

## Angola Weekly | 7/08

### Market Information

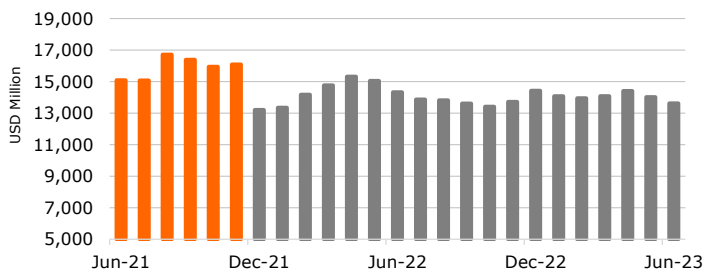
**Angola recorded a surplus of AOA 0.6 trillion in Q1 2023, according to data from the Ministry of Finance.** In the first 3 months of the year, budget revenue totaled AOA 2.3 trillion, -20.3% compared to the same period in 2022. However, budget expenditure was even lower, at AOA 1.7 trillion, a drop of 24.7% compared to Q1 2022. Looking only at primary budgetary expenditure, excluding interest expenditure, it was AOA 1.4 trillion (-26.0% yoy). Thus, excluding debt operations, the primary balance was AOA 0.9 trillion. **On the contrary, the Government collected only AOA 0.3 trillion in new funding and paid debt and interest in the amount of AOA 1.3 trillion, registering a financing deficit of AOA 1.0 trillion in this 1st quarter.** Taking into account the late approval of the Annual Debt Plan, it seems that the Government had to curb the pace of expenditure in order to manage to cover the very significant difference between the outstanding amounts payable and the new debt in the period. Illustrating this point, the amounts of new external debt were only 1% of the forecast for the whole year; in the case of the domestic debt, it was also only 8% of the forecast for 2023.

**Brent ended last week trading above USD 86, the highest levels since April this year.** This is the 5th week in a row of increases, justified by the supply deficit in the market compared to the demand that should occur both in this quarter and in the next. According to OPEC and the International Energy Agency, demand should increase in the 2nd half of the year, while supply will stagnate at current levels. It is possible that the deficit will be even larger than expected, as Saudi Arabia intends to extend its voluntary production cuts until September. American production, for example, is rising, but little compared to the differential that is emerging. On the other hand, if expectations of a recession in the Euro Zone and possibly in the US are confirmed or worsened, forecasts for demand could be changed downwards, dragging with them the price of black gold.

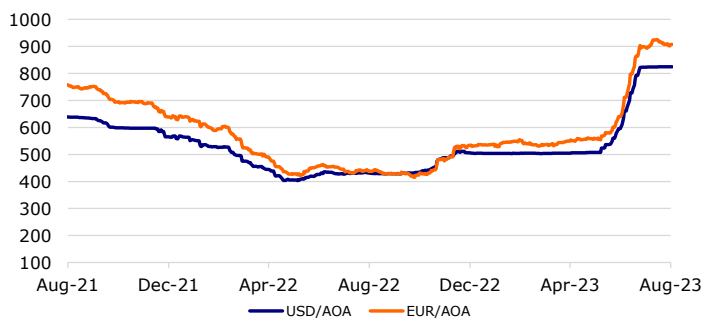
**International Reserves ended the month of July at USD 13.8 billion, slightly above the USD 13.7 billion of the previous month.** The BNA has privileged the stability of international reserves even in the face of a very significant depreciation. Since the statistical change at the end of 2021, International Reserves have fluctuated between a minimum of USD 12.9 billion and a maximum of USD 15.7 billion, with no defined trend.

**Overnight LUIBOR has moderated somewhat this week from mid-July highs.** Last Friday, the rate stood at 16.37%, 226 basis points less than the 18.63% registered on 19 July. The slight moderation follows a significant deterioration (rate was 8.7% in May) which reflects less liquidity in the banking system.

International Reserves



Official exchange rate



### 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\*

	8/4/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.37%	-0.45%	6.37%	-0.13%
USD/AOA	824.9	0.04%	63.78%	91.34%
AOA/USD	0.00121	-0.04%	-38.94%	-47.74%
EUR/AOA	907.4	-0.03%	68.84%	106.31%
EUR/USD	1.101	-0.09%	2.81%	7.42%
USD/ZAR	18.5	4.69%	8.34%	11.11%

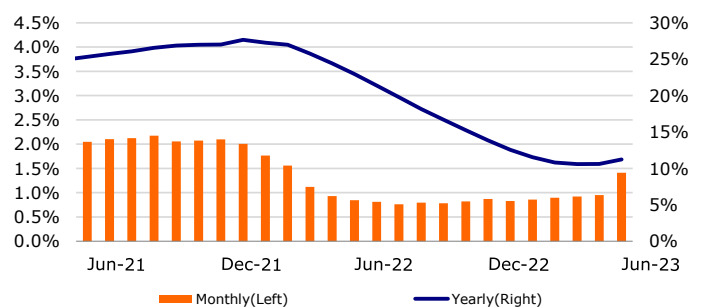
\*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

### Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
BT (91 days)	10.5%	11,000	10,253	10,253
BT (364 days)	12.2%	5,000	1,000	1,000
BT (364 days)	12.2%	5,000	1,000	1,000
OT AOA (5 years)	16.0%	3,000	1,500	1,500
OT AOA (4 years)	15.0%	23,000	19,000	19,000
OT USD (3 years)	4.5%	1	1	2

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

Inflation



Oil Price (Brent) and Eurobond 2025

