

## Angola Weekly | 12/12

### Market Information

**In the first 9 months of the year, the current account recorded a positive balance of USD 11.0 billion (bn).** This is a very significant increase from USD 5.7Bn in the same period of 2021, mainly due to the increase in the value of oil exports, which totaled USD 37.1Bn in the period (USD 22.3Bn between January and September 2021). In Q3 2022, the surplus slowed to USD 2.7Bn, after recording 4.8Bn and 3.5Bn in Q1 and Q2, respectively. In fact, as a result of the significant national currency appreciation between 2021 and 2022, imports of goods increased significantly, to a quarterly average of USD 4.2Bn this year, the highest since 2015. In the context of trade in services, imports also increased, to USD 2.6Bn per quarter, the highest values since 2017. Our expectation is that imports will continue on the same scale in the last quarter, with a further quarterly decrease in the value of exports, but still enough to record a positive balance: as a whole of the year, we expect a surplus of around USD 13Bn, representing between 9-10% of GDP. With the impact of depreciation so far, imports are expected to decline mainly from Q2 2023; however, the impact of the decline in exports is expected to be greater, leading us to forecast a much lower current account surplus next year, possibly less than 2% of GDP.

**The Ministry of Finance will assume a premise of USD 75 per barrel for the 2023 Budget, close to the level at which the commodity is now trading.** Our expectation for this year was, until now, a little more optimistic, of a surplus of 3-4% of GDP. Moreover, the document estimates that the government debt to GDP ratio to fall to 56.1% at the end of this year, which is in line with the IMF's forecast and our own expectation. We are going to publish a deeper look into the document in the near future.

**The price of a barrel of Brent oil, which serves as a benchmark for Angolan exports, performed very negatively and ended the week trading at USD 75.6 per barrel, evidently below the USD 84.6 in which it traded at the end of the previous week.**

**The National Bank of Angola (BNA) announced last Tuesday the extinction of the foreign exchange control department as a result of the adoption of the flexible exchange rate regime, which contributed to the exclusion of the need for licensing of foreign exchange operations.**

### Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	4.6	2.4
Average Inflation (%)	25.8	21.2	12.2
Current Account (% GDP)	9.8	9.6	1.2

\*GDP and inflation - INE; Current account - BFA forecast  
\*\*Forecasts

### Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Positive	7/15/2022
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

### Monetary and ForEx data\*

	12/9/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	10.50%	0.00	-8.18	-8.30
USD/AOA	504.2	-0.42%	-9.16%	-11.34%
AOA/USD	0.00198	0.42%	10.08%	12.79%
EUR/AOA	532.1	-0.19%	-15.40%	-17.27%
EUR/USD	1.054	0.05%	-7.30%	-6.67%
USD/ZAR	17.4	-0.86%	8.89%	8.88%

\*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

### Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (365 days)	11.0%	10,000	12,497	12,497
BT (163 days)	9.5%	30,000	12,534	12,534
OT AOA (6 years)	18.9%	7,500	7,219	7,219
OT USD (8 years)	19.5%	7,500	1,312	1,312
OT USD (10 years)	21.0%	829	829	829

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanza. USD OT in million Dollars \* Bond linked to the exchange rate \*\* Bond linked to treasury bills

