

Angola Weekly | 17/04

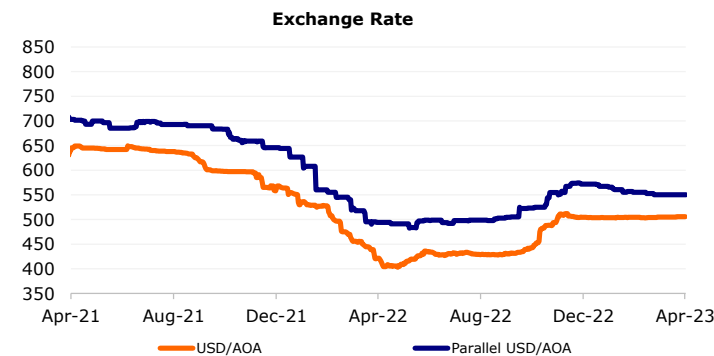
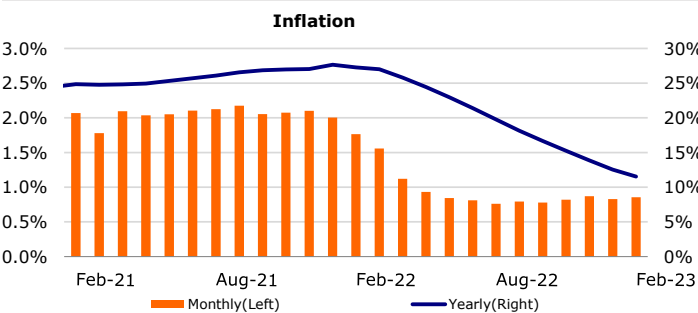
Market Information

Yearly inflation in March stood at 10.8%, a drop of 0.7 percentage points (pp) compared to January, signaling the fourteenth consecutive month of decline. Monthly inflation, which showed a constant trend between Jun/2022 and Jan/2023, settling at 0.8% in that period, has stood at 0.9% for the last two months, a slight increase. According to INE data, in March, "Health", "Clothing and Footwear" and "Miscellaneous goods and services" increased the most, at 1.9%, 1.6% and 1.4% respectively. We are confident that there are no inflationary pressures that would significantly change the course of inflation in the 1st half of the year, with yearly inflation at lows close to 10%; in the 2nd half of the year, we should see some acceleration, ending between 11-12%.

According to data collected by OPEC, Angola produced only 1.01 million barrels per day (mbd) of crude in March, clearly affected by the stoppage of the Dalia oil field, in Block 17. Compared to the same month last year, this is a drop of 12.9% in production. For the entire quarter, production averaged 1.07mbd (-7.2% yoy), hinting at a similar drop in oil GDP in Q1 2023. Iraq and Nigeria also saw significant monthly drops in March, of 18 and 17mbd, respectively. On the other hand, Saudi Arabia saw the highest increase, 44 mbd. Brent traded most of the week between USD 85-87, relatively stable when compared to previous weeks.

The International Monetary Fund (IMF) projects growth of the Angolan economy in 2023 to 3.5%, 0.7pp more compared to 2022. For 2024, the forecast is for a new acceleration, for a growth of 3.7% - between 2025-28, the Fund expects an average growth of 4.1%. Our perspective is relatively more pessimistic for this year, due to a significant drop in oil GDP - we see GDP growth between 1.0-1.5% in 2023; however, in the medium term, we share the optimism of the IMF, particularly for the non-oil economy. Regarding inflation, the institution points to 12.3% at the end of the year, and 9.5% at the end of 2024, gradually decreasing to 8.8% in 2028; our own outlook is identical if no fuel price adjustment takes place. With regard to the fiscal part, on the one hand, a return to deficits is expected this year, at -0.2% of GDP, but a continued decline in debt is forecast, to 63.3% this year and 49.5% in 2028. Finally, the IMF expects the current account to maintain a surplus up until 2028.

International Reserves closed March at USD 14.1Bn (-4.6% yoy), 131.6 million more compared to the previous month. According to our calculations, the value of international reserves in March represents approximately 6 months of imports of goods and services.



Macroeconomic Forecasts

| Indicator | 2022* | 2023** | 2024** |
|-------------------------|-------|--------|--------|
| GDP change (%) | 3.0 | 1.2 | 5.9 |
| Average Inflation (%) | 21.7 | 11.2 | 0.0 |
| Current Account (% GDP) | 12.5 | 3.7 | 4.3 |

*Inflation - INE; GDP & 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*

| | 4/14/2023 | 7 days (p.p./%) | Change | |
|------------|-----------|--------------------|-----------------|-----------------------|
| | | | YTD (p.p./%) | 12 months (p.p./%) |
| LUIBOR O/N | 8.75% | 0.05% | -1.25% | -7.25% |
| USD/AOA | 505.9 | 0.01% | -8.84% | 20.07% |
| AOA/USD | 0.00198 | -0.01% | 9.69% | -16.71% |
| EUR/AOA | 557.8 | 1.25% | -11.31% | 22.78% |
| EUR/USD | 1.099 | 0.80% | -3.32% | 1.51% |
| USD/ZAR | 18.1 | -0.60% | 13.48% | 23.34% |

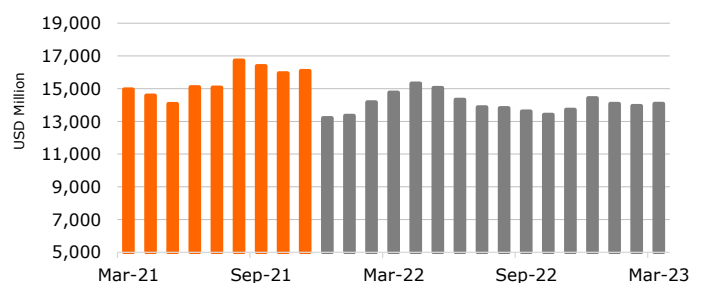
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Weekly domestic debt securities auctions

| Term | Yield | Offer | Demand | Allocated |
|-------------------|-------|--------|--------|-----------|
| OT AOA (10 years) | 17.0% | 10,000 | 11,000 | 11,000 |
| OT AOA (6 years) | 16.3% | 2,000 | 600 | 600 |
| OT AOA (5 years) | 16.0% | 5,000 | 5,850 | 5,850 |
| OT AOA (4 years) | 15.0% | 2,000 | 17,973 | 17,973 |
| OT AOA (2 years) | 13.5% | 2,000 | 14,762 | 14,762 |
| OT USD (3 years) | 4.5% | 1 | 0 | 0 |

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

International Reserves



Oil Price (Brent) and Eurobond 2025

