

## Angola Weekly | 27/02

### Market Information

**The IMF ended its annual consultations on the Article IV report for Angola, keeping its economic outlook relatively positive.** The Fund estimates that the economy likely grew by 2.8% in 2022 - 0.1% less than the October forecast and below our estimate. The oil economy increased by 2.0% and non-oil activity increased by 3.2%. For 2023, the Washington-based institution points to an acceleration of growth to 3.5%, supported by the acceleration of non-oil GDP growth to 4.3%, which will more than offset the slowdown in oil GDP growth to 1.2%. In the medium term, the IMF expects the economy to grow around 4%, with the impact of economic reforms on the growth of the non-oil economy. Regarding inflation, the IMF expects it to end this year at 12.3%; it should be noted that the average inflation forecast is 11.7%, which points to lower year-on-year inflation figures during the year, which is consistent with a period of continued deceleration in the 1st half of the year, possibly even close to the 10%, and then a new acceleration, taking inflation back to the level above 12% predicted by the Fund. The IMF points to inflation below 2 digits in 2024. The Current Account will continue with a very positive surplus: the Fund's forecasts estimate a surplus of 11.0% of GDP in 2022, and a decrease to 6.3% of GDP in 2023. Finally, with regard to public debt, the IMF now estimates that it ended 2022 at 66.1% of GDP, above the 56.6% estimated in October but well below the 83.6% at the end of 2021; for 2023, the expectation is for a further decline to 64.1% of GDP. **The Fund advises that there should be an effort to mobilize greater non-oil tax revenue, reform state-owned enterprises and rationalize expenditure (in particular with the reduction of fuel subsidies), in order to create fiscal space for greater investment and social spending.** In particular, the IMF recommended accelerating the Kwenda social cash transfer program.

**Sonangol presented provisional results, in which it recorded an EBITDA of USD 4.9 billion, a year-on-year increase of 44%.** The results come against the backdrop of a much higher oil price. In the context of a new focus on production, and in particular on production in Angola, the oil company is expected to continue selling assets (+7 this year, after 24 already sold), having also decided to completely divest oil exploration operations in Venezuela and Iraq.

### Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.4	1.3	5.9
Average Inflation (%)	21.7	13.2	16.8
Current Account (% GDP)	11.5	3.2	3.8

\*Inflation - INE; GDP & Current account - BFA forecast  
 \*\*Forecasts

### Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Positive	15/07/2022
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

### Monetary and ForEx data\*

	22/02/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	8.94%	0.04%	-1.06%	-9.74%
USD/AOA	503.8	-0.11%	-9.22%	1.31%
AOA/USD	0.00198	0.11%	10.15%	-1.29%
EUR/AOA	531.5	-0.76%	-15.50%	-4.28%
EUR/USD	1.055	-1.37%	-7.23%	-5.75%
USD/ZAR	18.4	2.05%	15.62%	20.06%

\*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.

### Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
OT AOA (4 years)	15.0%	84,574	69,331	69,331
OT AOA (6 years)	16.3%	5,000	9,413	9,413

BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwanza. OT USD (Dollar Treasury Bonds) are shown in million Dollars

