

Angola Weekly | 18/09

Market Information

Monthly inflation rose again, reaching 2.0% in August, the highest level since December 2021 – compared to August 2022, prices increased 13.5%, the highest rate of annual increase since the end 2022. In the province of Luanda, prices increased at a significantly higher rate: compared to July, inflation was 2.8%, the highest increase since October 2017; Compared to August 2022, prices increased by 15.4%. The faster price rise was registered in the Education goods class, at 6.2%, well above the 2nd highest rise, of 2.4% in Health goods. In the case of goods related to education, August and September are months with a regular record of seasonal increases, so this phenomenon is common. However, we do not believe that the worsening of inflation is due to this fact, as the variation in the prices of Food & non-alcoholic drinks, which account for the majority of household expenditure, is in line with general inflation, both in national terms (+2.2% mom), as in Luanda (+3.1% mom). In fact, we continue to attribute the successive worsening to the impact of the depreciation that occurred in May and June, the effects of which will still be noticeable until the end of the year, at least.

The Monetary Policy Committee, meeting last Friday in the city of Sumbe, decided to keep the various reference interest rates unchanged. The BNA justified these decisions with the perception that there is, at this point, a sufficient supply of goods and services and a relatively stable exchange rate. The next CPM meeting is scheduled for the 20th and 21st of November in Luanda.

According to data collected independently by OPEC, oil production in Angola was around 1.12 million barrels per day (mbd) in August, a drop of 4.7% compared to the same month in 2022. Despite a recovery in production volumes compared to the beginning of the year, when we look at the period between January and August 2023, production was 5.5% below what occurred in the same period of the previous year, which is consistent with our expectations, and which will continue to dictate a decline in the oil economy in the 2nd and 3rd quarters, although possibly less severe than in the first 3 months of the year.

Oil barrel prices once again reached their highest levels since November last year, reinforcing the feeling of rising prices among market participants. Expectations of a market with more demand than supply remain, with the International Energy Agency predicting this same phenomenon due to the extension of production cuts in Saudi Arabia and Russia. Furthermore, some less pessimistic data regarding industrial production in the Chinese economy helped to support this feeling. Brent ended last week at around USD 94, and is at the same levels at the beginning of this week, above the USD 90 at which it started last week. In the case of WTI, a reference for North American oil, the price was above USD 90 for the first time this year.

Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3,0	-1,4	4,3
Average Inflation (%)	21,7	11,2	21,7
Current Account (% GDP)	12,0	-1,7	2,8

*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*

	15/09/2023	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	7,15%	-2,15%	-2,85%	-5,85%
USD/AOA	825,3	0,02%	63,85%	91,37%
AOA/USD	0,00121	-0,02%	-38,97%	-47,75%
EUR/AOA	879,3	-0,55%	63,60%	104,09%
EUR/USD	1,066	-0,40%	-0,45%	6,56%
USD/ZAR	19,0	-0,63%	11,58%	8,22%

*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%	10 000	9 935	9 935
BT (364 days)	12,2%	10 812	10 812	10 812
OT AOA (3 years)	16,1%	163	163	163
OT AOA (6 years)	16,3%	5 542	5 542	5 542
OT AOA (10 years)	17,0%	5 000	5 000	2 000
OT USD (3 years)	4,5%	26	25	25

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

