

Angola Weekly | 11/09

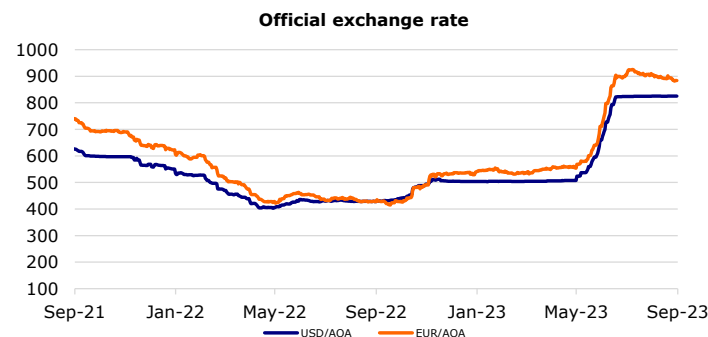
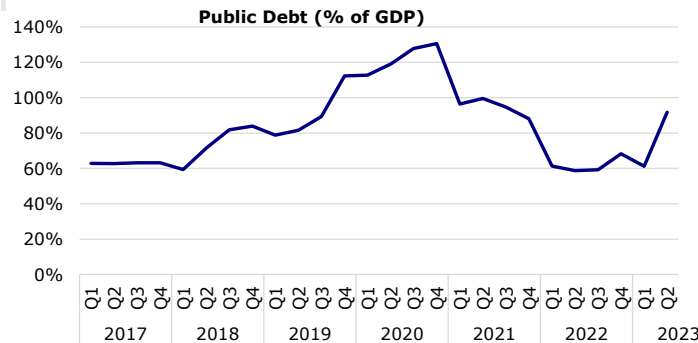
Market Information

Angola's public debt likely rose to close to 91.8% of GDP, an increase of 30 percentage points that was due exclusively to the effect of the loss of value of the Kwanzas. Angola's external debt stock stood close to USD 50.3 billion (Bn) in the second quarter of 2023, retreating USD 1.5Bn in the last 12 months, to the lowest value since Q2 2020. We estimate total public debt at around USD 65.5Bn, a significant drop in value in Dollars, due to the drop in external debt in amount, and due to the effect of the depreciation on the value of the domestic debt when measured in Dollars. Debt to Chinese entities represents 38.0% of all public debt abroad, still very significant, but which has been falling, and is now at a minimum since Q1 2016. On the other hand, debt to multilateral entities now represents 17.5% of all foreign debt, an all-time high since the beginning of the statistical series in 2013.

The International Monetary Fund (IMF) concluded the first post-evaluation financing discussions with Angola and revised downwards the forecast for economic growth this year, from 3.5% to 0.9%. The revision is due, in the words of the Fund, "to an estimate of weak oil production this year", with growth expected to stabilize around 3.4% in the medium term, driven by the "agenda of structural reforms and diversification of the authorities". The Fund also expects inflation to rise temporarily in 2023/24 due to rising fuel prices. Regarding Angola's ability to repay the funding received, the Bretton Woods Institution stated that despite the high risks, the country's repayment capacity is adequate, and appears to be resistant to shocks. Expected repayments to the Fund will increase over the medium term but will peak in 2026 at broadly comfortable levels. Additionally, the IMF also added that a sustained adjustment is needed to mitigate the risks associated with the 2023 fiscal slippage, which is why it is essential to fully implement the subsidy reform announced in early June (with mitigation measures to support the vulnerable population).

International reserves ended the month of August at close to USD 14.1 Bn, USD 305.5 million more than the previous month. According to our calculations, the values of these reserves cover approximately 6 months of imports of goods and services.

Oil prices reached November 2022 highs, after Saudi Arabia and Russia announced a new extension of voluntary production cuts until the end of the year. Brent, which serves as a reference for Angolan crude, appreciated by USD 1 and ended the week close to USD 90 per barrel. WTI, traded in New York, ended the week trading close to USD 87, making a weekly gain similar to that of Brent. With an evidently under-supplied market and more positive prospects on the demand side, in line with the reduced likelihood of recession in the world's largest economy, prices should remain close to current levels throughout the second half of the year.



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*

	08/09/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	9.30%	-0.09%	-0.70%	-4.70%
USD/AOA	825.1	0.02%	63.82%	92.13%
AOA/USD	0.00121	-0.02%	-38.96%	-47.95%
EUR/AOA	884.1	-1.09%	64.51%	105.87%
EUR/USD	1.070	-0.74%	-0.05%	7.03%
USD/ZAR	19.1	1.53%	12.29%	9.20%

*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
BT (91 years)	10.5%	10,250	10,244	10,244
BT (182 years)	12.2%	30	30	30
BT (364 years)	12.2%	5,000	18,000	18,000
OT AOA (4 years)	15.0%	3,700	3,700	3,700
OT AOA (6 years)	16.3%	4,220	4,130	4,130
OT AOA (10 years)	17.0%	4,100	4,080	4,080

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

