

Angola Weekly | 10/07

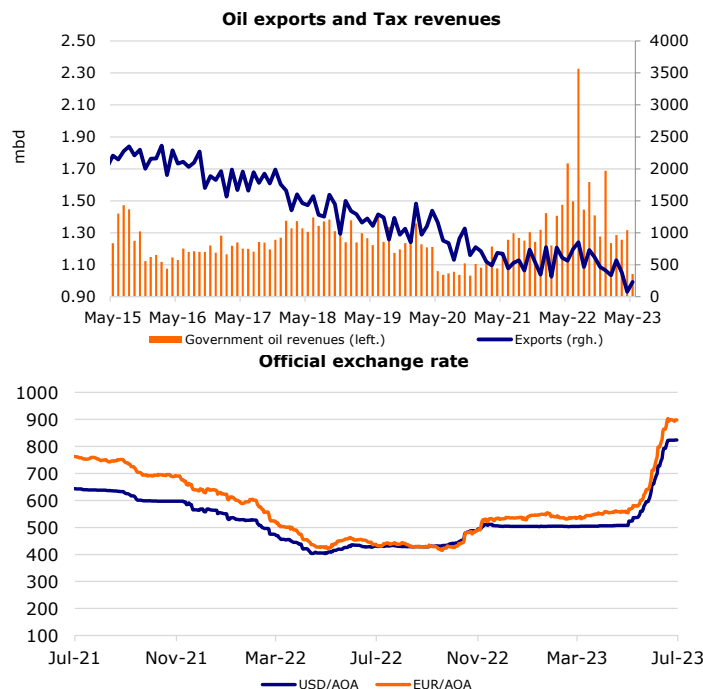
Market Information

In the first quarter of 2023, the Angolan economy grew by 0.3% compared to the same period in 2022. The oil economy contracted by 8.0% yoy, contributing negatively by 2 percentage points (pp) to total GDP growth. The non-oil economy grew by 3.1% in Q1 2023 compared to the same quarter of 2022, representing a deceleration of 2.1pp compared to Q4 2022. The sectors of Transport (+27.1%), Diamonds and Minerals (+22.9 % yoy) and Electricity and Water (+7.8% yoy) showed higher levels of growth than the rest, while the biggest drop occurred in financial institutions and insurance (-9.1% yoy). With this slowdown, the non-oil economy interrupts three consecutive quarters of accelerated growth and our expectation is that it should have grown more slowly in the 2nd quarter, in line with the exchange rate depreciation that started in May and the impacts that the removal of subsidies to fuels has had on the economy. This hypothesis is based on the weaker growth of some of our most frequent indicators: the private transactions indicator based on EMIS data, grew by 1.5% between April and June, which represents a deceleration of 0.7pp compared to the average between March to May. As for the oil sector, we think it must have contracted again in Q2 2023, between 4.3%-5.2%.

In the month of May, oil exports stood at close to 0.99 million barrels per day (mbd), registering a drop of 11.8% compared to the same period of the previous year. The average export price fell 22.3% yoy, settling at an average of USD 79.4 per barrel. Oil tax revenues yielded around USD 2.5 billion (Bn), corresponding to a year-on-year loss of 29.1%. From January to May, exports amounted to around USD 12 Bn, USD 4.3 Bn less compared to the same period last year. According to our calculations, the reduction in prices (price effect) took almost USD 2.9 Bn from total revenues so far, while the fall in production (quantity effect) took USD 1.6 Bn.

Diamond revenues in Q2 2023 stood at around USD 23.9 million, representing a year-on-year drop of almost 37.5%. Exports in the period under review stood at 1.5 million carats against 2.4 million in Q2 2022, which makes for a drop of around 35.0%.

The Angolan State entered into two financing agreements with the World Bank for a total amount of USD 700 million. According to Presidential Orders nº 154/23 and nº 152/23 of July 5th, this is USD 200 million for the Health Training Project in the field of human resources for universal health coverage, and another USD 500 million for a Loan program for a development policy of diversification, green, resilient and inclusive growth in Angola, respectively.



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	26/06/2023
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

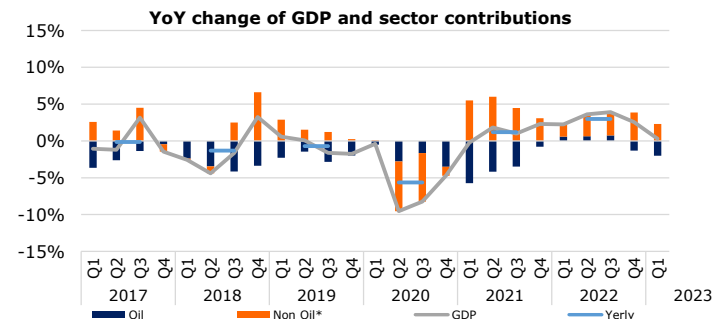
	07/07/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.18%	1.95%	8.18%	1.71%
USD/AOA	823.7	0.09%	63.53%	91.77%
AOA/USD	0.00121	-0.09%	-38.85%	-47.85%
EUR/AOA	898.4	-0.10%	67.16%	105.35%
EUR/USD	1.097	0.53%	2.45%	7.94%
USD/ZAR	18.9	0.10%	10.74%	12.84%

*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 (4 Years)	15.0%	5,000	1,565	1,565
OT AOA (4 Years)	15.0%	5,000	16,862	16,862
OT AOA (5 Years)	16.0%	5,000	2,000	2,000
OT AOA (6 Years)	16.3%	5,000	655	655
OT AOA (7 Years)	16.3%	5,000	5,690	5,690
OT USD (8 Years)	6.0%	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



* Proxy: GDP subtracted from oil GDP

