the U.S. and the Euro Area continue to face inflation rates above their respective monetary policy targets, China remains in a low-inflation environment characterized by relatively weak domestic demand. Inflation in the U.S. remained at 3.4% YoY in August, unchanged from July, while core inflation eased to 2.4%. Despite this moderation in underlying inflation, price growth remains above the Federal Reserve's target, continuing to be a key consideration for monetary policy. In the Euro Area, inflation accelerated to 3.3% YoY in August, up from 2.9% in July, driven largely by higher refining margins for liquid fuels and rising energy commodity prices. In China, inflation recorded a modest recovery, with the CPI increasing by 0.8% YoY in August, compared with 0.5% in July, reflecting still-moderate domestic demand.

- **In response to the acceleration in inflation and its divergence from target levels, the central banks of the Euro Area and the U.S. have adopted a more restrictive monetary policy stance.** The European Central Bank (ECB) implemented a second adjustment to its key interest rates, setting the deposit facility rate, the main refinancing operations rate, and the marginal lending facility rate at 2.50%, 2.65%, and 2.90%, respectively. Similarly, the Federal Reserve increased its policy rate by 25bp to a target range of 3.75% to 4.00%, following more than three years of unchanged rates. In contrast, the People's Bank of China (PBoC) kept its key policy rates unchanged, with the one-year loan prime rate remaining at 3.0% and the five-year loan prime rate, the benchmark for mortgage lending, remaining at 3.5%.

Sources: Bloomberg, FRED

GLOBAL PERSPECTIVES

Recession Probability 20,0%

EUA	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027
Real GDP (yoy)	2,1%	2,3%	2,0%	2,7%	2,2%	1,8%	2,1%	2,1%	2,3%	2,1%
Industrial Production (yoy)	0,5%	1,7%	1,6%	0,8%	1,5%	1,4%	2,2%	2,2%	1,8%	1,8%
Inflation (yoy)	2,4%	2,9%	2,7%	2,7%	3,9%	3,5%	3,2%	2,2%	2,4%	2,1%
Unemployment Rate	4,2%	4,3%	4,5%	4,3%	4,3%	4,1%	4,2%	4,2%	4,2%	4,2%
Current Account (%GDP)	-4,4%	-4,1%	-3,7%	-3,0%	-2,9%	-3,4%	-3,3%	-3,4%	-3,3%	-3,3%
Central Bank Interest Rate	4,50%	4,25%	3,75%	3,75%	3,75%	4,00%	4,25%	4,28%	4,25%	4,16%
EUR/USD	1,18	1,17	1,17	1,16	1,14	1,13	1,14	1,14	1,15	1,16

Recession Probability 15,0%

CHINA	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027
Real GDP (yoy)	5,2%	4,8%	4,5%	5,0%	4,3%	4,5%	4,5%	4,3%	4,5%	4,5%
Industrial Production (yoy)	6,2%	5,8%	5,0%	5,7%	4,6%	4,9%	4,9%	4,5%	4,5%	4,5%
Inflation (yoy)	0,0%	-0,2%	0,6%	0,8%	1,1%	0,7%	0,9%	1,0%	0,8%	1,0%
Unemployment Rate	5,0%	5,2%	5,1%	5,3%	5,1%	5,3%	5,1%	5,0%	5,1%	5,0%
Current Account (%GDP)	3,2%	3,4%	3,7%	3,7%	3,9%	3,9%	3,8%	3,8%	4,5%	4,5%
Central Bank Interest Rate	3,00%	3,00%	3,00%	3,00%	3,00%	2,98%	2,96%	2,95%	2,93%	2,91%
USD/CNY	7,16	7,12	6,99	6,89	6,79	6,71	6,69	6,66	6,64	6,6

Recession Probability 20,0%

EUROZONE	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027
Real GDP (yoy)	1,5%	1,4%	1,1%	0,6%	1,2%	1,1%	1,1%	1,4%	1,2%	1,2%
Industrial Production (yoy)	1,3%	1,5%	1,9%	-1,8%	-0,1%	0,2%	0,4%	1,6%	1,5%	1,8%
Inflation (yoy)	2,0%	2,1%	2,1%	2,1%	3,0%	3,3%	3,6%	3,3%	2,6%	2,3%
Unemployment Rate	6,4%	6,3%	6,3%	6,4%	6,4%	6,4%	6,3%	6,3%	6,3%	6,2%
Current Account (%GDP)	2,1%	1,8%	1,7%	1,7%	1,7%	1,6%	1,3%	1,4%	1,5%	1,5%
Central Bank Interest Rate	2,00%	2,00%	2,00%	2,00%	2,25%	2,50%	2,70%	2,70%	2,67%	2,62%
EUR/USD	1,18	1,17	1,17	1,16	1,14	1,13	1,14	1,14	1,15	1,16

Sources: Bloomberg

The figures as of Q4 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

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Economic Research Unit

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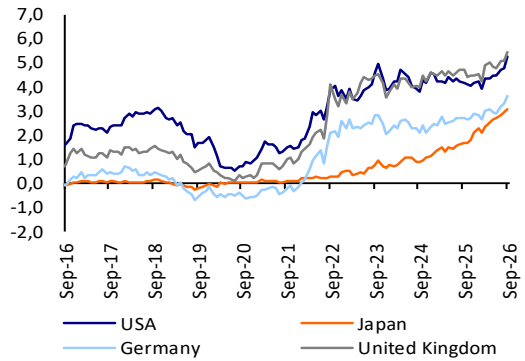
INTERNATIONAL FINANCIAL MARKETS



SPOTLIGHT

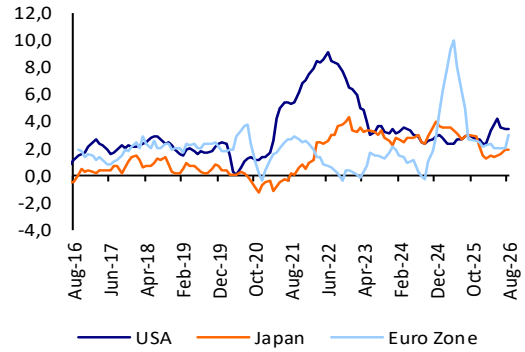
Sovereign debt *yields* of major economies

Percentage



Inflation

Percentage



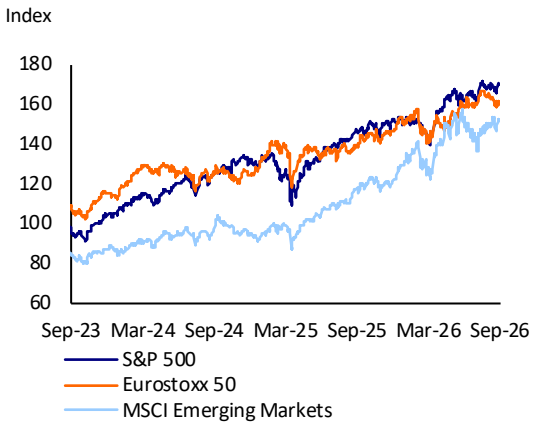
Sources: Bloomberg;

ENERGY CRISIS PUTS UPWARD PRESSURE ON SOVEREIGN BOND YIELDS

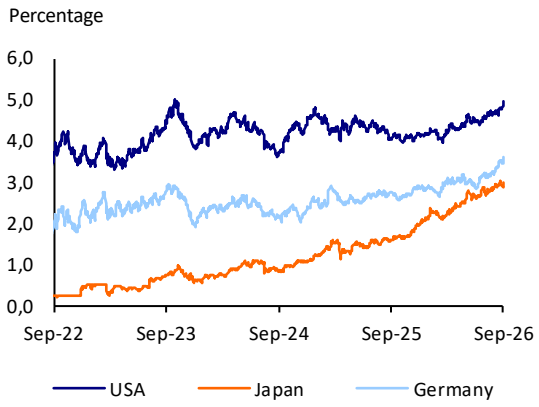
- **Long-term sovereign bond yields across major developed economies remain at historically high levels, reflecting the combination of inflationary pressures, geopolitical risks, fiscal imbalances and changes in monetary policy expectations.**
- In the United States, the yield on 10-year Treasury bonds is approaching 5%, returning to 2008 levels. In the United Kingdom, rates are also approaching 5%, while in Germany they are above 3%. In Japan, sovereign rates are reaching multi-decade highs, reflecting the gradual increase in monetary policy rates and the reduction of government debt purchases by the Bank of Japan after a long period of extraordinarily expansive monetary policy.
- One of the main drivers of this rise is the growing crisis in Iran, which has triggered a new global energy shock. The escalation of the conflict and disruptions in oil and gas supplies have driven energy prices up, reigniting inflationary pressures through rising production, transport, and distribution costs. This environment threatens to prolong inflation above central bank targets, despite the disinflation seen in previous years. As a result, investors have been anticipating tighter monetary policies for longer, including the possibility of further interest rate hikes. At the same time, high-budget deficits, rising public debt, and higher public borrowing are putting pressure on maturity premiums demanded by investors, contributing to higher sovereign yields.
- The main risk lies in the persistence of high interest rates, even in the face of a possible economic slowdown, the increase in the costs of refinancing public debt and the restriction of investment. For emerging economies, such as Angola, this environment may increase external financing costs, pressure sovereign risk premia and limit access to international capital markets.

EQUITIES AND DEBT

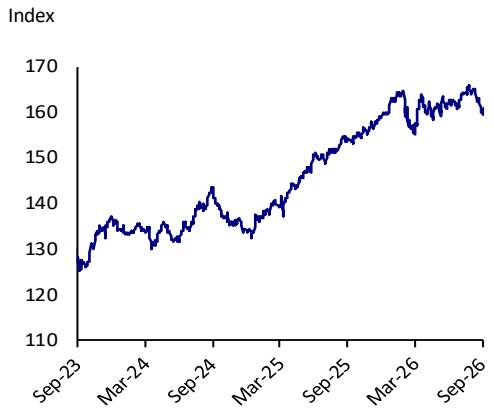
Main stock indices



10-year sovereign debt *yields* of major economies



Emerging economies bond index

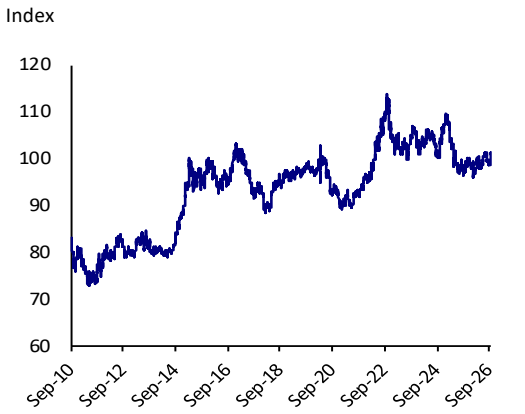


- **The Stock markets continued to deliver positive performance throughout the year, despite the period of uncertainty and the financial market tensions observed.** According to our calculations, the S&P 500 recorded growth of approximately 8.8% in Q3 2026, bringing total cumulative gains to around 13.6% YTD. The Euro Stoxx 50 advanced by 8.8% YTD, while the MSCI Emerging Markets Index posted the strongest performance so far, with cumulative gains of 24.4% YTD.
- Yields on 10-year sovereign bonds in the U.S., Germany, and Japan have continued to rise significantly, reflecting concerns over inflation, increasing government financing requirements, and expectations that monetary policy will remain relatively restrictive. In the U.S., the 10-year Treasury yield surpassed 5.0%, driven, among other factors, by concerns regarding inflation and the future path of Federal Reserve interest rates. In Germany, the yield on the 10-year Bond stood at approximately 3.60% at the time of analysis, compared with around 2.76% at the end of 2025. In Japan, the 10-year government bond yield reached 3.1%, its highest level in approximately three decades. This increase primarily reflects the Bank of Japan's monetary policy stance, as well as rising inflation expectations and higher public financing needs.

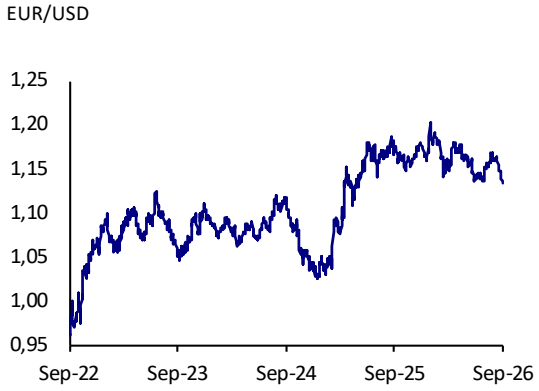
Sources: Bloomberg; Lazard Asset Management; Yahoo Finance; IMF

FOREIGN EXCHANGE AND MONETARY MARKET

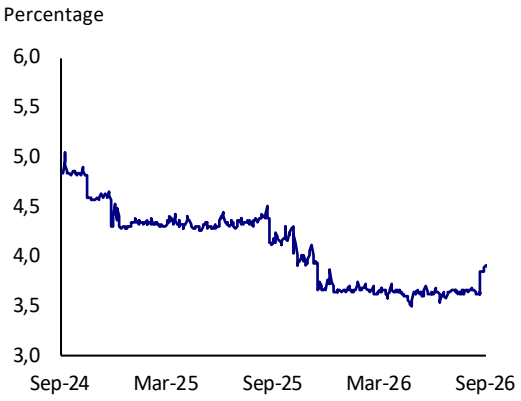
Dollar Index



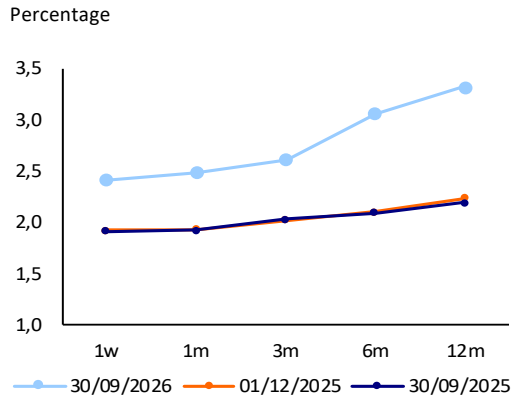
Exchange rate of the Dollar against the Euro



Money Market Interest Rate Dollar (SOFR 12M)



Money market interest rates Euro (Euribor)



Sources: Bloomberg

- **The dollar maintains an upward trend in the short term, with the DXY near multi-month highs and EUR/USD around 1.13, supported by rising US Treasury yields and expectations of a restrictive monetary policy for longer.** The November midterm elections are an additional factor of uncertainty, as a possible change in the composition of Congress could condition the Trump administration's fiscal agenda. The impact on the dollar will depend mainly on the implications for growth, inflation and interest rate differentials, and could generate greater currency volatility in the election period.
- The SOFR O/N stands at around 3.87%, reflecting the persistence of tight monetary conditions. Rising yields and downward revision of expectations of interest rate cuts continue to support short-term financing costs. Euribor maintains an upward trajectory, with 3, 6 and 12 month rates at around 2.61%, 3.01% and 3.31%, respectively. This development reflects the reassessment of expectations for the ECB's monetary policy, given the inflationary risks associated with energy prices.

MARKETS OUTLOOK

FOREIGN EXCHANGE MARKET	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	YTD	YOY	QOQ	Q4 2026	1T 2027	2T 2027	3T 2027	dez/28	dez/29
EUR/USD	1,17	1,17	1,16	1,14	1,13	-3,2%	-3,4%	-0,8%	1,14	1,14	1,15	1,16	1,16	1,19
GBP/USD	1,34	1,34	1,35	1,33	1,33	-1,0%	-1,3%	0,0%	1,33	1,32	1,33	1,34	1,33	1,34
USD/JPY	147,90	156,70	160,00	162,55	157,41	0,5%	6,4%	-3,2%	156,00	155,00	153,00	152,00	145,00	141,00
Dólar Index (DXY)	97,78	98,32	98,70	101,19	101,45	3,2%	3,8%	0,3%	101,00	100,20	99,40	98,40	98,30	98,30

MONEY MARKET	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	YTD	YOY	QOQ	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27	Q1 28
Euribor 3M	2,0%	2,0%	2,2%	2,3%	2,6%	28,9%	29,4%	13,4%	274,0%	2,8%	2,7%	2,6%	2,5%	2,4%
SOFR 3M	3,7%	3,7%	3,7%	3,7%	4,0%	10,1%	9,6%	8,2%	4,1%	4,2%	4,1%	4,0%	4,0%	3,8%
FED rate upper limit	4,3%	3,8%	3,8%	3,8%	4,0%	6,7%	-5,9%	6,7%	4,3%	4,3%	4,3%	4,2%	4,1%	3,9%
FED rate lower limit	4,0%	3,5%	3,5%	3,5%	3,8%	7,1%	-6,3%	7,1%	4,0%	4,0%	4,0%	3,9%	3,8%	3,6%
ECB - Main refinancing rate	2,2%	2,2%	2,2%	2,4%	2,7%	23,3%	23,3%	10,4%	2,8%	2,8%	2,8%	2,7%	2,6%	2,5%
ECB - Deposite rate	2,0%	2,0%	2,0%	2,3%	2,5%	25,0%	25,0%	11,1%	2,7%	2,7%	2,7%	2,6%	2,5%	2,4%
BOE rate	4,0%	3,8%	3,8%	3,8%	3,8%	0,0%	-6,3%	0,0%	3,9%	4,0%	3,9%	3,8%	3,7%	3,5%

SOVEREIGN DEBT	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	YTD	YOY	QOQ	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27	Q1 28
USA 10-Year	4,2%	4,8%	4,9%	4,5%	5,3%	9,4%	26,7%	17,9%	4,9%	4,8%	4,7%	4,7%	4,6%	4,5%
Germany 10-Year	2,7%	2,9%	3,1%	2,9%	3,5%	20,9%	28,0%	21,4%	3,4%	3,3%	3,3%	3,2%	3,1%	3,1%
Japan 10-Year	1,8%	2,2%	2,5%	2,7%	3,0%	34,5%	68,4%	12,2%	3,0%	3,1%	3,1%	3,1%	3,1%	3,1%
UK 10-Year	4,7%	4,5%	5,0%	4,8%	5,4%	20,4%	15,4%	13,9%	5,1%	5,0%	4,8%	4,7%	4,6%	4,4%
China 10-Year	1,9%	1,8%	1,7%	1,7%	1,7%	-9,3%	-11,2%	-4,3%	1,8%	1,7%	1,7%	1,7%	1,7%	1,7%

COMMODITIES	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	YTD	YOY	QOQ	Q4 26	Q1 27	Q2 27	Q3 27	dez/28	dez/29
Brent	67,0	65,7	112,3	108,3	95,0	64,8%	69,4%	-3,6%	103,0	97,1	92,7	88,6	79,9	74,6
WTI	62,4	60,8	100,7	69,5	95,4	14,3%	14,3%	-31,0%	93,5	89,9	86,3	82,6	74,6	69,4
Natural Gas	93,7	104,9	101,3	137,8	238,1	31,3%	48,7%	36,1%	218,9	198,9	155,6	150,0	102,9	81,4
Gold	3.859	5.065	4.571	4.008	4.096	-20,9%	21,9%	-12,3%	40.167	4.215	4.267	4.323	4.522	4.785

Sources: Bloomberg

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