

Angola Weekly | 20/03

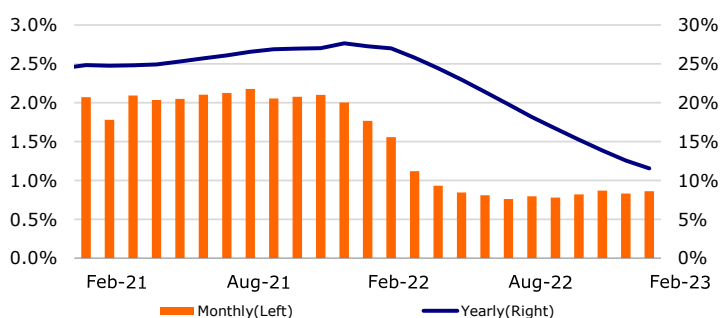
Market Information

Monthly inflation accelerated slightly to 0.9% in February, still below our expectations, and quite close to the 0.8% average of the previous 9 months. In fact, inflation has not accelerated to the level we had expected, given the depreciation that took place from October onwards - in our estimates, monthly inflation would have registered values between 1.0-1.1% between December and February. In the case of the main component of inflation, the monthly increase was 0.8%, a value that has kept steady in the last 3 months, slightly above the average of 0.6% between July and October, before the depreciation that took place. It should also be noted that, in Luanda, food inflation is even lower, at 0.7%. As a result of this evolution, year-on-year inflation is now 11.5%, the lowest value since August 2015. If monthly inflation remains at similar levels in the coming months, which we now believe is likely, year-on-year inflation should continue to decline, stabilizing from April onwards at slightly above 10% - lowest since mid-2015. Our expectations for the whole year are still being revised.

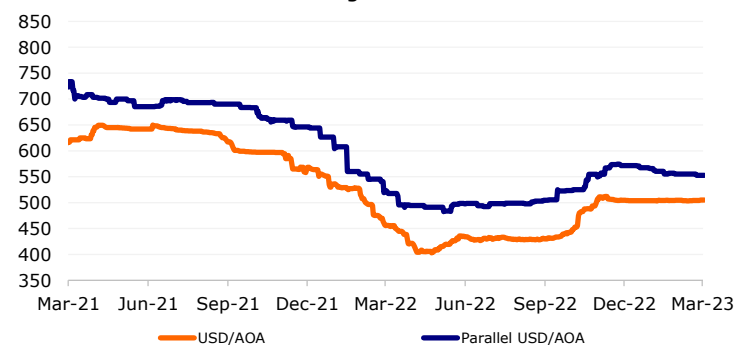
Angola recorded a surplus of USD 11.7 billion on the balance current account, which the BNA estimates to represent 11.4% of GDP, in line with last year's 11.7%, both at levels similar to the previous maximum of 2011. The maintenance of this balance was due to the widening of the surplus in trade in goods & services, to USD 21.6Bn, the highest since USD 26.0Bn in 2012: exports accounted for 48.4% of GDP, the highest share since 2013; on the other hand, imports grew more or less in line with the economy - they accounted for 27.6% of GDP, above the 2016-21 average of 25.7%, but well below the 2003-15 average of 39.7%. At the same time, the primary income balance became more negative: between profits, wages and interest, the flow was USD -8.7Bn, well above the average of USD -6.4Bn between 2015-21. In the secondary income balance, the balance was USD -1.1Bn, also worse than the average between 2015-21 (-0.4Bn). It should be noted that the external debt service represented 19.2% of the value of exports of goods & services, also below the 2015-21 average (29.5%).

Brent is in sharp decline, trading at just above USD 70 at the beginning of this week, as a result of fears of bank contagion, now related to the cheap purchase of Credit Suisse by UBS, negotiated over the weekend. Despite this, the European Central Bank decided to hike rates by 50 basis points yet again last week.

Inflation



Exchange Rate



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*

	17/03/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	8.94%	0.00%	-1.06%	-9.74%
USD/AOA	504.8	0.13%	-9.04%	10.82%
AOA/USD	0.00198	-0.13%	9.94%	-9.76%
EUR/AOA	536.4	0.13%	-14.72%	6.36%
EUR/USD	1.067	0.25%	-6.16%	-3.80%
USD/ZAR	18.5	0.86%	15.92%	23.80%

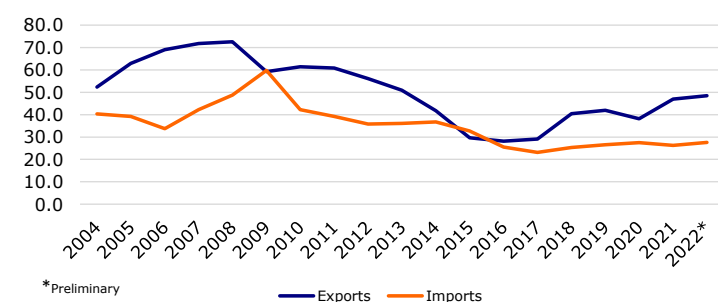
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
OT AOA (7 years)	16.4%	2,385	2,385	2,385
OT AOA (5 years)	16.0%	5,000	5,000	1,300
OT AOA (5 years)	16.0%	6,908	6,908	6,908
OT AOA (4 years)	15.0%	5,000	9,847	9,847
OT AOA (4 years)	15.0%	5,000	5,818	5,818
OT AOA (2 years)	13.5%	5,000	7,495	7,495

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

Trade in Goods and Services as a % of GDP



Oil Price (Brent) and Eurobond 2025

