

Angola Weekly | 14/08

Market Information

Last week, Sonangol announced the launch of its first corporate bond issue, which will take place between 28th of August and the 12th of September. This is an issue of 7.5 million bonds with a global nominal value of AOA 75 Billion (Bn), equivalent to USD 90 million considering the current exchange rate (AOA/USD 825). The bonds, called "Obrigações Sonangol 2023-2028", are intended for natural or legal persons residing or having an establishment in Angola. The coupon rate, situated at 17.5% per annum, compares with 15% of the last 5-year Treasury Bonds, recently issued: this implies a risk premium of 250 basis points compared to the risk of the Angolan State. It is important to emphasize that each subscription order must have at least ten bonds, which make up a minimum investment of AOA 100 Thousand. Sonangol is the second company incorporated under Angolan law to have its bonds listed on the private bond exchange market, whose operation began with the trading of Standard Bank securities in 2018.

Angola agreed a loan amounting to EUR 99 million with Deutsche Bank, money that will be allocated to electrification in Samba Luçala and neighboring areas. The agreement, which will allow access to energy in the agro-industrial production center in the area, will be covered by the Spanish Export Credit Agency and an insurance premium supported by Euler Hermes.

The Ministry of Economy and Planning (MEP) has lowered its expectations for Gross Domestic Product growth for the 2023 financial year to 1.1% against the 3.6% forecast at the beginning of the year. These prospects were disclosed within the scope of the review of the 2023 executive macroeconomic programming, in the MEP briefing. Regarding the Balance of Payments, the Angolan authorities expect a deficit of USD 0.3 Bn, anticipating a level of International Reserves of USD 13.9 Bn – quite close to current values, which are around USD 13.8 Bn. It should be noted that, in reaction to the recent change in the macroeconomic context, the Ministry of Finance announced a captivation of most expenditure, with the exception of expenditure on personnel, reforms, subsidies for former combatants, health, education, among other exceptions, including debt service.

According to OPEC data, oil production in July stood at 1.17 million barrels day (mbd), showing growth of 9.7% compared to the same month of 2022. This is the highest monthly volume produced since August 2022. Even so, considering the average for the January-July period, there was a year-on-year drop of around 5.7%: the drop was more significant in Q1 2023 (-8.1% yoy), but also very relevant in Q2 2023 (-5.3% yoy). Despite the year-on-year increase in July, our expectation for the 3rd quarter as a whole is for a decline, possibly in line with what happened between April and June.

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*

	8/11/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.80%	-0.57%	5.80%	-0.70%
USD/AOA	825.0	0.01%	63.79%	92.43%
AOA/USD	0.00121	-0.01%	-38.95%	-48.03%
EUR/AOA	904.7	-0.30%	68.33%	103.73%
EUR/USD	1.095	-0.52%	2.28%	6.09%
USD/ZAR	19.0	2.67%	11.23%	16.73%

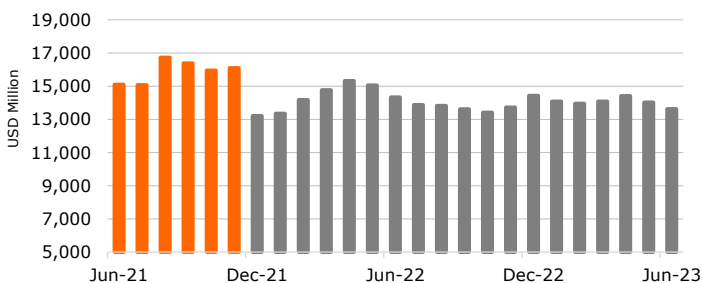
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

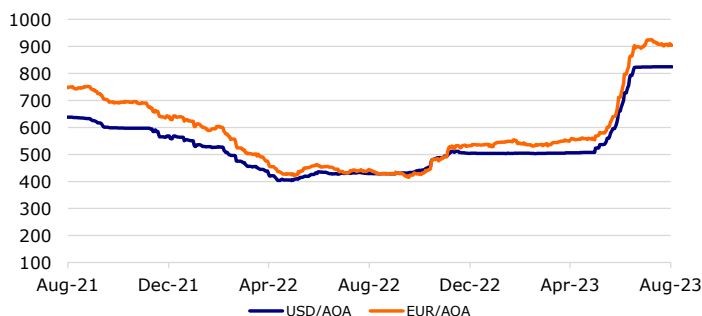
Term	Yield	Offer	Demand	Allocated
BT (182 days)	11.2%	70,000	77,674	77,174
BT (182 days)	11.2%	70,000	76,325	73,790
BT (182 days)	11.2%	50,000	57,478	54,310
BT (364 days)	12.2%	5,000	1,000	1,000
OT AOA (4 years)	15.0%	15,000	13,194	13,194

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

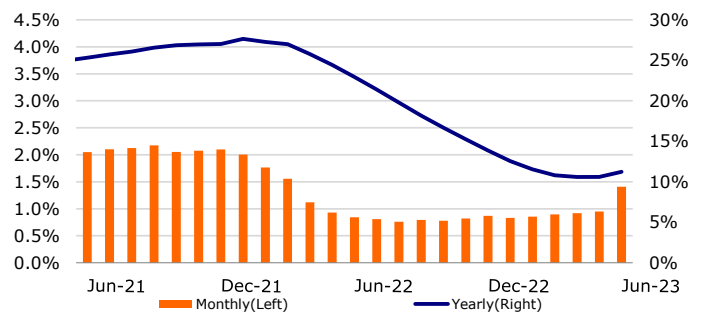
International Reserves



Official exchange rate



Inflation



Oil Price (Brent) and Eurobond 2025

