2

MACROECONOMIC FRAMEWORK

2.1. World Economy

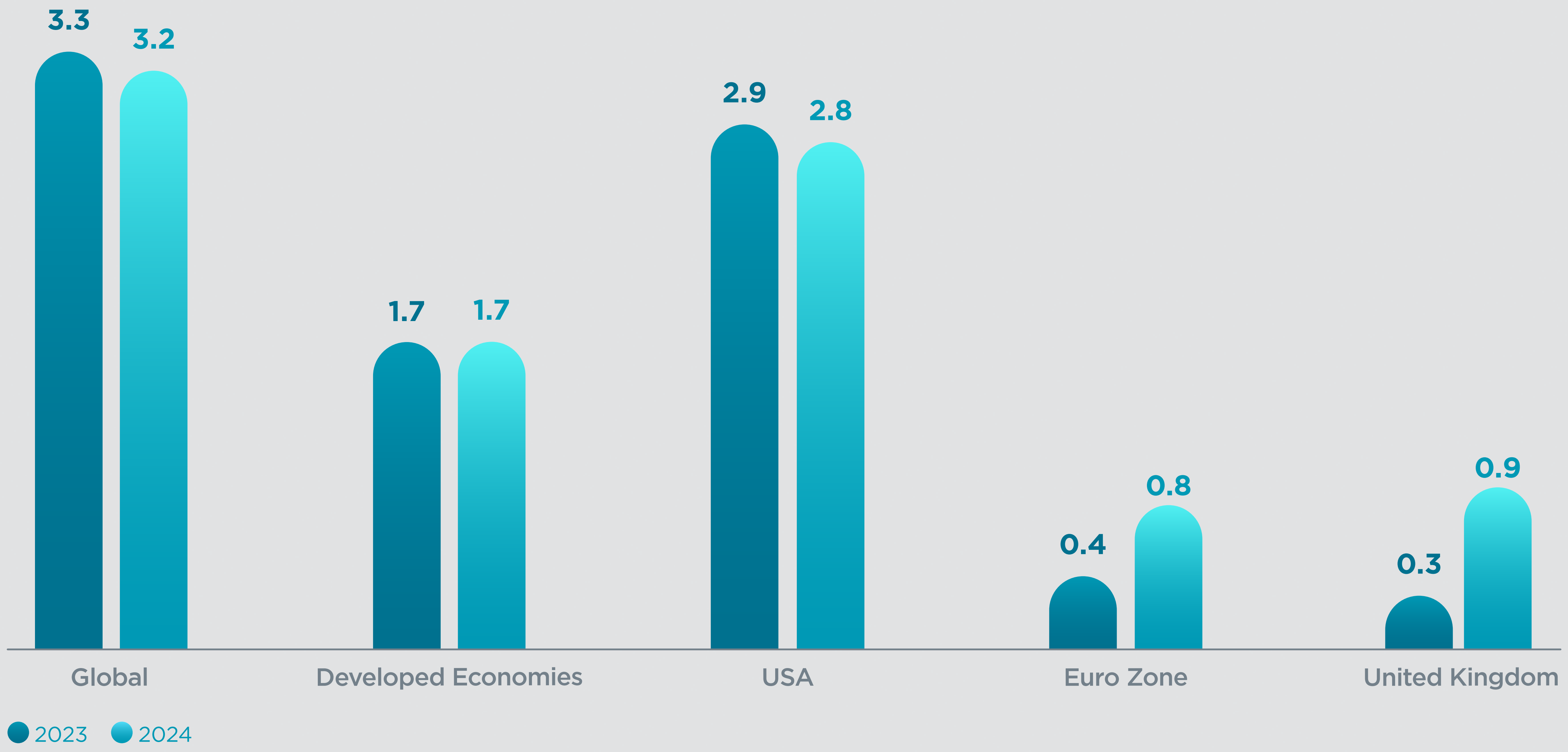
Growth in the global economy was robust and stable throughout 2024, driven by a less restrictive monetary policy in the US and Europe, in line with the slowdown in inflation, the expansion of world trade, and a more accommodating fiscal policy in Japan and the UK. Moderating the growth dynamics were the conflicts in the Middle East and Eastern Europe, which constrained greater investment in the countries of these regions (Chart 1).

The International Monetary Fund (IMF) has estimated growth of 3.2% for the world's real Gross Domestic Product (GDP) in 2024, slightly below the 3.3% recorded in 2023, according to the January 2025 update of the World Economic Outlook. Forecasts for economic growth showed a divergent trend at the regional level in 2024. In the Advanced Economies, the IMF forecast real GDP growth of 1.7%, with the US leading the way with 2.8%, followed by the Other Advanced Economies (2.0%), while the Euro Zone could show a more moderate expansion of 0.8%. The same institution forecast growth of 4.2% for Emerging and Developing Economies, led by India (6.5%) and China (4.8%).

Global trade recovered in 2024, driven mainly by rising stocks, although manufacturing activity remained subdued in some Advanced Economies. The World Bank has estimated growth of 2.7% for global trade, a significant increase on the 0.8% recorded in 2023.

In the oil market, demand and supply followed an upward trend. According to the Organisation of the Petroleum Exporting Countries (OPEC), global demand in 2024 was 103.75 million barrels/day, an annual reduction of 1.54 million barrels/day. On the other hand, supply increased by 1.33 million barrels/day to 53.17 million barrels/day. The price of a barrel of Brent oil, the benchmark for Angola's oil exports, was traded at an average price of USD 74.64 per barrel in 2024, down from USD 77.04 per barrel in 2023.

Chart 1: Growth Rates of the World Economy (%)



Soucer: IMF, *World Economic Outlook*, January 2025

The stock markets recorded significant gains, driven by the easing of monetary policy, the positive performance of technology companies – especially due to the growth of Artificial Intelligence (AI) – and the outcome of the U.S. elections. In the US, the tech-heavy Nasdaq and the Dow Jones rose by 28.64% and 12.88%, respectively. In Europe, the FTSE 100 (UK) recorded a 5.69% increase, while in Asia the CSI 300 (China) rose 14,68%. On the foreign exchange market, the US dollar appreciated against the main rival currencies, driven by the strength of the US economy, geopolitical tensions and political instability on the European continent, and by the geopolitical conflict in the Middle East. The USD Index increased by 7.06% and the US Dollar appreciated by 6.21% against the Euro.

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Financial Market Performance

Market	Dec./24	Dec./23	%
Stock exchange		**Shareholders**	
Dow Jones (USA)	42,544.22	37,689.54	12.88%
Nasdaq (USA)	19,310.79	15,011.35	28.64%
FTSE 100 (England)	8,173.02	7,733.24	5.69%
CSI 300 (China)	3,934.91	3,431.11	14.68%
MSCI World (Global)	3,707.84	3,169.18	17.00%
MSCI Emerging Markets	1,075.48	1,023.74	5.05%
Exchange		**Rate**	
USD Index	108.487	101.33	7.06%
EUR/USD	1.035	1.104	-6.21%
GBP/USD	1.252	1.27	-1.69%
Quotation		**Raw materials**	
Brent	74.64	77.04	-3.12%
WTI	71.72	71.65	0.10%
Gold	2,624.50	2,062.98	27.22%
Silver	28.90	23.80	21.46%
Platinum	907.55	991.90	-8.50%
Monetary Interbank		**Rates**	
EURIBOR USD 1M	2.85	3.85	-0.26
EURIBOR USD 3M	2.71	3.91	-0.31
SOFR USD 1M	4.33	5.35	-1.02
SOFR USD 3M	4.31	5.33	-1.02
Countries		**10-year debt yield**	
USA	4.569	3.8791	18%
Germany	2.367	2.024	17%
Japan	1.085	0.608	78%
United Kingdom	4.5649	3.5298	29%
China	1.667	2.557	-35%

Source: Bloomberg

2.2. Angolan Economy

In 2024, the Angolan economy maintained the growth trajectory observed over the past two years, recording the highest level of real GDP growth since 2015. According to the *Instituto Nacional de Estatística* (INE), GDP grew by 4.4% year-on-year, driven mainly by the Mining of diamonds, metallic minerals and other non-metallic minerals (+44.8%), Fishing (+12.2%), Transport and Storage (+10.4%), Agriculture and Forestry (+3.5%), and the Oil sector (+2.8%). The Banco Nacional de Angola (BNA) has estimated economic growth of 4.4% for 2024, driven by the oil sector (+3.6%) and the non-oil sector (+4.8%) (Chart 2).

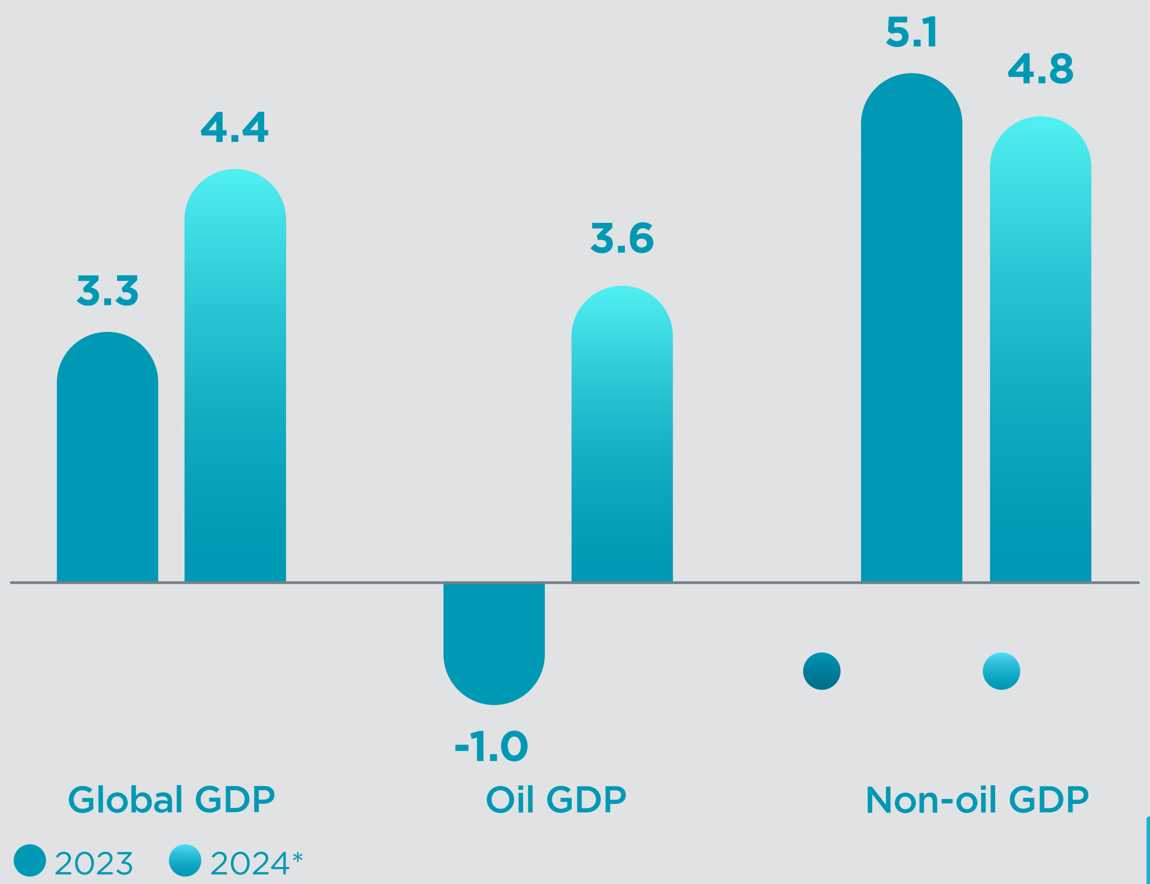
Regarding inflation, according to INE data, the year-on-year rate stood at 27.5% in 2024, up from 20.0% in 2023. This increase was driven by several factors, namely: i) exchange rate depreciation; ii) adjustment of urban public transport and shared taxi fares; iii) increase in the price of diesel per litre; iv) rise in tuition fees at both public and private schools; v) higher telecommunications service prices; and vi) reduced supply of agricultural goods in Q1 (Chart 3).

With regard to public Financials, oil tax revenues in 2024 stood at AOA 9,248.8 billion, a year-on-year increase of 28.7%, according to figures from the Ministry of Financial. The performance was driven by a 4.6% increase in oil production, which reached 413.4 million barrels, outweighing the effect of the 1.9% reduction in the average price, which stood at USD 79.95 per barrel. The amount collected corresponds to 92.0% of the forecasts in the 2025 State Budget, which estimates revenue of AOA 10,054.8 billion in 2024.

The fiscal deficit stood at 1.46% of GDP in 2024, below the surplus of 0.02% of GDP in 2023, in line with the acceleration in the execution of current expenditure in the period in question. Following the opposite trend was the public debt ratio, which stood at 70.9% of GDP in 2024, down from 89.4% in 2023, according to the 2025 State Budget. The reduction in the indicator may have been driven by the moderation of exchange rate depreciation, nominal GDP growth, and a decrease in the stock of external debt from USD 49.32 billion in 2023 to USD 46.44 billion in 2024. The performance of public Financials, combined with the State's commitment to meeting its debt service obligations and the sustained stability of International Reserves, contributed to the maintenance of the Country's rating by the main international agencies.

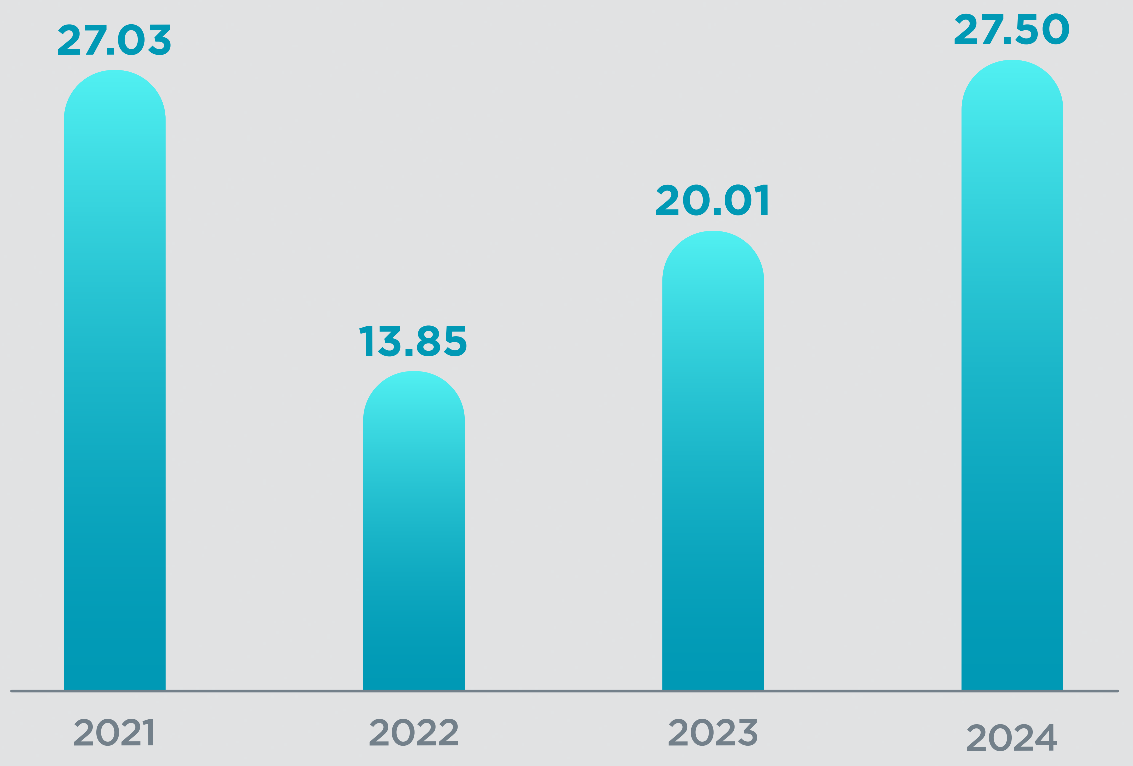
In the external sector, the goods account balance reached USD 22.6 billion in 2024, representing 2.29% of GDP and an increase of 3.7% over the previous year. According to the BNA, the increase in the goods account surplus was mainly the result of a 5.9% decline in imports to USD 14.2 billion. In the same period, exports fell by 0.2% to USD 36.8 billion, pressured by the fall in oil prices in the international markets. International reserves at the end of 2024 stood at USD 15.77 billion, an annual increase compared to the 2023 figure of USD 14.73 billion, driven by the appreciation of gold and the increase in returns on financial investments (Chart 4).

Chart 2: Economic Growth (%)



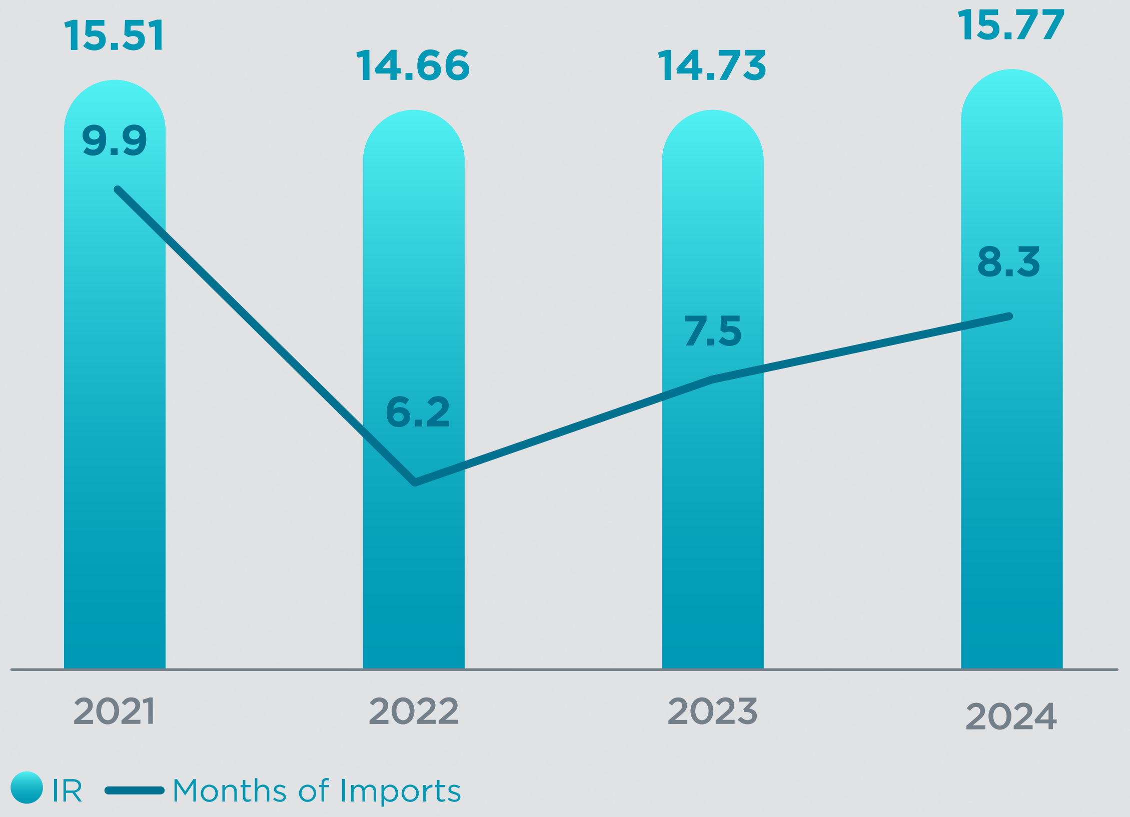
Source: 2025 SB Proposal. *BNA

Chart 3: Year-on-year inflation rate (%)



Source: INE

Chart 4: International Reserves (USD billion)



Source: BNA

2.3. Financial Markets

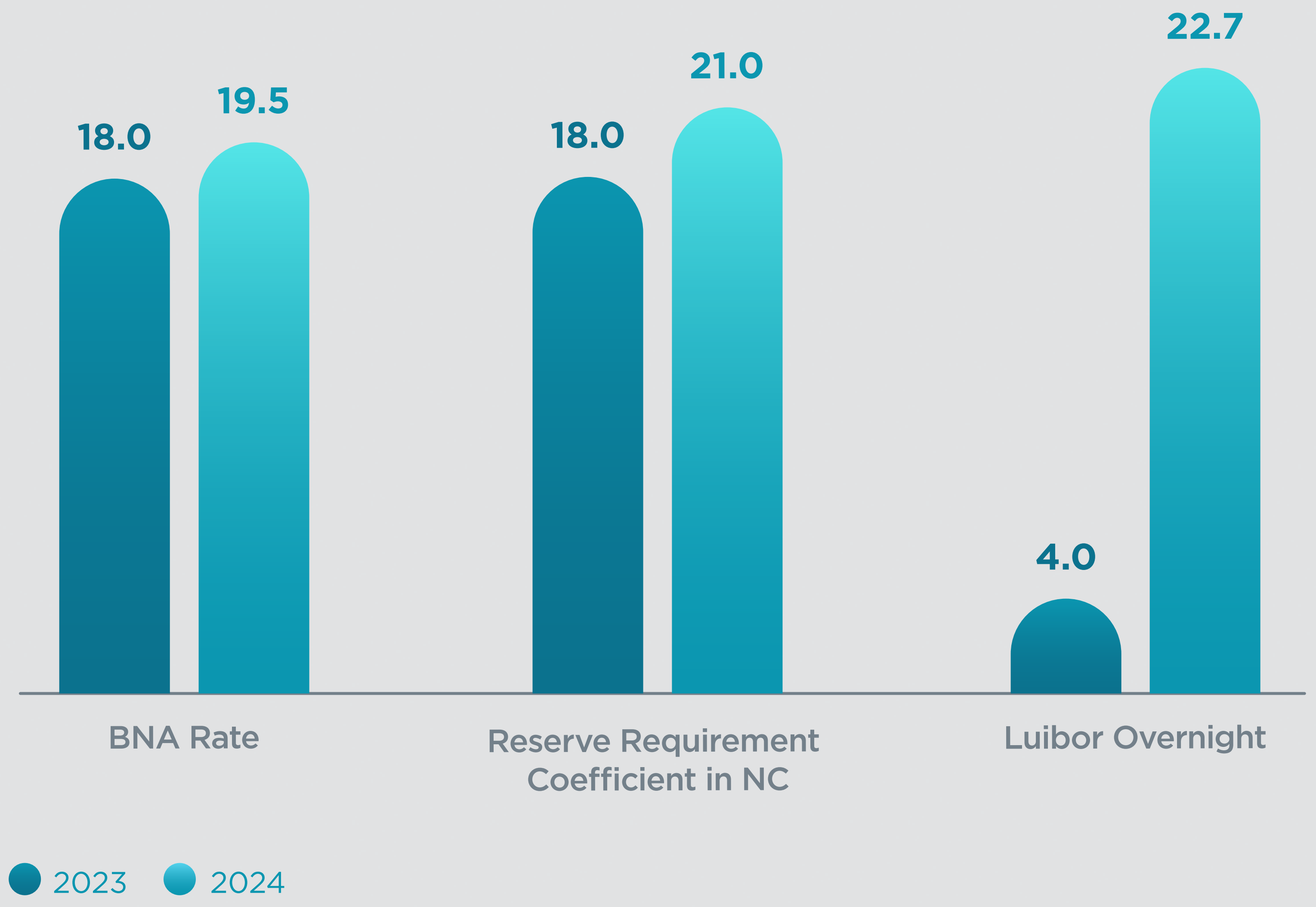
The money supply, measured by the M2 monetary aggregate, stood at AOA 16,665.0 billion in 2024, an increase of 6.5% year-on-year. In national currency, M2 increased by 9.9% to AOA 10,039.2 billion, driven by growth in Notes and Coins Held by the Public (3.0%), Demand Deposits (8.9%) and Term Deposits (12.9%).

The BNA's benchmark interest rates recorded an upward trend – particularly the BNA Rate, which stood at 19.5%, an annual increase of 1.5 p.p. – a more restrictive monetary policy stance, in line with keeping the inflation rate at a high level. Following the same trend, the Standing Deposit Facility Rate increased by 2 p.p. to 20.5%, and the Reserve Requirement Ratio in national currency increased by 3 p.p. to 21.0%.

Interest rates on the Interbank Money Market rose by an average of 11.3 p.p., most notably Luibor Overnight, which increased by 19 p.p. to close the year at 22.7%, the highest level since 2016 (Chart 5).

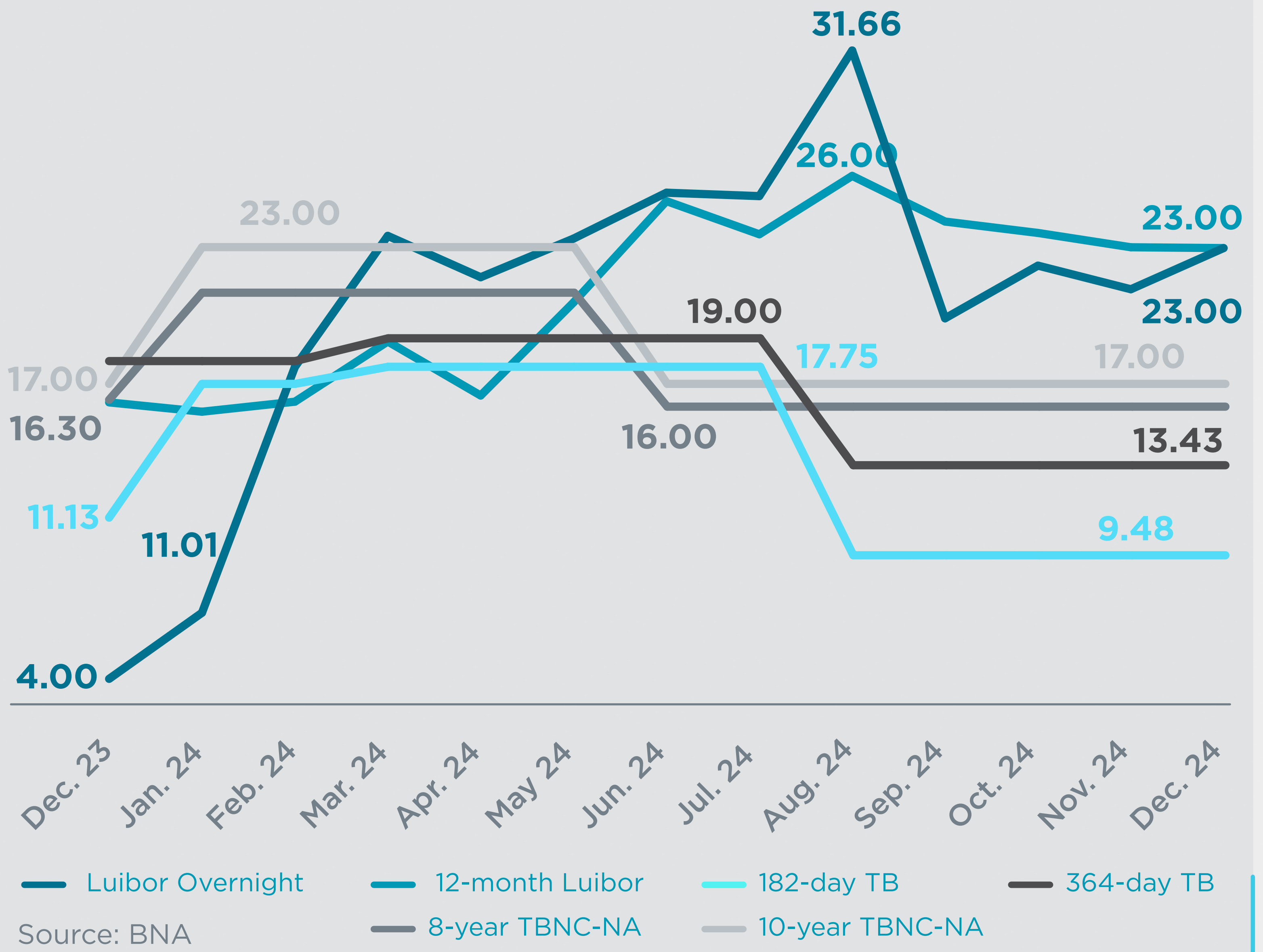
In the primary public debt market, there was a reduction in interest rates on shorter maturity Treasury Securities. Treasury Bills with a maturity of 364 days fell from 16.35% to 13.43% between December 2023 and 2024. However, the rates on long-term securities increased, particularly the 8-year Non-Readjustable Treasury Bonds, which accelerated from 16.30% in December 2023 to 21.0% in April 2024, the latest figure disclosed by the BNA (Chart 6).

Chart 5: Key Monetary Indicators (%)



Source: BNA

Chart 6: Short-, Medium- and Long-Term Interest Rates (%)



Source: BNA

On the foreign exchange market, USD 10.8 billion was made available in 2024, an increase of USD 970 million compared to 2023. Of this amount, USD 5.5 billion was purchased on the Bloomberg platform, USD 1.97 billion from the National Treasury, the BNA made USD 953.5 million available to the market and USD 2.4 billion was made available by Customers operating outside the Bloomberg platform (Chart 7).

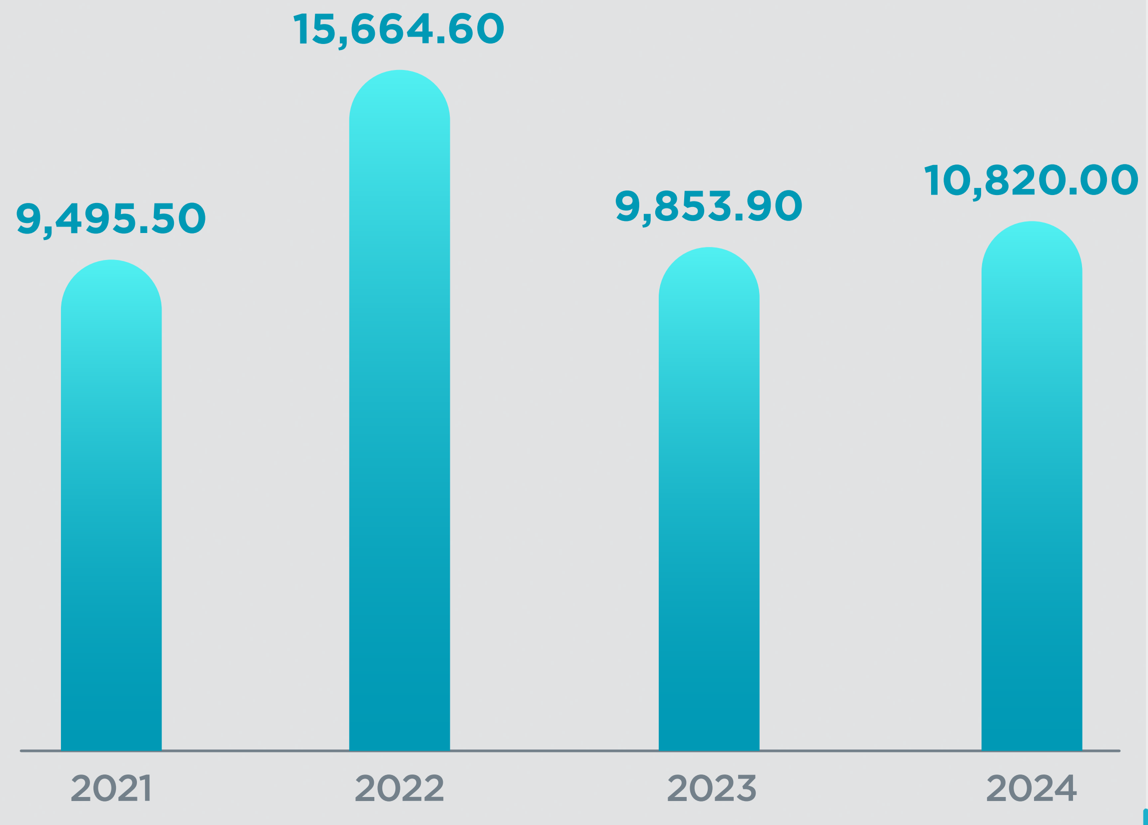
The foreign exchange rate depreciated by 9.1% in the year under review, standing at USD/AOA 912, which is lower than the 39.2% depreciation recorded in 2023 (Chart 8).

With regard to the amount of Treasury Securities traded on the secondary market, in 2024, there was a total of AOA 6,052.8 billion, an annual decrease of 21.1%. Of this total, AOA 5,333.5 billion were traded bilaterally (88.1%), while the remaining AOA 719.3 billion were traded multilaterally (Chart 9).

Moreover, during the year under review, there were Offers for Sale (OFS) by companies such as ENSA - Seguros de Angola, which issued 720,000 ordinary shares, corresponding to 30.0% of its share capital. The operation resulted in the collection of AOA 8,973.7 million at AOA 12,499.8 per share. BODIVA also carried out an OFS of 30.0% of its share capital, which resulted in total proceeds of AOA 2,386.6 million.

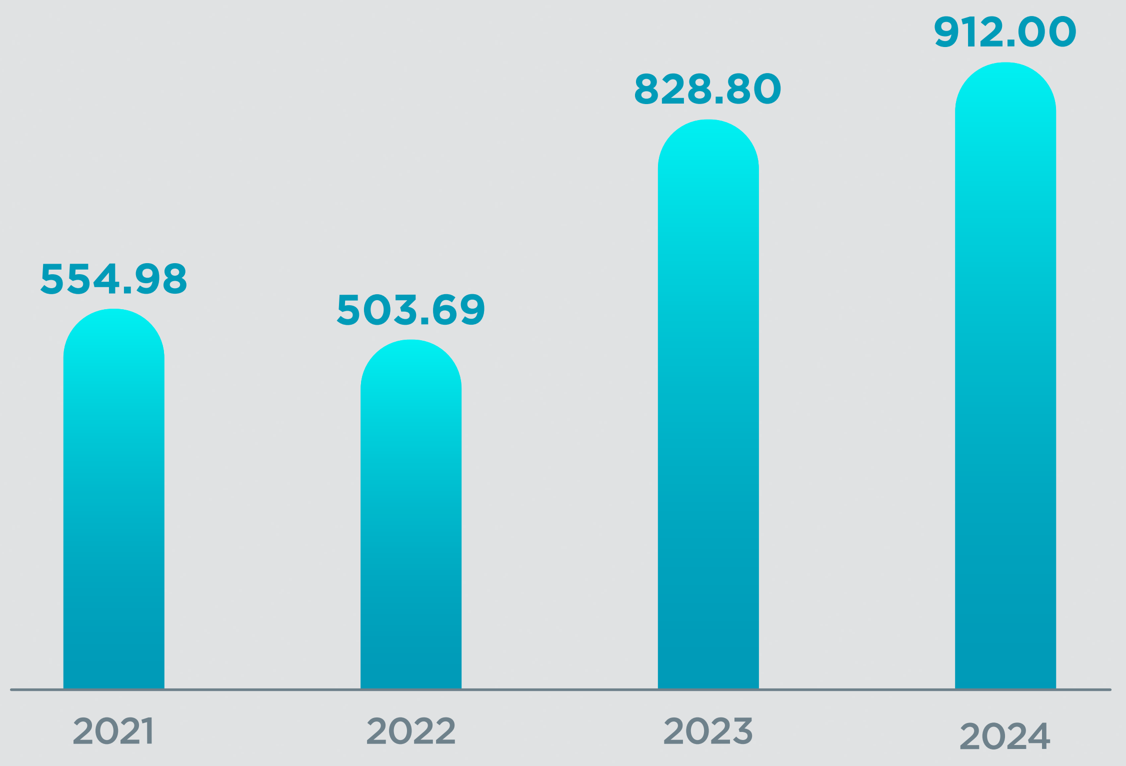
Eurobond yields fell by an average of 9.2 basis points. Of particular note are the yields on Eurobonds maturing in 2025 and 2028, which went from 10.3% and 10.5% in 2023 to 8.9% and 10.3% in 2024, respectively.

Chart 7: Sale of Foreign Currency (USD million)



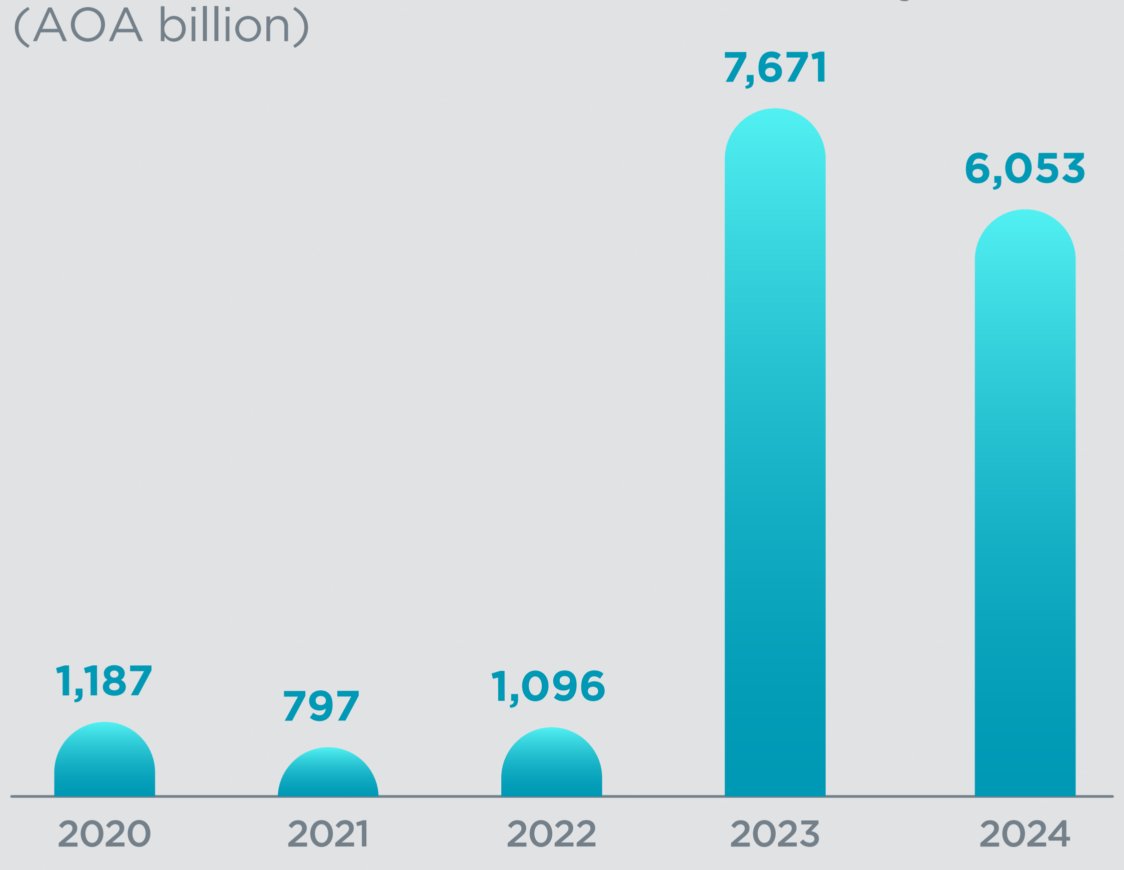
Source: BNA

Chart 8: Evolution of the USD/AOA exchange rate, end of period (%)



Source: BNA

Chart 9: Transactions on the Secondary Market (AOA billion)



Source: BODIVA

During the year under review, there were Offers for Sale (OFS) by companies such as **ENSA - Seguros de Angola**, and **BODIVA**. Both issued shares equivalent to 30.0% of their share capital, resulting in a combined capital raise of approximately **AOA 11.4 billion**