

Angola Weekly | 16/10

Market Information

In September, year-on-year inflation reached the highs of November 2022, and is now 1.0pp above the short-term target defined by the BNA. Monthly inflation marked the eighth consecutive rise, accelerating 0.06 pp to 2.1% and registering levels from the last quarter of 2021. The Education class was the one that recorded the biggest monthly increase, 4.1% (-2.1pp in relation to the August increase), still affected by the resumption of the school period and adjustments in the value of tuition fees and emoluments. Other significant increases also stood out in the "Transport", "Health" and "Food and non-alcoholic beverages" classes with 2.7%, 2.4% and 2.3%, respectively. Comparing with the other provinces, Luanda registered the biggest increase, 2.95%, making the counterpart accelerate to 17.8%, and is now close to the highs of October 2017, 2.98%. For the coming months we believe that inflation will continue to grow, mainly between the November-December period, also strongly influenced by seasonal factors.

Angola recorded a budget deficit in the order of AOA 1.2 Trillion (T) in the second quarter of 2023, according to data from the Ministry of Finance. The total budget revenue collected amounted to AOA 1.6T, with an expenditure of AOA 2.9T. Looking at the first 2 quarters accumulated, the deficit was softer, at AOA 0.6T. Regarding the execution of the annual debt plan, the data continues to show the same phenomenon: a reasonable amount of domestic debt issues and few external disbursements, conditioning liquidity in foreign currency on the part of the Treasury. Until June, Treasury Bill issues totaled AOA 62.69 Billion (B), that is, +88% yoy, AOA 1.1T in Treasury Bonds and AOA 0.4T in mutual contracts. On the external debt side, a total of AOA 0.5T (-50% yoy) was raised.

A framework financing agreement was approved for the financing of projects, infrastructures and services in a series of sectors, worth USD 2.7Bn, with the financial institution Luminar Finance.

Sodiam raised around USD 22.3 million in a special auction, which corresponds to 1,329.9 carats of rough diamonds. This is the seventh diamond auction held in Luanda and featured special stones from Mineral Societies from Lulo, Kaixepa, Somiluana, Catoca and Luele. 37 companies from the world's main diamond markets participated, with diamonds from the Lulo mine considered the most valuable and with a yield of approximately USD 16 million.

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*

	13/10/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	7.43%	-0.67%	-2.57%	-2.57%
USD/AOA	825.5	-0.03%	63.90%	87.21%
AOA/USD	0.00121	0.03%	-38.99%	-46.58%
EUR/AOA	868.7	0.20%	61.64%	103.84%
EUR/USD	1.051	-0.72%	-1.82%	7.51%
USD/ZAR	19.0	-1.54%	11.53%	4.03%

*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%	11,130	11,130	11,130
BT (364 days)	12.1%	5,476	5,476	5,476
OT AOA (5 years)	16.0%	2,926	2,926	2,926
OT AOA (10 years)	17.0%	7,250	7,250	7,250
OT USD (3 years)	4.5%	1.0	0.2	0.2
OT USD (5 years)	5.1%	1.9	1.9	1.9

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

