

Angola Weekly | 09/01

Market Information

In 2022, the State issued AOA 1.80 trillion in domestic debt securities to banks. Adding securities issued directly to investors (around AOA 0.02 billion by September), we estimate that total domestic bond issues were AOA 1.83 billion, close to 82% of the annual debt plan. With higher-than-expected oil tax revenues, the Treasury issued less than half of what it expected in short-term securities, and less than a third in local Dollar bonds, managing to get lower yields and issue 32% more than expected in bonds between 2-10 years of maturity. **Issues for 2023 are expected to begin as early as this month – a presidential decree was approved last week allowing issuance up to 2.61 trillion.** The decree allows the Treasury to begin financing this year before approval of the 2023 Budget, which will be discussed in parliament during this month.

Total credit to the economy increased by 7.6% between November 2021 and November 2022 – removing the impact of inflation, credit decreased by 7.7% in real terms. The drop is mainly due to foreign currency credit, which fell 26.8% yoy. Credit in local currency to the private sector fell 3.0% yoy in real terms; still, this is the softest decline since July 2021; in the public sector, the increase was 24.3% yoy in real terms, but is slowing down compared to the average increase of 37.0% in the last 5 months. **In monthly terms, total credit increased by 2.1%, a slowdown from the 4.6% increase in October.** In Kwanzas, the increase was 1.0%, down from 2.3% the previous month. In sectoral terms, the increase in credit from "Administrative Activities and Support Services" is notable, almost tripling, although it represents only 2.2% of the credit. Among the most relevant sectors, we note the increases of 29.5% yoy and 27.3% yoy, in the Agricultural and Manufacturing sectors, respectively. **Deposits fell 2.8% yoy in the same period, due to the 23.6% yoy decrease in foreign currency deposits; in local currency, these rose 19.5% yoy, which translates into an increase of 4.3% in real terms.**

The price of a barrel of Brent crude oil, which serves as a benchmark for Angolan exports, traded mixed last week, closing down at USD 78.6 (up from \$85.9 the previous week).

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

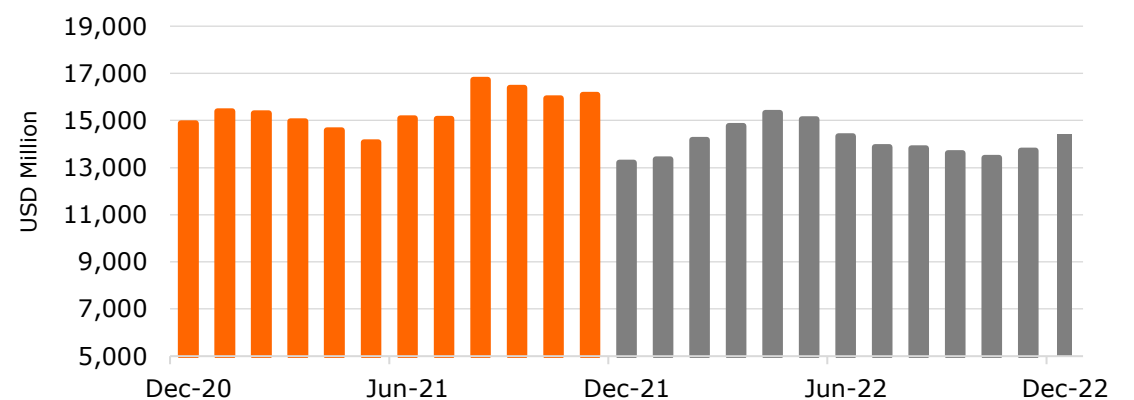
| Rating Agency | Rating | Outlook | Last change |
|-------------------|--------|----------|-------------|
| Fitch | B- | Positive | 7/15/2022 |
| Moody's | B3 | Positive | 10/20/2022 |
| Standard & Poor's | B- | Stable | 2/4/2022 |

Monetary and ForEx data*

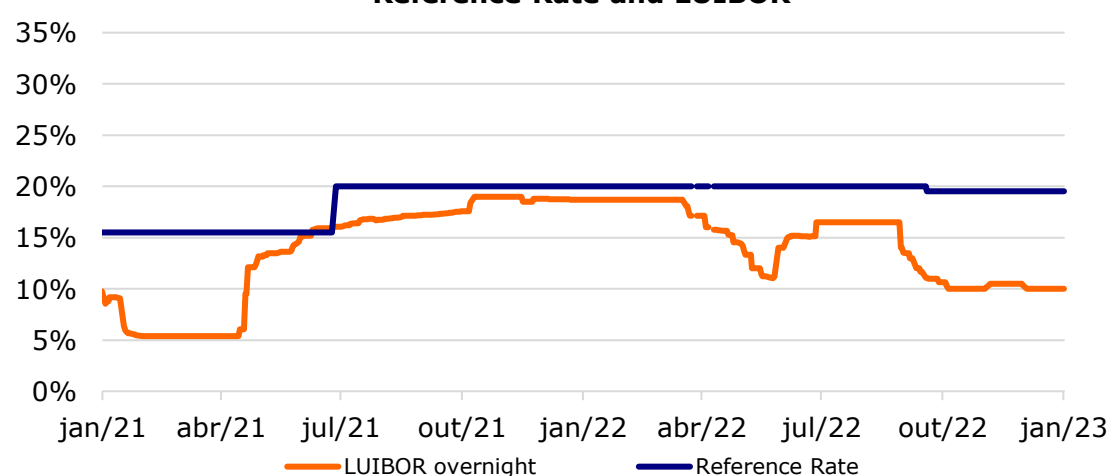
| | 1/6/2023 | 7 days (p.p./%) | Change YTD (p.p./%) | 12 months (p.p./%) |
|------------|----------|-----------------|---------------------|--------------------|
| LUIBOR O/N | 10.00% | 0.00% | 0.00% | -8.68% |
| USD/AOA | 503.9 | 0.03% | -9.21% | -8.67% |
| AOA/USD | 0.00198 | -0.03% | 10.14% | 9.49% |
| EUR/AOA | 529.1 | -1.56% | -15.89% | -15.26% |
| EUR/USD | 1.064 | -0.57% | -6.39% | -5.78% |
| USD/ZAR | 17.1 | 0.41% | 7.34% | 8.67% |

*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.

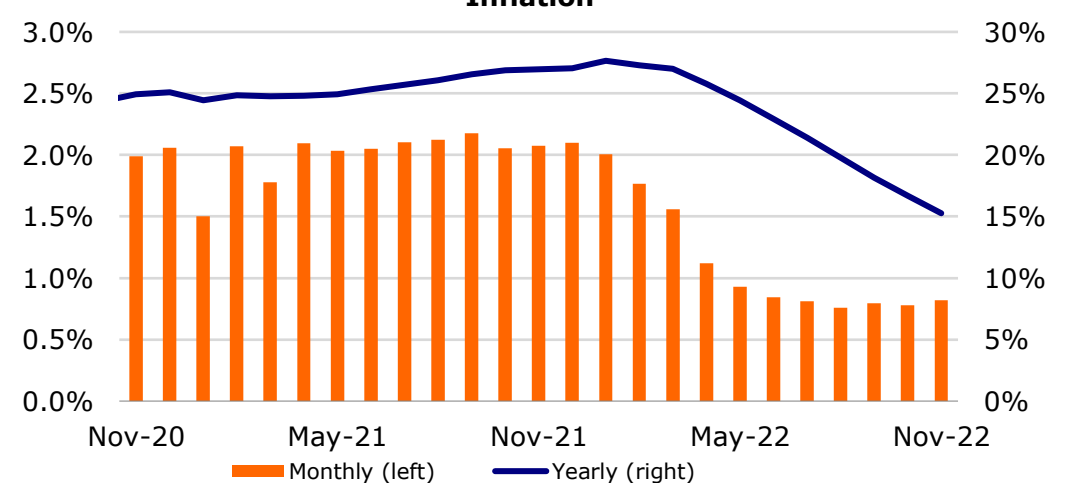
International Reserves



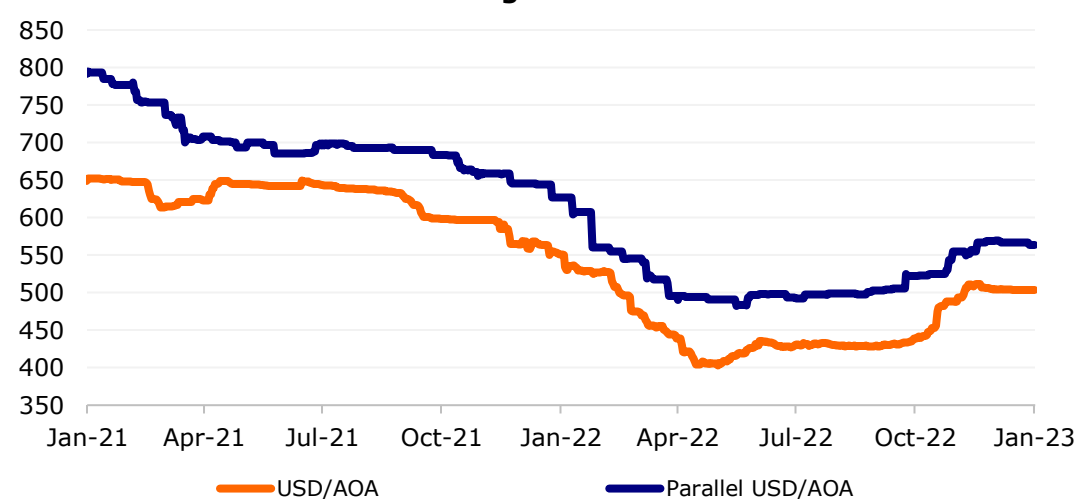
Reference Rate and LUIBOR



Inflation



Exchange Rate



Oil Price (Brent) and Eurobond 2025

