

EAGLESTONE SECURITIES

The Angolan Economy

Growth Accelerates, Fiscal Pressures Persist

Research
November 2026

Economics
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Non-oil sector drives a growth acceleration
Economic growth in Angola accelerated sharply in 2026, after slowing to 3.1% in 2025. Real GDP expanded 7.2% YoY in H1 2026 (8.7% in Q2, the fastest pace since 2022), driven by a buoyant non-oil sector led by telecoms, diamonds, hospitality, and electricity. The government now expects GDP growth of 5.6% in 2026 (vs. 4.2% budgeted) and 5.5% in 2027, with non-oil activity (+7.2%) more than offsetting a 3.8% contraction in oil and gas as crude output falls to 1.0 mbd. These projections sit well above the 3.3% consensus of the IMF, World Bank, and AfDB.

Inflation back in single digits
Annual inflation ended 2025 at 15.7%, down from 27.5% in 2024, and fell to 8.4% in September 2026, its lowest level since at least 2021. Food prices still dominate CPI movements. Inflation is forecast to end 2026 at 8.6% and ease further to 7.3% in 2027, supported by a stable kwanza, which has allowed the central bank to cut its policy rate to 14.75%.

Oil windfall fails to narrow the fiscal deficit
The 2026 fiscal deficit is now projected at –4.5% of GDP (vs. –2.8% budgeted), as higher oil prices (US$87.4/bbl vs. US$61 budgeted) were more than absorbed by surging fuel subsidies, goods and services, and interest payments. The 2027 budget totals AKZ 37,337 billion, aiming for a deficit of –4.1% of GDP and a primary surplus of 0.5%, with total revenues at 13.3% of GDP and expenditures at 17.4%. Oil revenues are expected to fall back below 50% of total revenues, while interest payments become the largest expenditure item.

Public debt broadly stable, but interest burden rising
Public debt is projected at 47.8% of GDP in 2026, broadly unchanged from 48.5% in 2025, as rising state-owned enterprise debt offset strong growth. External debt represents roughly 70% of government debt. The debt-to-revenue ratio is expected to ease to 303% in 2026, but interest payments are set to jump to 34.3% of revenues in 2027 (25.4% in 2026), reflecting the higher cost of recent external issuance.

A prudent oil price assumption
The 2027 budget proposal assumes oil at US$71/bbl, below most market forecasts, as Gulf supply flows are expected to recover in 2027. Geopolitical risks cut both ways. Sensitivity analysis indicates that if oil prices reach US$87/bbl and production is 8% above budget projections, revenues could rise 13.8% from current estimates, reducing the 2027 deficit to –2.3% of GDP. Conversely, oil at US$55/bbl and output 8% below projections could lower revenues by 13.8%, pushing the deficit to –6.0% of GDP.

Fiscal outlook to remain challenging
Angola's outlook reflects increasingly non-oil-driven growth, but fiscal consolidation has stalled, with subsidy costs, an election-year budget, and a rising interest bill weighing on public finances. As a result, resuming fuel subsidy reform, broadening the non-oil tax base, and managing debt service remain critical to sustaining growth and macroeconomic stability.

BUDGET PROPOSAL

Macroeconomic Projections

Economic growth accelerated sharply in H1 2026, led by the non-oil sector

Angola's economic momentum strengthened markedly in 2026, after growth slowed to 3.1% in 2025. INE's latest data show real GDP rising 7.2% YoY in H1 2026, with growth accelerating from 5.3% in Q1 to 8.7% in Q2, the fastest pace since Q2 2022. The non-oil economy expanded 9.2% in Q2, while the oil sector (including gas) grew 5.6%, a sharp turnaround from the 5.2% contraction recorded in 2025, when non-oil growth of 5.1% only partly offset the decline in hydrocarbons.

Oil production continues to be impacted by project delays and low operational efficiency

Oil output, however, continues to disappoint. The government has revised its 2026 crude production estimate to 1.046 mbd (vs. 1.050 mbd budgeted), citing the underperformance of some projects and low operational efficiency at certain production facilities, which delayed new wells and interventions across several blocks. Gas production is also set to fall short at 151.5 thousand boe/day (vs. 178.0 thousand). Meanwhile, non-oil activity is being led by telecoms (+27.3%), diamonds and other minerals (+17.7%), hospitality (+14.2%), electricity and water (+12.7%), financial services (+12.5%), and manufacturing (+11.3%).

The 2027 budget proposal assumes that real GDP growth will reach 5.6% this year

The 2027 draft budget marks a significant upward revision to the outlook. Growth for 2026 is now pegged at 5.6%, up from 4.2%, driven by a sharp reassessment of the non-oil sector to 6.4% (previously 4.7%). Growth in oil and gas was trimmed to 0.4% from 1.1%. On the price side, Angolan crude is now expected to average US$87.4/bbl in 2026, well above the US$61 assumed in the 2026 Budget.

Headline GDP growth expected to remain strong at 5.5% in 2027

For 2027, the government expects headline GDP growth of 5.5%, sustained entirely by a 7.2% expansion in the non-oil economy, which should offset a 3.8% contraction in hydrocarbons (crude –4.3%, gas +0.3%). Notably, these projections sit well above the 3.3% forecast by the IMF, World Bank, and AfDB, with the IMF pointing to non-oil growth of just 3.2% next year.

REAL GDP GROWTH	2020	2021	2022	2023	2024	2025	2026 (1)	2026 (2)	2027 (1)
Real GDP Growth	**-5.3%**	**1.1%**	**3.6%**	**1.3%**	**5.0%**	**3.1%**	**4.2%**	**5.6%**	**5.5%**
- Oil and Gas	-6.7%	-11.5%	5.0%	-2.4%	3.3%	-5.2%	1.1%	0.4%	-3.8%
Oil	-8.1%	-11.5%	1.1%	-3.4%	2.4%	-7.7%	-0.9%	0.9%	-4.3%
Gas	-12.8%	10.3%	-11.7%	11.0%	-0.4%	33.9%	12.7%	-3.9%	0.3%
- Non-oil	-3.1%	6.6%	4.0%	2.2%	5.4%	5.1%	4.7%	6.4%	7.2%
Agriculture	5.5%	5.1%	3.8%	2.7%	6.2%	3.7%	6.6%	3.5%	6.9%
Fishing	-6.1%	46.4%	4.2%	2.8%	3.2%	0.3%	8.5%	11.0%	10.2%
Extractive Industry	-11.0%	10.4%	5.4%	12.2%	44.1%	8.4%	9.5%	17.7%	15.8%
Manufacturing	4.8%	6.1%	3.0%	5.4%	4.2%	10.5%	5.3%	11.3%	8.8%
Construction	-25.8%	-6.7%	5.5%	-1.5%	2.3%	2.9%	1.4%	4.1%	5.0%
Energy	2.9%	1.8%	5.0%	5.3%	4.0%	1.0%	5.5%	12.7%	9.1%
Commerce	3.5%	14.0%	1.1%	2.4%	1.5%	2.4%	3.9%	4.7%	4.9%
Other (Administrative Public Sector)	2.8%	-6.3%	-0.9%	1.3%	4.1%	0.1%	5.0%	4.4%	8.2%

(1) Budget Proposal; (2) Estimate. Source: Angolan authorities.

Annual inflation fell to single digits in 2026 and is expected to end the year at 8.6%

Annual inflation ended 2025 at 15.7%, below the 17.5% assumed in the 2025 Budget and well below the 27.5% recorded in 2024. Disinflation continued throughout 2026, with the annual rate easing from 14.6% in January to 8.4% in September, its lowest level since at least January 2021. A diesel price hike to 420 AKZ/liter in June had a limited impact on prices. Softer food prices have been key to relieving pressure on the CPI, although food and non-alcoholic beverages still accounted for 68.5% of annual inflation in September. Lower inflation allowed the central bank to cut its policy rate from 18.5% to 14.75%.

The 2027 budget proposal assumes that oil prices will average US$71, and crude production will decline to 1.0 mbd

Looking ahead, inflation is projected to end 2026 at 8.6% (vs. 13.7% in the 2026 Budget) and ease further to 7.3% by end-2027, supported by a stable kwanza at around 913–917 AKZ/US$. On the fiscal side, the 2027 budget proposal assumes an average oil price of US$71/bbl, above the US$61 benchmark used in the 2026 Budget but well below the government's updated US$87.4/bbl estimate for this year, reflecting a cautious stance given uncertainty over the reopening of the Strait of Hormuz. Daily crude output is expected to fall from 1.046 mbd in 2026 to 1.001 mbd in 2027, a 4.3% decline, underscoring continued pressure on hydrocarbons production.

Several new wells are expected to come onstream

Despite the projected drop in overall oil output in 2027, the government expects new wells and interventions in existing fields to add a combined 190.5 thousand bpd. The largest boost comes

from Block 17, where infill wells under the Dália LifeX and ROSA MPP70R projects should deliver around 80,000 bpd. Block 17/06 should see peak contribution from Begónia at 27,400 bpd, while Block 15 is set to add 22,000 bpd from one new well and interventions in two others.

…and well interventions across key offshore assets

In Block 15/06, new wells at the Ndungu and Agogo fields should add 20,000 bpd, while Block 3/05 is expected to contribute 17,000 bpd from one infill well and interventions in five producing wells. Block 0 should add around 15,000 bpd from a nine-well intervention campaign at Mafumeira, and Block 31 around 7,600 bpd from three Phase 4 infill wells. Finally, in Block 3/05A, drilling and start-up of GAZ-102 should add another 1,500 bpd.

ECONOMIC INDICATORS	2020	2021	2022	2023	2024	2025	2026 (1)	2026 (2)	2027 (1)
Inflation (end of period)	25.1%	27.0%	13.9%	20.0%	27.5%	15.7%	13.7%	8.6%	7.3%
Inflation (average)	22.3%	25.8%	21.4%	13.6%	28.2%	20.2%	15.0%	10.4%	9.1%
Annual Oil and LNG Production	579.9	539.3	521.3	518.9	529.2	536.0	561.3	533.1	517.3
Oil Production (MBbl)	463.9	410.4	414.9	400.8	411.5	378.4	383.3	381.6	365.3
LNG Production (MBOE)	116.0	128.9	106.4	118.1	117.7	157.6	178.0	151.5	152.0
Daily Oil Production (Million Bbl/day)	1.271	1.124	1.137	1.098	1.124	1.037	1.050	1.046	1.001
Average Oil Price (US$/Bbl)	41.0	70.7	101.8	81.2	79.8	68.6	61.0	87.4	71.0
Average LNG Price (US$/BOE)	29.2	21.3	38.0	57.9	55.9	66.6	56.6	84.7	67.9
Diamond Production (Thousand Carats)	7,910	9,141	10,055	9,772	14,004	15,154	16,210	16,210	17,530
Diamond Average Price (US$/Carat)	120.7	184.6	213.7	163.0	230.4	102.3	176.4	89.1	90.8
Nominal GDP (AKZ billion)	38,466.1	53,278.0	65,586.1	78,322.4	104,011.1	128,302.0	136,579.5	150,440.2	164,117.4
Oil	7,589.4	12,493.8	13,225.5	15,746.0	19,858.4	17,896.5	16,245.5	22,883.8	18,097.4
Non-oil	30,876.7	40,784.2	52,360.7	62,576.4	84,152.7	110,405.5	120,334.0	127,556.3	146,020.0

(1) Budget Proposal; (2) Estimate. Source: Angolan authorities.

The medium-term outlook points to average annual GDP growth of 5.3% during the 2028-32 period

The government's medium-term outlook points to average annual GDP growth of 5.3% over 2028–32, driven overwhelmingly by the non-oil economy, which is expected to expand by 5.8% per year. As a result, the non-oil sector's share of nominal GDP is set to rise from 89.0% in 2027 to 92.7% in 2032, underscoring a structural shift in Angola's growth engine.

The oil sector is expected to recover in 2028-30, but contract again in 2031

Hydrocarbons are set for a temporary rebound: oil and gas output is projected to grow 1.1%, 2.2%, and 4.2% in 2028–30, a cumulative 7.7% increase, supported by new fields such as Golfinho (Block 20), Mostarda Este F2 and Colorau (Block 32), and Kalimba, Afoxé, and Agidigbo (Block 15/06). However, the sector is then expected to contract 5.3% in 2031 and stagnate in 2032, as mature fields continue to deplete and the pipeline of new projects remains limited.

The baseline scenario points to average growth of only 0.5% in the oil and gas sector during 2028-32

As a result, the government's baseline scenario points to average growth of just 0.5% in the oil and gas sector during 2028–32. Projected crude output, averaging 1.033 mbd and peaking at 1.077 mbd in 2030, still exceeds the 1.0 mbd benchmark set under the National Development Plan 2023–27, but output in 2027 will be 12% below the 1.137 mbd recorded in 2022. This highlights the persistent structural pressures weighing on Angola's upstream sector.

MEDIUM-TERM PROJECTIONS	2028	2029	2030	2031	2032
Real GDP Growth	**5.7%**	**5.4%**	**5.5%**	**4.8%**	**5.2%**
- Oil and Gas	1.1%	2.2%	4.2%	-5.3%	0.0%
Oil	0.7%	2.3%	4.5%	-4.8%	0.0%
Gas	5.3%	1.2%	1.5%	-8.8%	0.0%
- Non-oil	6.2%	5.8%	5.7%	5.7%	5.6%
Nominal GDP (AKZ billion)	**181,565.0**	**198,684.8**	**217,257.0**	**235,482.7**	**256,085.2**
Inflation (end of period)	5.3%	5.0%	4.4%	4.2%	4.0%
Diamond Production (Thousand Carats)	19,550.0	19,810.0	18,910.0	19,740.0	19,486.7
Diamond Average Price (US$/Carat)	92.7	94.5	96.4	96.4	96.4
Annual Oil and LNG Production	528.7	538.1	557.4	523.9	525.0
Oil Production (MBbl)	368.7	376.1	393.1	374.0	375.1
LNG Production (MBOE)	160.1	162.0	164.4	149.9	149.9
Daily Oil Production (Million Bbl/day)	1.007	1.031	1.077	1.025	1.025
Average Oil Price (US$/Bbl)	68.9	66.2	65.6	65.6	65.6
Average LNG Price (US$/BOE)	66.8	64.2	63.6	63.6	63.6

Source: Angolan authorities.

Fiscal Accounts (2026)

The 2026 budget assumed that oil prices would average US$61/bbl

The 2026 budget was built on the assumptions of US$61/bbl oil and 1.050 mbd of crude production, underpinning forecasts of a –2.8% of GDP fiscal deficit, a 0.4% primary surplus, and a non-oil primary deficit of 5.1% of GDP, slightly above the 5% ceiling set by the Public Finances Sustainability Law.

Key factors that impacted the government's 2026 accounts

However, fiscal execution in 2026 has been shaped by several developments, both favorable and adverse:

1. **Higher oil prices.** The war in the Middle East and the closure of the Strait of Hormuz pushed Brent from a monthly average of US$66.6 in January to a peak of US$138.2 on 7 April. After a correction to around US$68.5 in May–July, prices rebounded in Q3, with Brent averaging US$93.3 in the first nine months, 31.5% above the same period of 2025.
2. **Weaker oil and gas production.** Crude output is now projected at 1.046 mbd, short of the budgeted 1.050 mbd, while gas production is set to reach 151.5 thousand boe/day (vs. 178.0 thousand). Higher cost recovery by oil companies also absorbed part of the price gains.
3. **Surging fuel subsidies.** International refined fuel prices rose 70–95% above pre-crisis levels, while pump prices remained fixed (gasoline at AKZ 300/liter and diesel at AKZ 420/liter since June). Fuel subsidies reached AKZ 1.73 trillion in H1 alone, above the full-year budget, and are expected to total AKZ 3.54 trillion (2.4% of GDP) in 2026, AKZ 2.36 trillion above budget, absorbing half of the oil revenue windfall.
4. **Rising mandatory and one-off spending.** Goods and services were inflated by credit insurance premiums and fees on external financing, as well as by the purchase of additional crude cargoes (AKZ 1.96 trillion) to service oil-backed debt, while interest payments are set to exceed the budget by AKZ 1.16 trillion.
5. **Improved financing conditions.** The central bank cut its policy rate to 14.75% and lowered reserve requirements, bringing down Treasury bond yields. Externally, Angola placed US$5.75 billion in Eurobonds between October 2025 and May 2026, around 2.6 times oversubscribed, and Moody's revised its B3 rating outlook to positive in September.

Higher oil prices mean that oil revenues should stand well above the budgeted figure

The government now expects the 2026 average oil price to settle at US$87.4/bbl and crude output at 1.046 mbd. As a result, oil revenues are projected at AKZ 12,245 billion, 63.2% above budget and 8.9% above 2025, with oil-related tax receipts exceeding the budget by 53.7%. Non-oil tax revenues are also set to outperform, by 3.5%, led by industrial tax (+12.1%) and VAT (+4.7%). In contrast, other non-oil revenues should fall 48.7% short of plan, due to low dividends from state-owned companies and unrealized airport concession receipts. Overall, total revenues are now expected to come in 18.4% above plan, at AKZ 21,533 billion.

FISCAL ACCOUNTS	AKZ Billion					Change				
	2024	2025	2026 (1)	2026 (2)	2027 (1)	2025 / 2024	2026 (2) / 2025	2026 (2) / 2026 (1)	2027 (1) / 2026 (1)	2027 (1) / 2026 (2)
Revenues	**18,673**	**19,466**	**18,181**	**21,533**	**21,855**	**4.2%**	**10.6%**	**18.4%**	**20.2%**	**1.5%**
% of GDP	*18.0%*	*15.2%*	*13.3%*	*14.3%*	*13.3%*					
Oil Revenues	12,711	11,240	7,501	12,245	9,899	-11.6%	8.9%	63.2%	32.0%	-19.2%
Non-oil Revenues	5,962	8,226	10,680	9,288	11,956	38.0%	12.9%	-13.0%	11.9%	28.7%
Expenditures	**19,744**	**24,823**	**21,980**	**28,318**	**28,599**	**25.7%**	**14.1%**	**28.8%**	**30.1%**	**1.0%**
% of GDP	*19.0%*	*19.3%*	*16.1%*	*18.8%*	*17.4%*					
Current Expenditures	16,292	17,984	16,592	22,778	22,388	10.4%	26.7%	37.3%	34.9%	-1.7%
Capital Expenditure	3,453	6,839	5,389	5,540	6,211	98.1%	-19.0%	2.8%	15.3%	12.1%
Overall Fiscal Balance	**-1,072**	**-5,357**	**-3,799**	**-6,784**	**-6,744**	**399.8%**	**26.6%**	**78.6%**	**77.5%**	**-0.6%**
% of GDP	*-1.0%*	*-4.2%*	*-2.8%*	*-4.5%*	*-4.1%*					
Non-oil Total Balance	**-13,782**	**-16,598**	**-11,300**	**-19,029**	**-16,643**	**20.4%**	**14.7%**	**68.4%**	**47.3%**	**-12.5%**
% of non-oil GDP	*-16.4%*	*-15.0%*	*-9.4%*	*-14.9%*	*-11.4%*					

(1) Budget Proposal; (2) Estimate. Source: Ministry of Finance.

Total expenditure is expected to surpass the budget forecast by a wide margin

On the expenditure side, total spending is projected to exceed the budget by 28.8%, at AKZ 28,318 billion, driven by a 65.4% overshoot in goods and services, a near tripling of subsidies (+191.9%), and 26.8% higher interest payments. Capital expenditure is broadly in line with the

original allocation (+2.8%), as are wages, while social benefits should end the year 39.1% below budget. According to the government, every additional kwanza of oil revenue was matched by around 1.3 kwanzas of additional spending.

The government expects to end the year with a budget deficit of -4.5% of GDP

Taken together, the fiscal outlook has weakened meaningfully despite the oil windfall. The government now expects a –4.5% of GDP fiscal deficit for 2026 (AKZ 6,784 billion), 1.7 pp above target and wider than the –4.2% recorded in 2025, along with a primary deficit of 0.9% of GDP. The non-oil primary deficit is set to reach 9.0% of GDP, well above the 5% legal ceiling, as highlighted in the table below.

FISCAL ACCOUNTS	% of GDP								
	2020	2021	2022	2023	2024	2025	2026 (1)	2026 (2)	2027 (1)
Non-oil Revenues	8.6%	7.6%	7.2%	5.8%	5.7%	6.4%	7.8%	6.2%	7.3%
Taxes	7.8%	6.3%	6.4%	5.2%	5.2%	4.9%	5.4%	5.0%	5.2%
Primary Expenditure	13.9%	13.8%	16.1%	14.5%	11.1%	10.2%	9.0%	11.5%	9.1%
Non-oil Primary Balance	**-9.9%**	**-10.7%**	**-13.7%**	**-12.4%**	**-8.7%**	**-9.1%**	**-5.1%**	**-9.0%**	**-5.6%**
Oil Revenues	13.1%	15.9%	19.3%	14.9%	12.2%	8.8%	5.5%	8.1%	6.0%
Primary Balance	**3.3%**	**5.2%**	**5.6%**	**2.5%**	**3.6%**	**-0.4%**	**0.4%**	**-0.9%**	**0.5%**
Interests	5.8%	4.4%	3.4%	4.9%	4.6%	3.8%	3.2%	3.6%	4.6%
Overall Fiscal Balance	**-2.5%**	**0.9%**	**2.2%**	**-2.4%**	**-1.0%**	**-4.2%**	**-2.8%**	**-4.5%**	**-4.1%**

(1) Budget Proposal; (2) Estimate. Source: Ministry of Finance.

Budget Proposal (2027)

The Angolan government expects to reach a budget deficit of -4.1% of GDP in 2027

The 2027 budget proposal totals AKZ 37,337 billion (22.8% of GDP), up 12.4% from the 2026 budget. The government expects an overall fiscal deficit of AKZ 6,744 billion (–4.1% of GDP), improving slightly from the –4.5% projected for 2026, while the primary balance is forecast to return to a surplus of 0.5% of GDP, from a 0.9% deficit expected this year. The non-oil primary deficit should narrow to 5.6% of GDP, but remain above the 5% ceiling. By comparison, the 2026 budget had assumed a –2.8% deficit and a 0.4% primary surplus.

Revenues and expenditures are expected to increase by 1.5% and 1.0%, respectively

Total revenues and expenditure are projected at AKZ 21,855 billion and AKZ 28,599 billion, respectively, up 1.5% and 1.0% from 2026 estimates. Oil revenues are expected to fall 19.2% to AKZ 9,899 billion on the back of lower oil prices and production, with oil tax receipts down 4.4%. In contrast, non-oil taxes are set to grow 12.6% and social contributions to almost triple, while other revenues fall 13.4%.

GOVERNMENT ACCOUNTS	AKZ Billion					Change				
	2024	2025	2026 (1)	2026 (2)	2027 (1)	2025 / 2024	2026 (2) / 2025	2026 (2) / 2026 (1)	2027 (1) / 2026 (1)	2027 (1) / 2026 (2)
Revenues	**18,673**	**19,466**	**18,181**	**21,533**	**21,855**	**4.2%**	**10.6%**	**18.4%**	**20.2%**	**1.5%**
Tax Revenues	8,590	9,303	9,631	11,132	11,927	8.3%	19.7%	15.6%	23.8%	7.1%
Oil Revenues	3,181	3,048	2,311	3,553	3,397	-4.2%	16.6%	53.7%	47.0%	-4.4%
% of Total Tax Revenues	*37.0%*	*32.8%*	*24.0%*	*31.9%*	*28.5%*	*-4.3%*	*-0.8%*	*7.9%*	*4.5%*	*-3.4%*
Non-oil Revenues	5,409	6,255	7,320	7,579	8,530	15.6%	21.2%	3.5%	16.5%	12.6%
Social Contributions	2	6	903	450	1,313	141.0%	-	-50.2%	45.4%	191.7%
Other Revenues	10,080	10,157	7,647	9,952	8,615	0.8%	-2.0%	30.1%	12.7%	-13.4%
Expenditure	**19,744**	**24,823**	**21,980**	**28,318**	**28,599**	**25.7%**	**14.1%**	**28.8%**	**30.1%**	**1.0%**
Current Expenditure	16,292	17,984	16,592	22,778	22,388	10.4%	26.7%	37.3%	34.9%	-1.7%
Wages	3,168	4,145	5,094	5,093	6,228	30.8%	22.9%	0.0%	22.3%	22.3%
Goods and Services	4,975	5,779	4,027	6,658	4,994	16.2%	15.2%	65.4%	24.0%	-25.0%
Interests	4,778	4,904	4,316	5,472	7,489	2.6%	11.6%	26.8%	73.5%	36.9%
Transfers	3,372	3,156	3,155	5,555	3,677	-6.4%	76.0%	76.1%	16.5%	-33.8%
Subsidies	2,713	2,196	1,235	3,606	1,523	-19.0%	64.2%	191.9%	23.3%	-57.8%
Capital Expenditure	3,453	6,839	5,389	5,540	6,211	98.1%	-19.0%	2.8%	15.3%	12.1%
Primary Fiscal Balance	**3,706**	**-453**	**517**	**-1,313**	**745**	**-**	**189.6%**	**-**	**44.2%**	**-**
% of GDP	*3.6%*	*-0.4%*	*0.4%*	*-0.9%*	*0.5%*	*-3.9%*	*-0.5%*	*-1.3%*	*0.1%*	*1.3%*
Overall Fiscal Balance	**-1,072**	**-5,357**	**-3,799**	**-6,784**	**-6,744**	**399.8%**	**26.6%**	**78.6%**	**77.5%**	**-0.6%**
% of GDP	*-1.0%*	*-4.2%*	*-2.8%*	*-4.5%*	*-4.1%*	*-3.1%*	*-0.3%*	*-1.7%*	*-1.3%*	*0.4%*

(1) Budget Proposal; (2) Estimate. Source: Ministry of Finance.

Interest payments and wages are set to rise sharply, while subsidies and goods and services are cut

On the spending side, capital expenditure is expected to rise 12.1%, with a focus on roads, water, health, education, and energy. Current expenditure will fall moderately (–1.7%) despite a 22.3% rise in wages, reflecting a 10% public sector salary adjustment, and a 36.9% jump in interest payments to AKZ 7,489 billion (4.6% of GDP). Spending on goods and services is set to drop by 25.0%, though the budget accommodates the cost of the 2027 general elections. Transfers

will be reduced by 33.8%, including a 57.8% cut in subsidies, lowering them to 0.9% of GDP (vs. 2.4% in 2026), although the proposal does not detail any further fuel price adjustments, and the government itself identifies higher subsidy costs as a high-probability risk.

Total revenues and expenditures are forecasted to represent 13.3% and 17.4% of GDP, respectively

Overall, total revenues are projected at 13.3% of GDP in 2027, with tax revenues contributing 7.3%, down from 14.3% and 7.4%, respectively, in 2026. The decline is largely driven by falling oil revenues, which are expected to account for just 6.0% of GDP (vs. 8.1% in 2026). Total expenditure is projected to be 17.4% of GDP, below the 18.8% estimated for 2026, reflecting lower spending on goods and services and subsidies, partly offset by higher interest payments (4.6% of GDP vs. 3.6%).

GOVERNMENT ACCOUNTS	% of GDP								
	2020	2021	2022	2023	2024	2025	2026 (1)	2026 (2)	2027 (1)
Revenues	**21.7%**	**23.5%**	**26.5%**	**20.7%**	**18.0%**	**15.2%**	**13.3%**	**14.3%**	**13.3%**
Tax Revenues	11.8%	10.6%	13.2%	9.0%	8.3%	7.3%	7.1%	7.4%	7.3%
Oil Revenues	4.0%	4.2%	6.8%	3.7%	3.1%	2.4%	1.7%	2.4%	2.1%
Non-oil Revenues	7.8%	6.3%	6.4%	5.2%	5.2%	4.9%	5.4%	5.0%	5.2%
Non-tax Revenues	10.0%	12.9%	13.3%	11.8%	9.7%	7.9%	6.3%	6.9%	6.0%
Expenditure	**24.2%**	**22.6%**	**24.3%**	**23.1%**	**19.0%**	**19.3%**	**16.1%**	**18.8%**	**17.4%**
Current Expenditure	19.7%	18.2%	19.5%	19.4%	15.7%	14.0%	12.1%	15.1%	13.6%
Wages	5.4%	3.9%	3.6%	3.5%	3.0%	3.2%	3.7%	3.4%	3.8%
Goods and Services	5.5%	6.3%	7.9%	6.6%	4.8%	4.5%	2.9%	4.4%	3.0%
Interests	5.8%	4.4%	3.4%	4.9%	4.6%	3.8%	3.2%	3.6%	4.6%
Transfers	3.1%	3.6%	4.6%	4.4%	3.2%	2.5%	2.3%	3.7%	2.2%
Subsidies	1.6%	2.4%	3.2%	3.0%	2.6%	1.7%	0.9%	2.4%	0.9%
Capital Expenditure	4.5%	4.5%	4.8%	3.7%	3.3%	5.3%	3.9%	3.7%	3.8%
Primary Fiscal Balance	**3.3%**	**5.2%**	**5.6%**	**2.5%**	**3.6%**	**-0.4%**	**0.4%**	**-0.9%**	**0.5%**
Overall Fiscal Balance	**-2.5%**	**0.9%**	**2.2%**	**-2.4%**	**-1.0%**	**-4.2%**	**-2.8%**	**-4.5%**	**-4.1%**
Non-oil Primary Balance	**-9.9%**	**-10.7%**	**-13.7%**	**-12.4%**	**-8.7%**	**-9.1%**	**-5.1%**	**-9.0%**	**-5.6%**
Non-oil Total Balance	**-15.6%**	**-15.0%**	**-17.1%**	**-17.3%**	**-13.3%**	**-12.9%**	**-8.3%**	**-12.6%**	**-10.1%**

(1) Budget Proposal; (2) Estimate. Source: Ministry of Finance.

Oil revenues are expected to represent only 45.3% of total revenues in 2027

Oil-related receipts are set to remain the largest single revenue source in 2027, but their share of total revenues is expected to drop to 45.3%, well below the 56.9% estimated for 2026. The state's share of oil production (concessionaire revenue) accounts for 62.0% of oil revenues, followed by the petroleum income tax (28.8%), reflecting the lower oil prices and production assumed in the 2027 budget.

Non-oil tax receipts to make up for the shortfall

Non-oil revenues are expected to make up for the shortfall, with non-oil taxes rising from 35.2% to 39.0% of total revenues, led by VAT (AKZ 2,298 billion), industrial tax (AKZ 2,269 billion), and personal income tax (AKZ 1,940 billion). Social contributions are set to account for 6.0% of total revenues.

Interest payments are set to become the largest expenditure item

On the expenditure side, current spending is projected to account for 78.3% of total expenditure, with interest payments becoming the largest item at 26.2% (vs. 19.3% in 2026), followed by wages at 21.8%, goods and services 17.5%, and transfers 12.9%. This marks a return to a spending mix dominated by debt interest payments. Capital expenditure is expected to represent 21.7% of total spending, up from 19.6% in 2026.

GOVERNMENT ACCOUNTS	% of Total								
	2020	2021	2022	2023	2024	2025	2026 (1)	2026 (2)	2027 (1)
Revenues									
Oil Revenues	60.3%	67.6%	73.0%	72.0%	68.1%	57.7%	41.3%	56.9%	45.3%
O.w. Taxes	18.4%	18.1%	25.5%	18.0%	17.0%	15.7%	12.7%	16.5%	15.5%
Non Oil Revenues	39.7%	32.4%	27.0%	28.0%	31.9%	42.3%	58.7%	43.1%	54.7%
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Expenditure									
Current Expenditure	81.3%	80.2%	80.3%	83.8%	82.5%	72.4%	75.5%	80.4%	78.3%
Wages	22.1%	17.3%	14.9%	15.0%	16.0%	16.7%	23.2%	18.0%	21.8%
Goods and Services	22.6%	27.9%	32.7%	28.8%	25.2%	23.3%	18.3%	23.5%	17.5%
Interests	23.8%	19.3%	13.9%	21.1%	24.2%	19.8%	19.6%	19.3%	26.2%
Transfers	12.8%	15.8%	18.9%	18.9%	17.1%	12.7%	14.4%	19.6%	12.9%
Subsidies	6.4%	10.7%	13.0%	13.1%	13.7%	8.8%	5.6%	12.7%	5.3%
Capital Expenditure	18.7%	19.8%	19.7%	16.2%	17.5%	27.6%	24.5%	19.6%	21.7%
Total Expenditure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) Budget Proposal; (2) Estimate. Source: Ministry of Finance.

Excluding public debt operations, the government plans to spend AKZ 20,944 billion in 2027, up 18.0% from the 2026 budget. Public debt operations are expected to rise 5.8%, as a 17.5% increase in external debt operations more than offsets an 8.5% decline in domestic ones, representing 43.9% of total expenditure (vs. 46.6% in 2026).

Total expenditure (excluding spending on public debt operations) is expected to increase 18.0%

Social sector spending is projected to rise 21.1%, driven largely by a 43.1% increase in education and 19.4% in health, while housing outlays should grow just 4.4%. Allocations to defense, security, and social order are set to rise 50.6%, with security and public order up 62.5%. Expenditure on public services will expand 2.8%, including election costs and the completion of the new provinces and municipalities, while economic-sector spending will rise just 1.3%.

The government plans to increase spending on the social sector and on defense and security

Economic-sector spending will remain focused on three strategic areas: fuels and energy (AKZ 735 billion, including the first turbine at the Caculo Cabaça hydroelectric plant and new solar capacity); transport (AKZ 631 billion, reducing logistics costs and improving the flow of production); and agriculture, livestock, and fishing (AKZ 300 billion, boosting food security and reducing import dependence).

Economic-sector spending will remain focused on three strategic areas

Overall, the social sector will continue to dominate, accounting for 48.8% of primary expenditure (excluding debt) and 27.4% of total expenditure, with most resources directed at education, health, and housing.

The social sector will remain by far the most relevant in terms of expenditure

EXPENDITURE BY SECTOR	AKZ Billion			Change		% Total Exp. (1)			% Total Exp.			% of GDP		
	2025	2026	2027	2026 / 2025	2027 / 2026	2025	2026	2027	2025	2026	2027	2025	2026	2027
Social Sector	7,470	8,447	10,228	13.1%	21.1%	44.1%	47.6%	48.8%	21.6%	25.4%	27.4%	5.8%	6.2%	6.2%
Education	2,241	2,299	3,290	2.6%	43.1%	13.2%	13.0%	15.7%	6.5%	6.9%	8.8%	1.7%	1.7%	2.0%
Health	1,936	2,100	2,507	8.4%	19.4%	11.4%	11.8%	12.0%	5.6%	6.3%	6.7%	1.5%	1.5%	1.5%
Social Protection	1,376	1,467	1,675	6.6%	14.2%	8.1%	8.3%	8.0%	4.0%	4.4%	4.5%	1.1%	1.1%	1.0%
Housing	1,678	2,372	2,476	41.4%	4.4%	9.9%	13.4%	11.8%	4.8%	7.1%	6.6%	1.3%	1.7%	1.5%
Other	238	209	280	-12.3%	34.1%	1.4%	1.2%	1.3%	0.7%	0.6%	0.8%	0.2%	0.2%	0.2%
Economic Sector	2,762	2,199	2,229	-20.4%	1.3%	16.3%	12.4%	10.6%	8.0%	6.6%	6.0%	2.2%	1.6%	1.4%
Agriculture, Fishing	663	282	300	-57.5%	6.5%	3.9%	1.6%	1.4%	1.9%	0.8%	0.8%	0.5%	0.2%	0.2%
Transports	835	599	631	-28.3%	5.3%	4.9%	3.4%	3.0%	2.4%	1.8%	1.7%	0.7%	0.4%	0.4%
Fuel and Energy	665	726	735	9.2%	1.3%	3.9%	4.1%	3.5%	1.9%	2.2%	2.0%	0.5%	0.5%	0.4%
Extractive Ind., Manuf., Constr.	283	176	236	-37.8%	34.0%	1.7%	1.0%	1.1%	0.8%	0.5%	0.6%	0.2%	0.1%	0.1%
General Economic Matters	80	217	113	170.7%	-47.9%	0.5%	1.2%	0.5%	0.2%	0.7%	0.3%	0.1%	0.2%	0.1%
Other	236	200	214	-15.1%	6.8%	1.4%	1.1%	1.0%	0.7%	0.6%	0.6%	0.2%	0.1%	0.1%
Defense, Security and Social Order	2,688	2,493	3,755	-7.3%	50.6%	15.9%	14.0%	17.9%	7.8%	7.5%	10.1%	2.1%	1.8%	2.3%
Defense	1,328	1,231	1,705	-7.3%	38.5%	7.8%	6.9%	8.1%	3.8%	3.7%	4.6%	1.0%	0.9%	1.0%
Security and Social Order	1,361	1,262	2,051	-7.2%	62.5%	8.0%	7.1%	9.8%	3.9%	3.8%	5.5%	1.1%	0.9%	1.2%
General Public Services and Other	4,005	4,605	4,733	15.0%	2.8%	23.7%	26.0%	22.6%	11.6%	13.9%	12.7%	3.1%	3.4%	2.9%
General Services	1,063	1,242	1,602	16.9%	29.0%	6.3%	7.0%	7.7%	3.1%	3.7%	4.3%	0.8%	0.9%	1.0%
Executive Branches	2,042	2,431	2,076	19.0%	-14.6%	12.1%	13.7%	9.9%	5.9%	7.3%	5.6%	1.6%	1.8%	1.3%
Other	901	932	1,054	3.5%	13.1%	5.3%	5.3%	5.0%	2.6%	2.8%	2.8%	0.7%	0.7%	0.6%
Total Expend. (Ex. Public Debt Op.)	**16,926**	**17,745**	**20,944**	**4.8%**	**18.0%**	**100.0%**	**100.0%**	**100.0%**	**48.9%**	**53.4%**	**56.1%**	**13.2%**	**13.0%**	**12.8%**
Public Debt Operations	**17,708**	**15,496**	**16,393**	**-12.5%**	**5.8%**				**51.1%**	**46.6%**	**43.9%**	**13.8%**	**11.3%**	**10.0%**
Domestic	6,522	6,475	5,924	-0.7%	-8.5%				18.8%	19.5%	15.9%	5.1%	4.7%	3.6%
Overseas	10,350	8,769	10,301	-15.3%	17.5%				29.9%	26.4%	27.6%	8.1%	6.4%	6.3%
Other Expenses and Transfers	836	252	168	-69.8%	-33.4%				-	0.8%	0.4%	0.7%	0.2%	0.1%
Total Expenditure	**34,634**	**33,241**	**37,337**	**-4.0%**	**12.3%**				**100.0%**	**100.0%**	**100.0%**	**27.0%**	**24.3%**	**22.8%**

(1) Excluding Public Debt Operations. Source: Ministry of Finance.

The government plans to finance the 2027 budget primarily through current receipts, which are expected to account for 58.5% of total receipts, compared with 41.5% from debt financing (vs. 54.7% and 45.3%, respectively, in the 2026 budget). Taxes are projected to contribute 31.9% of total receipts, with the non-oil sector (22.8%) contributing more than twice as much as the oil sector (9.1%).

Current revenues are expected to represent 58.5% of the total receipts for 2027

On the expenditure side, debt interest is expected to rise 73.5% from the 2026 budget, while debt amortization should decline 20.2%, representing 20.1% and 23.3% of total spending, respectively. In total, 43.4% of expenditure will be allocated to debt service, down from 45.9% in the 2026 budget.

Debt service is expected to represent 43.4% of total expenditure

FINANCING	AKZ Billion		Change	% of Total		% of GDP	
	2026 (1)	2027 (1)	2026 / 2025	2026 (1)	2027 (1)	2026 (1)	2027 (1)
Receipts							
Current Revenues	18,181	21,855	20.2%	54.7%	58.5%	13.3%	13.3%
Taxes	9,631	11,927	23.8%	29.0%	31.9%	7.1%	7.3%
Oil Sector	2,311	3,397	47.0%	7.0%	9.1%	1.7%	2.1%
Non-oil Sector	7,320	8,530	16.5%	22.0%	22.8%	5.4%	5.2%
Social Contributions	7	4	-47.6%	0.0%	0.0%	0.0%	0.0%
Other	8,543	9,924	16.2%	25.7%	26.6%	6.3%	6.0%
Financing	15,035	15,483	3.0%	45.3%	41.5%	11.0%	9.4%
Domestic	7,109	6,240	-12.2%	21.4%	16.7%	5.2%	3.8%
International	7,927	9,243	16.6%	23.9%	24.8%	5.8%	5.6%
Total Receipts	**33,217**	**37,337**	**12.4%**	**100.0%**	**100.0%**	**24.3%**	**22.8%**
Expenditure							
Staff Costs	5,094	6,228	22.3%	15.3%	16.7%	3.7%	3.8%
Goods and Services	4,027	4,994	24.0%	12.1%	13.4%	2.9%	3.0%
Interests	4,316	7,489	73.5%	13.0%	20.1%	3.2%	4.6%
Domestic	1,758	3,180	80.9%	5.3%	8.5%	1.3%	1.9%
External	2,557	4,309	68.5%	7.7%	11.5%	1.9%	2.6%
Transfers	3,155	3,677	16.5%	9.5%	9.8%	2.3%	2.2%
Subsidies	1,235	1,523	23.3%	3.7%	4.1%	0.9%	0.9%
Capital Expenditure	5,389	6,211	15.3%	16.2%	16.6%	3.9%	3.8%
Debt Amortization	10,923	8,717	-20.2%	32.9%	23.3%	8.0%	5.3%
Domestic	4,717	2,744	-41.8%	14.2%	7.3%	3.5%	1.7%
External	6,206	5,973	-3.8%	18.7%	16.0%	4.5%	3.6%
Other Financial Investments	313	22	-93.0%	0.9%	0.1%	0.2%	0.0%
Total Expenditure	**33,217**	**37,337**	**12.4%**	**100.0%**	**100.0%**	**24.3%**	**22.8%**

(1) Budget Proposal. Source: Ministry of Finance.

The government's gross financing needs for 2027 are projected at AKZ 15,483 billion, or 9.4% of GDP (vs. 11.0% in 2026), comprising net financing requirements of AKZ 6,766 billion (4.1% of GDP) and debt amortization of AKZ 8,717 billion (5.3% of GDP). Debt amortization accounts for 56.3% of total financing needs, down from 72.6% in 2026. Financing is set to tilt towards external sources, which should cover 59.7% of needs (vs. 52.7%).

Gross financing needs are expected to represent 9.4% of GDP

FINANCING	AKZ Billion		Change	% of Total		% of GDP	
	2026 (1)	2027 (1)	2026 / 2025	2026 (1)	2027 (1)	2026 (1)	2027 (1)
Gross Financing Needs							
Net Financing Needs	4,112	6,766	64.5%	27.4%	43.7%	3.0%	4.1%
Fiscal Deficit	3,799	6,744	77.5%	25.3%	43.6%	2.8%	4.1%
Financial Investments	313	22	-93.0%	2.1%	0.1%	0.2%	0.0%
Debt Amortization	10,923	8,717	-20.2%	72.6%	56.3%	8.0%	5.3%
Domestic	4,717	2,744	-41.8%	31.4%	17.7%	3.5%	1.7%
External	6,206	5,973	-3.8%	41.3%	38.6%	4.5%	3.6%
Total Gross Financing Needs	**15,035**	**15,483**	**3.0%**	**100.0%**	**100.0%**	**11.0%**	**9.4%**
Receipts							
Financing	15,035	15,483	3.0%	100.0%	100.0%	11.0%	9.4%
Domestic	7,109	6,240	-12.2%	47.3%	40.3%	5.2%	3.8%
International	7,927	9,243	16.6%	52.7%	59.7%	5.8%	5.6%
Total Receipts	**15,035**	**15,483**	**3.0%**	**100.0%**	**100.0%**	**11.0%**	**9.4%**

(1) Budget Proposal. Source: Ministry of Finance.

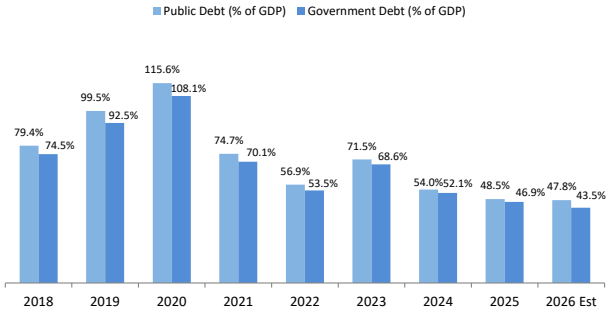
Angola's public debt is expected to edge down to 47.8% of GDP in 2026, from 48.5% in 2025, the smallest decline in recent years, while government debt should reach 43.5%. The benefits of strong real growth and still-negative real interest rates were largely offset by the primary deficit and off-budget operations, notably new borrowing by Sonangol and TAAG, whose debt rose from US$2.15 billion at end-2025 to US$7.99 billion in September 2026.

Public debt is expected to edge down to 47.8% of GDP in 2026

The country's debt remains highly exposed to interest rate and exchange rate risks, with external debt accounting for roughly 71% of government debt and around 79% of the portfolio exposed to currency risk. While the kwanza's stability kept the exchange rate contribution to the debt ratio close to zero in 2026, disinflation means debt is no longer eroded in real terms as quickly as before. Oil-backed debt fell further, to US$6.83 billion in June 2026.

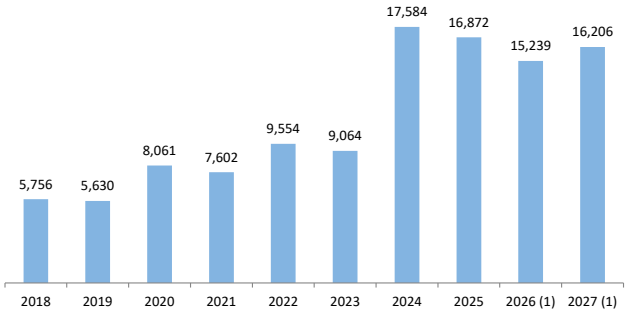
Angola's public debt structure remains highly exposed to interest rate and exchange rate fluctuations

PUBLIC DEBT AND GOVERNMENT DEBT (% OF GDP)



Source: Ministry of Finance.

DEBT SERVICE PAYMENTS (AKZ BILLION)

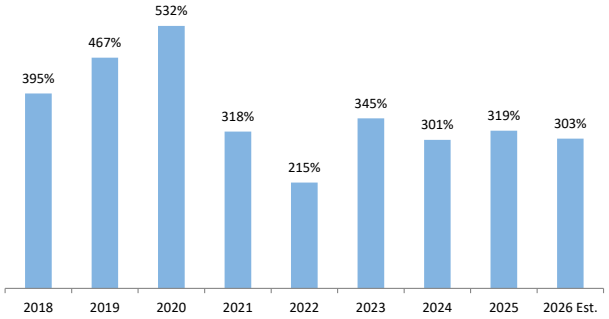


(1) Budget Proposal. Source: Ministry of Finance.

The fiscal burden of Angola's public debt is expected to ease slightly in 2026, with the public debt-to-revenues ratio projected at 303%, down from 319% in 2025 and well below the peak of 532% in 2020. However, the interest payments-to-revenues ratio is set to jump to 34.3% in 2027, from an estimated 25.4% in 2026, the highest level in recent years, reflecting the higher cost of recent external issuance.

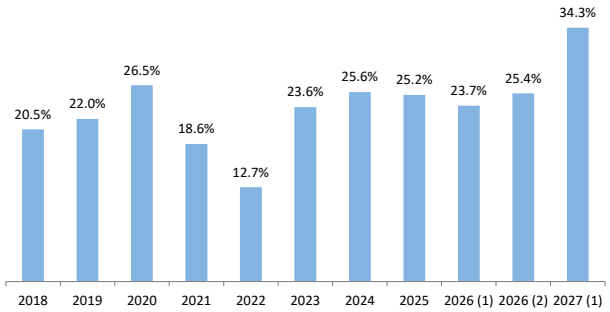
Interest payments are set to absorb over one-third of government revenues in 2027

PUBLIC DEBT (% OF REVENUES)



Sources: Ministry of Finance and Eaglestone.

INTEREST PAYMENTS (% OF REVENUES)



(1) Budget Proposal; (2) Estimate.
Sources: Ministry of Finance and Eaglestone.

Sensitivity Analysis of Oil Prices and Production

Oil markets in 2026 have been dominated by the war in the Middle East and the closure of the Strait of Hormuz, with Brent averaging US$93.3/bbl in the first nine months. Futures point to a gradual decline as Gulf supply flows resume from early 2027. In its baseline scenario, the EIA expects Brent to fall from US$104.7/bbl in Q4 2026 to US$73.9/bbl in Q4 2027, averaging US$83.7/bbl next year, while the World Bank projects US$76.0/bbl. The budget's US$71/bbl benchmark therefore sits below most market forecasts.

Oil prices are expected to ease in 2027 as Gulf supply flows recover

Geopolitical risks remain the main source of uncertainty, in both directions. In the IMF's adverse scenario, a conflict prolonged until mid-2027 would keep Brent near US$130/bbl in Q4 2026–Q1 2027, while a faster-than-expected normalization, with Gulf exports above pre-war levels, could take prices below the budget reference. For Angola, higher prices are also a mixed blessing, as fuel subsidies absorbed half of the 2026 oil revenue windfall.

Geopolitical risks remain the main source of uncertainty

To assess the fiscal impact of oil price and production uncertainty on 2027 government revenues, we conducted a sensitivity analysis. Oil prices were modeled between US$55 and US$87/bbl, while crude production scenarios ranged from 8% below to 8% above the government's projected 1.001 million bpd, in five increments. All other assumptions, including the 2027 budgeted expenditure and a constant US$/AKZ exchange rate, were held fixed. As such, the analysis does not capture the offsetting impact of oil prices on fuel subsidy spending. The results are summarized in the following tables.

Our sensitivity analysis considers an average oil price range of US$ 55-87/bbl in 2027

Change in Revenues vs Budget 2027

		Average Oil Price (US$)						
		55.0	61.0	65.0	71.0	75.0	81.0	87.0
Change in Oil Production	-8.0%	-13.8%	-10.0%	-7.5%	-3.6%	0.2%	2.8%	6.6%
	-4.0%	-12.0%	-8.2%	-5.6%	-1.8%	2.0%	4.6%	8.4%
	0.0%	-10.2%	-6.4%	-3.8%	0.0%	3.8%	6.4%	10.2%
	4.0%	-8.4%	-4.6%	-2.0%	1.8%	5.6%	8.2%	12.0%
	8.0%	-6.6%	-2.8%	-0.2%	3.6%	7.5%	10.0%	13.8%

Source: Eaglestone.

Overall Fiscal Balance

		Average Oil Price (US$)						
		55.0	61.0	65.0	71.0	75.0	81.0	87.0
Change in Oil Production	-8.0%	-6.0%	-5.4%	-5.1%	-4.6%	-4.1%	-3.7%	-3.2%
	-4.0%	-5.7%	-5.2%	-4.9%	-4.4%	-3.8%	-3.5%	-3.0%
	0.0%	-5.5%	-5.0%	-4.6%	-4.1%	-3.6%	-3.3%	-2.8%
	4.0%	-5.2%	-4.7%	-4.4%	-3.9%	-3.4%	-3.0%	-2.5%
	8.0%	-5.0%	-4.5%	-4.1%	-3.6%	-3.1%	-2.8%	-2.3%

Source: Eaglestone.

For example, under a high-price/high-production scenario (with oil at US$87/bbl and crude output 8% above the 2027 budget projection), total revenues would be 13.8% higher than currently forecast, reducing the fiscal deficit to –2.3% of GDP. Conversely, under a low-price/low-production scenario (with oil at US$55/bbl and output 8% below projection), revenues would fall 13.8% below the current forecast, pushing the deficit to –6.0% of GDP. By comparison, the 2027 budget proposal targets a –4.1% of GDP deficit.

If oil prices average US$ 87 in 2027 and crude production stands 8% above the projected level, then the budget deficit would stand at -2.3% of GDP

GOVERNMENT ACCOUNTS		SENSITIVITY TO OIL PRICES (US$/BARREL)						
AKZ BILLION	2027 Budget	55.0	61.0	65.0	71.0	75.0	81.0	87.0
Scenario 1 (8% Lower Oil Production):								
Revenues	**21,855**	**18,832**	**19,668**	**20,226**	**21,063**	**21,899**	**22,457**	**23,293**
% of GDP	*13.3%*	*11.5%*	*12.0%*	*12.3%*	*12.8%*	*13.3%*	*13.7%*	*14.2%*
Tax Revenues	11,927	8,904	9,741	10,298	11,135	11,971	12,529	13,366
Oil Revenues	3,397	374	1,210	1,768	2,605	3,441	3,999	4,835
% of Total Tax Revenues	*28.5%*	*4.2%*	*12.4%*	*17.2%*	*23.4%*	*28.7%*	*31.9%*	*36.2%*
Change in Revenues vs. 2027 Budget		*-13.8%*	*-10.0%*	*-7.5%*	*-3.6%*	*0.2%*	*2.8%*	*6.6%*
Scenario 2 (4% Lower Oil Production):								
Revenues	**21,855**	**19,228**	**20,064**	**20,622**	**21,459**	**22,295**	**22,853**	**23,689**
% of GDP	*13.3%*	*11.7%*	*12.2%*	*12.6%*	*13.1%*	*13.6%*	*13.9%*	*14.4%*
Tax Revenues	11,927	9,300	10,137	10,694	11,531	12,367	12,925	13,762
Oil Revenues	3,397	770	1,606	2,164	3,001	3,837	4,395	5,231
% of Total Tax Revenues	*28.5%*	*8.3%*	*15.8%*	*20.2%*	*26.0%*	*31.0%*	*34.0%*	*38.0%*
Change in Revenues vs. 2027 Budget		*-12.0%*	*-8.2%*	*-5.6%*	*-1.8%*	*2.0%*	*4.6%*	*8.4%*
Scenario 3 (0% Lower Oil Production):								
Revenues	**21,855**	**19,624**	**20,460**	**21,018**	**21,855**	**22,691**	**23,249**	**24,085**
% of GDP	*13.3%*	*12.0%*	*12.5%*	*12.8%*	*13.3%*	*13.8%*	*14.2%*	*14.7%*
Tax Revenues	11,927	9,696	10,533	11,090	11,927	12,763	13,321	14,158
Oil Revenues	3,397	1,166	2,002	2,560	3,397	4,233	4,791	5,627
% of Total Tax Revenues	*28.5%*	*12.0%*	*19.0%*	*23.1%*	*28.5%*	*33.2%*	*36.0%*	*39.7%*
Change in Revenues vs. 2027 Budget		*-10.2%*	*-6.4%*	*-3.8%*	*0.0%*	*3.8%*	*6.4%*	*10.2%*
Scenario 4 (4% Higher Oil Production):								
Revenues	**21,855**	**20,020**	**20,856**	**21,414**	**22,251**	**23,087**	**23,645**	**24,481**
% of GDP	*13.3%*	*12.2%*	*12.7%*	*13.0%*	*13.6%*	*14.1%*	*14.4%*	*14.9%*
Tax Revenues	11,927	10,092	10,929	11,486	12,323	13,159	13,717	14,553
Oil Revenues	3,397	1,562	2,398	2,956	3,792	4,629	5,187	6,023
% of Total Tax Revenues	*28.5%*	*15.5%*	*21.9%*	*25.7%*	*30.8%*	*35.2%*	*37.8%*	*41.4%*
Change in Revenues vs. 2027 Budget		*-8.4%*	*-4.6%*	*-2.0%*	*1.8%*	*5.6%*	*8.2%*	*12.0%*
Scenario 5 (8% Higher Oil Production):								
Revenues	**21,855**	**20,416**	**21,252**	**21,810**	**22,646**	**23,483**	**24,041**	**24,877**
% of GDP	*13.3%*	*12.4%*	*12.9%*	*13.3%*	*13.8%*	*14.3%*	*14.6%*	*15.2%*
Tax Revenues	11,927	10,488	11,325	11,882	12,719	13,555	14,113	14,949
Oil Revenues	3,397	1,958	2,794	3,352	4,188	5,025	5,583	6,419
% of Total Tax Revenues	*28.5%*	*18.7%*	*24.7%*	*28.2%*	*32.9%*	*37.1%*	*39.6%*	*42.9%*
Change in Revenues vs. 2027 Budget		*-6.6%*	*-2.8%*	*-0.2%*	*3.6%*	*7.5%*	*10.0%*	*13.8%*
Non-oil Revenues	8,530	8,530	8,530	8,530	8,530	8,530	8,530	8,530
Non-tax Revenues	9,928	9,928	9,928	9,928	9,928	9,928	9,928	9,928
Expenditures	**28,599**	**28,599**	**28,599**	**28,599**	**28,599**	**28,599**	**28,599**	**28,599**
% of GDP	*17.4%*	*17.4%*	*17.4%*	*17.4%*	*17.4%*	*17.4%*	*17.4%*	*17.4%*
Current Expenditures	22,388	22,388	22,388	22,388	22,388	22,388	22,388	22,388
Scenario 1 (8% Lower Oil Production):								
Primary Fiscal Balance	**745**	**-2,278**	**-1,441**	**-884**	**-47**	**789**	**1,347**	**2,184**
% of GDP	*0.5%*	*-1.4%*	*-0.9%*	*-0.5%*	*0.0%*	*0.5%*	*0.8%*	*1.3%*
Overall Fiscal Balance	**-6,744**	**-9,767**	**-8,930**	**-8,373**	**-7,536**	**-6,699**	**-6,142**	**-5,305**
% of GDP	*-4.1%*	*-6.0%*	*-5.4%*	*-5.1%*	*-4.6%*	*-4.1%*	*-3.7%*	*-3.2%*
Scenario 2 (4% Lower Oil Production):								
Primary Fiscal Balance	**745**	**-1,882**	**-1,045**	**-488**	**349**	**1,185**	**1,743**	**2,580**
% of GDP	*0.5%*	*-1.1%*	*-0.6%*	*-0.3%*	*0.2%*	*0.7%*	*1.1%*	*1.6%*
Overall Fiscal Balance	**-6,744**	**-9,371**	**-8,534**	**-7,977**	**-7,140**	**-6,304**	**-5,746**	**-4,909**
% of GDP	*-4.1%*	*-5.7%*	*-5.2%*	*-4.9%*	*-4.4%*	*-3.8%*	*-3.5%*	*-3.0%*
Scenario 3 (0% Lower Oil Production):								
Primary Fiscal Balance	**745**	**-1,486**	**-649**	**-92**	**745**	**1,581**	**2,139**	**2,976**
% of GDP	*0.5%*	*-0.9%*	*-0.4%*	*-0.1%*	*0.5%*	*1.0%*	*1.3%*	*1.8%*
Overall Fiscal Balance	**-6,744**	**-8,975**	**-8,138**	**-7,581**	**-6,744**	**-5,908**	**-5,350**	**-4,513**
% of GDP	*-4.1%*	*-5.5%*	*-5.0%*	*-4.6%*	*-4.1%*	*-3.6%*	*-3.3%*	*-2.8%*
Scenario 4 (4% Higher Oil Production):								
Primary Fiscal Balance	**745**	**-1,090**	**-253**	**304**	**1,141**	**1,977**	**2,535**	**3,372**
% of GDP	*0.5%*	*-0.7%*	*-0.2%*	*0.2%*	*0.7%*	*1.2%*	*1.5%*	*2.1%*
Overall Fiscal Balance	**-6,744**	**-8,579**	**-7,742**	**-7,185**	**-6,348**	**-5,512**	**-4,954**	**-4,117**
% of GDP	*-4.1%*	*-5.2%*	*-4.7%*	*-4.4%*	*-3.9%*	*-3.4%*	*-3.0%*	*-2.5%*
Scenario 5 (8% Higher Oil Production):								
Primary Fiscal Balance	**745**	**-694**	**143**	**700**	**1,537**	**2,373**	**2,931**	**3,767**
% of GDP	*0.5%*	*-0.4%*	*0.1%*	*0.4%*	*0.9%*	*1.4%*	*1.8%*	*2.3%*
Overall Fiscal Balance	**-6,744**	**-8,183**	**-7,346**	**-6,789**	**-5,952**	**-5,116**	**-4,558**	**-3,722**
% of GDP	*-4.1%*	*-5.0%*	*-4.5%*	*-4.1%*	*-3.6%*	*-3.1%*	*-2.8%*	*-2.3%*

Source: Ministry of Finance and Eaglestone.

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Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

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