

## Angola Weekly | 23/10

### Market Information

**Oil production in the third quarter of 2023 contracted 1.6% compared to the same period last year.** According to OPEC's monthly report, production volume in Q3 2023 stood close to 1.14 million barrels per day (mbd), the highest level since the third quarter of last year, 1.16 mbd. In fact, despite having recorded the fourth consecutive year-on-year decline, production has recovered compared to the end of last year and the beginning of this year. We believe that oil production should continue to fluctuate around 1.0-1.2 mbd and for the fourth quarter we expect it to be slightly above the 1.09 mbd recorded in Q4 2022.

**Liquidity in the financial system continues to grow intensely and interest rates continue to react significantly.** Looking at the monetary base in Kwanzas (MO), BNA data points to the 3rd month of year-on-year increase, that is, 20.8% yoy – this is the month with the highest growth since that observed in July 2020, a time when relief measures were underway for the domestic economy while trying to combat the harmful effects caused by Covid-19. At that time when the operational variable of monetary policy was increasing at the same pace, several stimulus measures were underway, such as the purchase of bonds from companies by the BNA, for a total value of AOA 100 Billion (Bn). According to our understanding, there is a combination of factors that explain this high liquidity: the volumes of bond maturities have been high; the banks have maintained high levels of liquidity to ensure the ability to purchase foreign currency; the domestic debt yields are not high enough to counter this banking preference for liquidity. The M2 variable, which also includes term deposits, grew 20.7% yoy in September, the highest increase since October 2022. In view of this, interbank money market (IMM) interest rates continue to react, Luibor overnight reached lows at the end of April 2021, and is now trading close to 6.4%. By allowing a greater expansion of the nominal currency stock, the BNA is quite confident in a decline in monthly inflation in the coming months; we anticipate that this is likely not to be the case, which could lead the central bank to reverse the course of monetary policy.

**Gross credit to the non-financial sector stood at close to AOA 5.8 trillion in September, having registered a nominal increase of 19% yoy in total, corresponding to around AOA 929 Bn.** According to our calculations, in real terms credit grew by 4%, which represented a slowdown of 4 percentage points compared to August. The growth in the volume of gross credit continues to be associated with the significant depreciation that occurred recently

### 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\*

	20/10/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	6.38%	-1.05%	-3.62%	-3.62%
USD/AOA	825.9	0.05%	63.98%	83.66%
AOA/USD	0.00121	-0.05%	-39.02%	-45.55%
EUR/AOA	873.6	0.56%	62.55%	98.39%
EUR/USD	1.059	0.80%	-1.04%	8.26%
USD/ZAR	19.0	0.04%	11.58%	3.90%

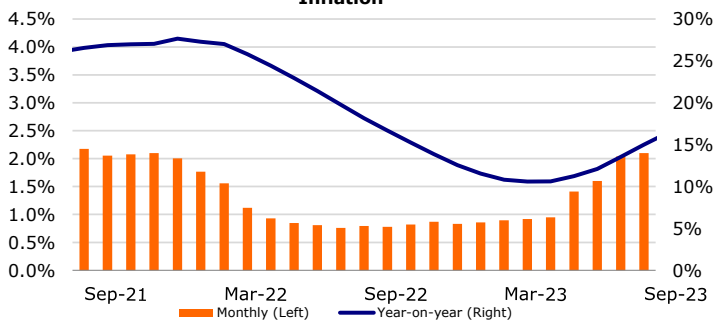
\*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

### Weekly domestic debt securities auctions

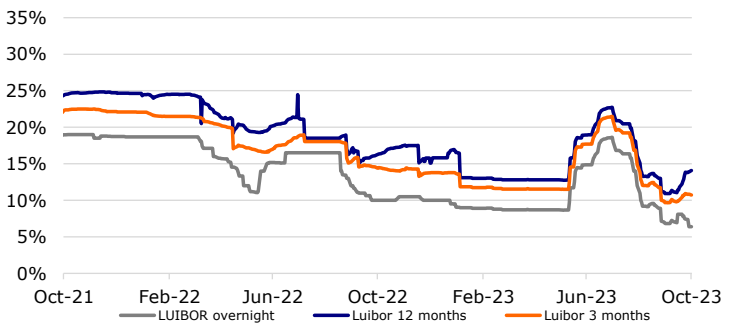
Term	Yield	Offer	Demand	Allocated
BT (364 days)	12.1%	3,000	1,000	1,000
OT AOA (5 years)	16.0%	9,963	9,920	9,920
OT AOA (8 years)	16.0%	10,000	10,000	10,000
OT AOA (10 years)	17.0%	14,000	14,000	14,000
OT USD (3 years)	4.5%	1.0	1.0	0.0
OT USD (8 years)	6.0%	1.0	0.0	0.0

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

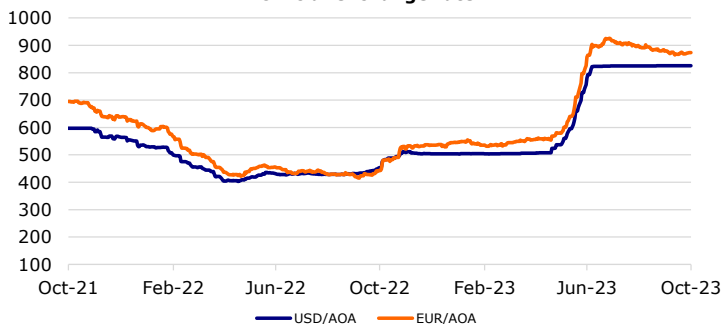
**Inflation**



**Interbank Money Market Interest Rates**



**Official exchange rate**



**Oil Price (Brent) and Eurobond 2025**

