

Angola Weekly | 16/01

Market Information

Monthly inflation accelerated to 0.9% in December, after 6 months at around 0.8%. This slight acceleration was below our expectations: we were expecting monthly inflation of 1.1%, due to the usual seasonality effects in December. In year-on-year terms, inflation fell again, to 13.9%, the lowest value since 2015. The main component of inflation, the Food & Non-Alcoholic Beverages sub-index, rose 0.8%, in line with what occurred in the previous 6 months. The largest increases were in Apparel & Footwear (2.0%), Health (1.9%) and Miscellaneous Goods & Services (1.5%). We think that the Kwanza depreciation has not yet had an impact on inflation, and we expect this to happen in the coming months, raising monthly inflation to 1.1% in Q12023. The impact of this acceleration will only be felt in year-on-year inflation as of April – in Q1, year-on-year inflation will gradually move towards a value between 11-12%.

The World Bank (WB) has revised downwards the forecast for economic growth in Angola this year, to 2.8%, compared to the previous forecast of 3.3%. The institution estimates that the Angolan economy has grown by 3.1% in 2022. Our perspective for 2023 is more pessimistic: we expect growth between 1.0-1.5%, due to a significant drop in the Oil GDP, between 6.1-6.6%. Non-oil GDP is expected to grow between 3.7-4.2%. In 2022, we estimate that the economy has grown between 3.3-3.8%, above WB calculations.

The rating agency Fitch maintained the rating of the Angolan debt at B-, as well as the positive outlook. Expectations for economic growth are similar to those of the WB, as the agency expects growth of 2.7% in 2023. On the other hand, it expects a decline in average year-on-year inflation to 14% in 2023 and 11% in 2024, a little more optimistic than our own forecast, namely for 2024.

The privatization of 6 assets, valued at AOA 7.8 billion, was reversed due to non-compliance with payment plans by the purchasing companies. In total, according to IGAPE, another 29 assets were privatized in 2022, for a total of 96 since the beginning of PROPRIV. Total sales are valued at AOA 961.2Bn, of which AOA 568.6Bn has already been received – AOA 396.4Bn in an exchange of assets and AOA 172.2Bn in cash.

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

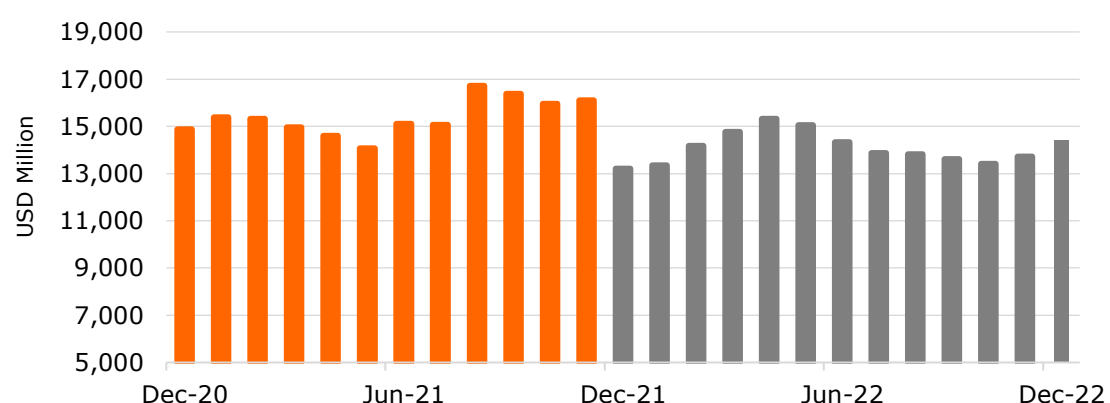
Rating Agency	Rating	Outlook	Last change
Fitch	B-	Positive	7/15/2022
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

Monetary and ForEx data*

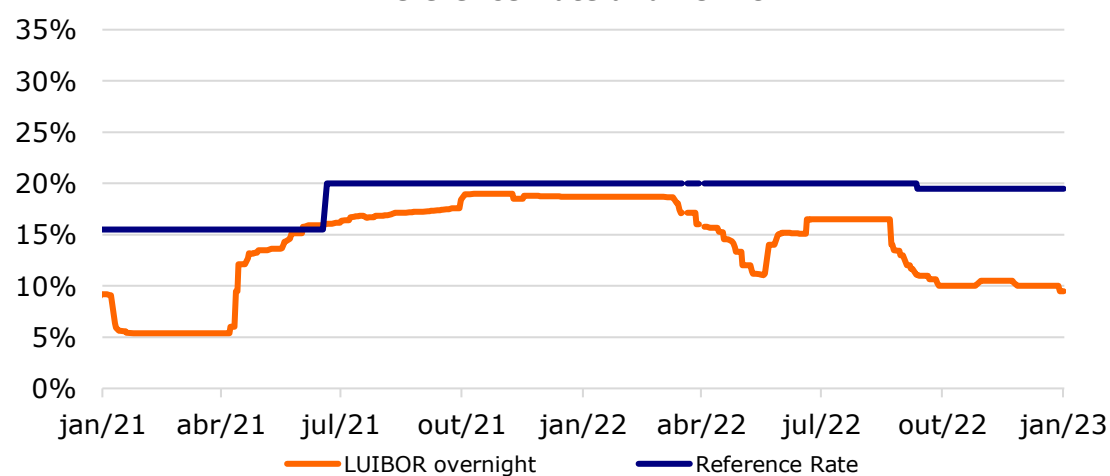
	1/13/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	10.00%	-0.50%	-0.50%	-9.18%
USD/AOA	503.8	-0.02%	-9.23%	-4.95%
AOA/USD	0.00199	0.02%	10.17%	5.21%
EUR/AOA	544.9	2.99%	-13.38%	-10.32%
EUR/USD	1.083	1.75%	-4.75%	-5.46%
USD/ZAR	16.8	-1.63%	5.59%	9.24%

*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.

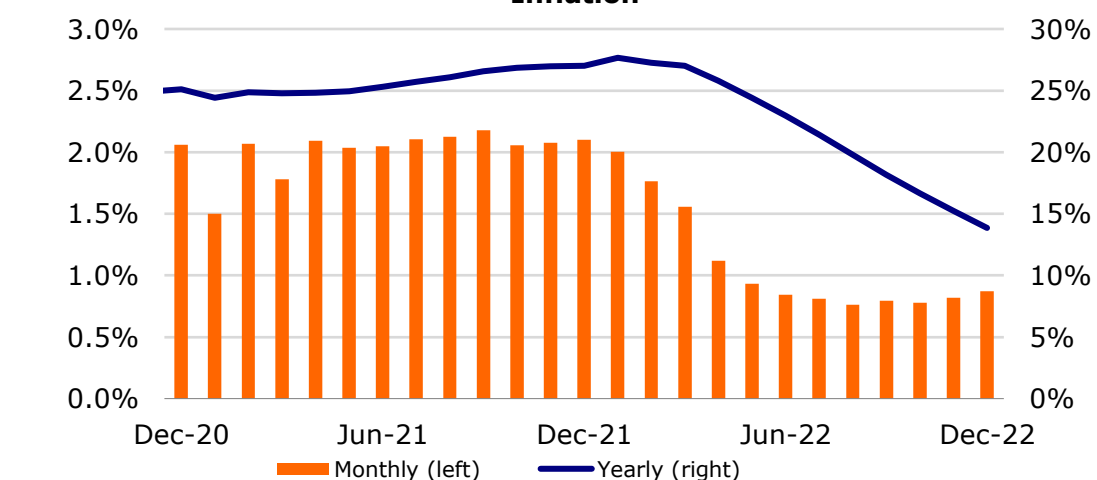
International Reserves



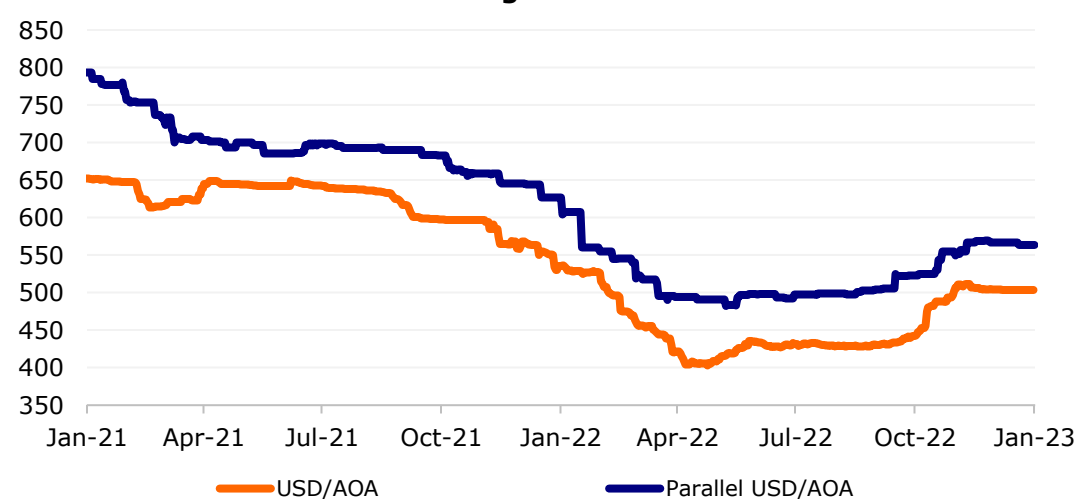
Reference Rate and LUIBOR



Inflation



Exchange Rate



Oil Price (Brent) and Eurobond 2025

