

Angola Weekly | 26/06

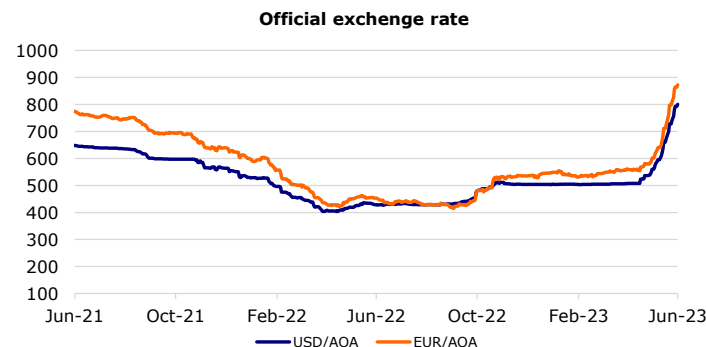
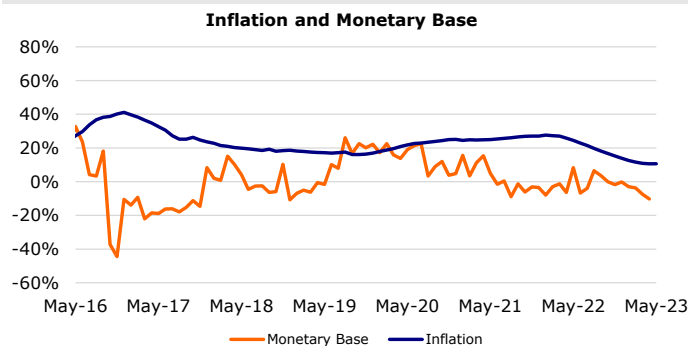
Market Information

The Industrial Production Index (IPI) for the 1st Quarter 2023 recorded a year-on-year drop of 5.9%, due to the 8.1% contraction in oil production, which represents 85% of the index. Outside of the oil sector, the manufacturing industry recorded growth of 3.3% yoy, with emphasis on the food industry which rose 7.7% yoy and Beverages & Tobacco which rose 5.1% yoy. The metallurgical industries grew modestly, 1.6% yoy due to a 2.9% yoy drop in the manufacture of machinery, equipment, appliances, and automobiles. Breaking down industrial production another way, Energy Products production (90% of the index) was down 1.1% yoy, while Consumer Goods production (6.3% of the index) was up 2.8% yoy. Finally, the production of Intermediate Goods (4.2% of the index) rose by 2.2% compared to the same quarter of 2022. The indices of hours worked, and persons employed in the production of Consumer Goods point to the same, having grown by 8.7% and 7.5% yoy, respectively.

In Q1 2023, the Consumer Confidence Indicator (ICC) grew compared to the same period last year, despite the quarterly drop. According to the National Institute of Statistics, the ICC grew 4 points compared to Q1 2022 and fell 2 points compared to the previous quarter. Year-on-year growth in household confidence is visibly decelerating and in quarterly terms this is the second consecutive deceleration, in line with a slower pace of growth in the 1st quarter of the year. In general, most of the indicators that make up the ICC also grew slightly in year-on-year terms, with emphasis on the financial situation of families in the next 12 months (+2 points) and unemployment in the country in the next 12 months (+15 points). It will be interesting to see the extent of the drop in consumer confidence in the Q2 and Q3 of this year.

The monetary base (M0) in local currency, operational variable of the monetary policy, in May, fell 12.45% yoy to 1.5 trillion. M0 has been falling in year-on-year terms since October 2022, however, since March the Banco Nacional de Angola (BNA) has intensified its downward movement, with the operational variable contracting in March and April, 7.4% and 10%, respectively. The contraction in M0 is essentially the result of the drop in Excess Reserves in the banking system of around 37% yoy, because of the more intense use of open market operations with repurchase agreements. We believe that the M0 contraction should continue more intensely, at a time when inflation prospects are higher.

Fitch Ratings has revised the outlook on Angola's long-term default rating to stable. The Outlook revision from positive to stable was essentially influenced by the Kwanza depreciation, higher inflation expectations, weaker growth prospects and rising public debt.



Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.0	1.2	5.9
Average Inflation (%)	21.7	10.7	14.1
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-	Stable	6/26/2023
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

Monetary and Forex data*

	6/23/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.86%	0.04%	4.86%	-0.29%
USD/AOA	792.8	8.95%	57.40%	84.64%
AOA/USD	0.00126	-8.21%	-36.47%	-45.84%
EUR/AOA	863.8	8.35%	60.73%	90.74%
EUR/USD	1.089	-0.39%	1.77%	3.53%
USD/ZAR	18.8	3.12%	10.08%	17.49%

*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
BT (364 days)	12.2%	2,000	14,000	11,000
OT AOA (4 years)	15.0%	5,000	1,000	1,000
OT AOA (5 years)	16.0%	5,000	9,608	9,608
OT AOA (10 years)	17.0%	211	210	210

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

