

Angola Weekly | 02/10

Market Information

In the second quarter of 2023, the Angolan economy stagnated when compared to the same period in 2022. Economic activity registered a year-on-year variation of 0.0%, slowing down for the third consecutive time since the Q4 2022. By contracting 2.9% yoy in Q2 2023, the oil sector removed 0.8 percentage points (pp) from the general GDP growth rate and recorded the third consecutive drop. The non-oil economy grew 1.2% yoy, slowing down 1.9pp compared to Q1 2023, contributing around 0.9pp to the GDP growth rate. Of the sectors that make up the non-oil economy, only the "Services" and "Diamonds and Minerals" sectors contracted, around 1.1% yoy and 21.9% yoy, respectively. The remaining sectors grew, with emphasis on the "Financial institutions and insurance" sector, which grew 40% yoy – after having contracted 9.1% yoy in the last quarter – and the "Fisheries" sector, which grew 5.6% yoy.

Gross credit to the private sector stood at close to AOA 5.2 trillion, having registered a nominal increase of 20% yoy, corresponding to around AOA 865.9 billion (Bn). Based on our calculations according to data from the Angolan central bank (BNA), credit in real terms grew 6.47% yoy in August, which represents a growth of 3.79pp compared to July. We note that the growth in credit to the private sector is essentially the result of the depreciation of the Kwanza, as BNA data shows that the part of credit in foreign currency grew by close to 105% yoy, when converted to local currency.

Diamond exports in August fell by 80% when compared to the same period last year – in total, around 157 thousand carats were exported. Since January of this year, we have observed a strong downward trend in exports. The price of exports registered a significant year-on-year drop of close to 20%, reaching USD 193 per carat, which resulted in a reduction in export revenues by 60% yoy to USD 69 million. The numbers for July and August 2023 are much lower than those for the same period last year, so we expect a drop in the sector's GDP in the Q3 2023 – it would take a 122% growth in exports in September for this not to happen, which which is unlikely given the current trend we have observed.

International reserves ended the month of September close to USD 13.8 Bn, registering a growth of 1.6% year-on-year, but remaining around USD 249.7 million below the previous month's values. According to our calculations, reserves cover approximately 6 months of imports of goods and services.

Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.0	-1.4	4.3
Average Inflation (%)	21.7	15.6	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*

	29/09/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	7.07%	0.25%	-2.93%	-3.93%
USD/AOA	825.5	0.01%	63.90%	90.40%
AOA/USD	0.00121	-0.01%	-38.99%	-47.48%
EUR/AOA	874.9	-0.54%	62.79%	107.42%
EUR/USD	1.057	-0.75%	-1.23%	7.72%
USD/ZAR	18.9	0.89%	11.07%	5.04%

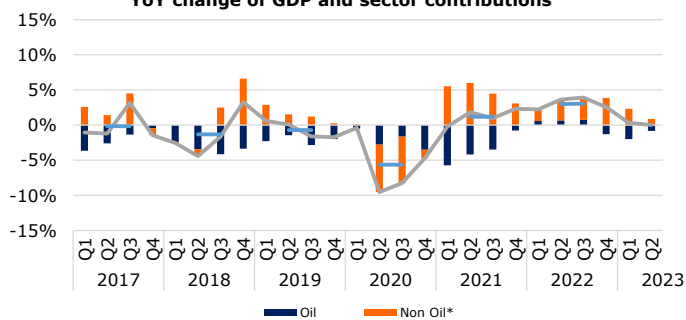
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
BT (182 days)	11.2%	5,000	8,500	8,500
BT (364 days)	12.1%	2,000	2,000	2,000
OT AOA (4 years)	15.0%	2,000	2,000	2,000
OT AOA (8 years)	16.6%	5,000	500	500
OT USD (5 years)	5.1%	8	8	8
OT USD (8 years)	6.0%	1	0	0

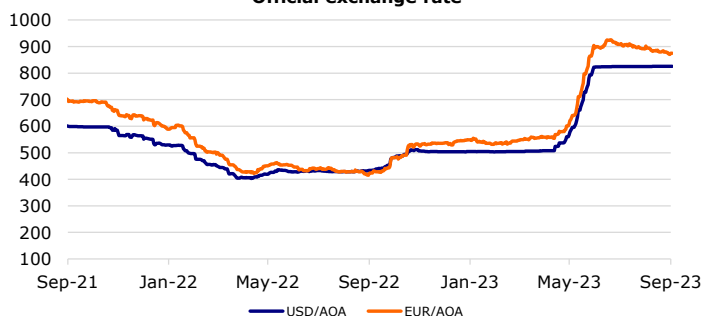
BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwanza. OT USD (Dollar Treasury Bonds) are shown in million Dollars

YoY change of GDP and sector contributions

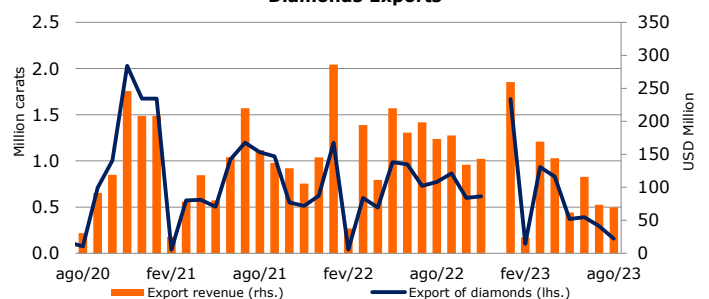


* Proxy: GDP subtracted from oil GDP

Official exchange rate



Diamonds Exports



Oil Price (Brent) and Eurobond 2025

