

Angola Weekly | 30/10

Market Information

The economic climate indicator fell in quarterly terms, by 2 points, to 12 points. In year-on-year terms, the indicator still grew, although this is the least pronounced increase since Q4 2020, when it was declining in year-on-year terms. The data is in line with GDP figures, particularly in relation to the non-oil economy, and is consistent with a progressive slowdown that has occurred in recent quarters. The sector with the largest year-on-year decline is the manufacturing industry, with its confidence indicator falling 6 points compared to Q2 2022. The Transport and Extractive Industry sectors also recorded contractions. Conversely, the sharpest year-on-year increase was recorded in the Construction sector (+18 points), followed by the Communication sector (+16 points).

The Kwana has shown signs of more pronounced depreciation in the parallel market in recent weeks, having fallen by around 18% during the month of October, according to our calculations. At this level, the difference between the parallel market and the official BNA exchange rate is around 35%, which is the widest range since August 2020. At this time, despite a path of decreasing imports compared to the recent peak, the pressure on the demand for foreign exchange still exceeds the supply to the market: on the one hand, oil companies are supplying less foreign exchange than in 2022; on the other hand, the scenario of decreasing external public debt, with the State paying off more debt than the amounts received from new disbursements, caused the Treasury to stop selling hard currency to the market.

The rating agency Moody's maintained the B3 rating for Angola, with a positive outlook. Moody's refers to the "Government's efforts to restore the robustness of public finances", referring to the resilience of fiscal equilibrium in the face of the decline in oil revenues. Even so, the institution states that it will monitor the situation over the next 12 to 18 months, understanding "whether the Government can reverse the deterioration in the debt burden witnessed in 2023 and whether the exchange rate risk has reduced in a sustained manner". On the other hand, it considers that there will be "significant investments in ultra-deep water projects" by 2030, allowing oil production to be stabilized at around 1.1 million barrels per day in the period.

The European Central Bank decided to keep reference interest rates unchanged, after 10 consecutive increases, at a time when inflation is slowing down and the European economy may already be close to recession. The deposit rate thus remains at 4%, the highest level since the creation of the European currency, and the expectation is that rates will remain high for some time.

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*

	27/10/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	5.93%	-0.45%	-4.07%	-4.07%
USD/AOA	827.5	0.19%	64.28%	72.08%
AOA/USD	0.00121	-0.19%	-39.13%	-41.89%
EUR/AOA	871.9	-0.19%	62.24%	81.34%
EUR/USD	1.057	-0.27%	-1.31%	6.03%
USD/ZAR	18.8	-0.90%	10.58%	4.79%

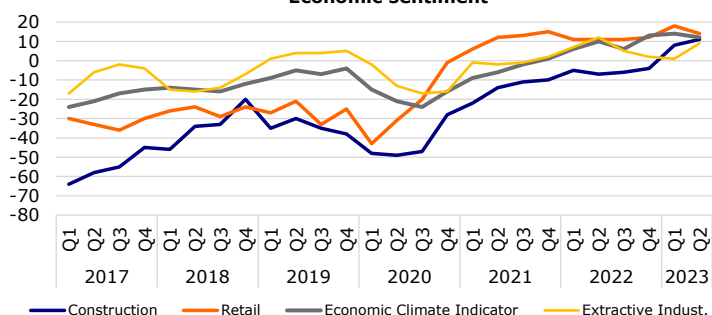
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

Weekly domestic debt securities auctions

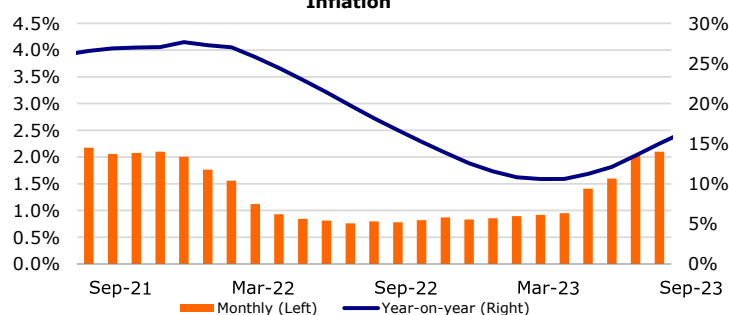
Term	Yield	Offer	Demand	Allocated
BT (182 days)	11.2%	5,000	1,014	1,014
BT (364 days)	12.2%	5,000	600	600
OT AOA (2 years)	13.8%	20,000	18,972	18,972
OT AOA (6 years)	16.3%	5,000	6,000	6,000
OT AOA (7 years)	16.3%	1,816	1,810	1,810
OT USD (4 years)	4.8%	25	25	25

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

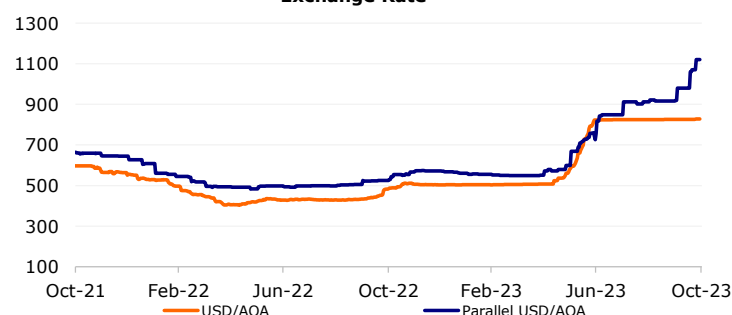
Economic sentiment



Inflation



Exchange Rate



Oil Price (Brent) and Eurobond 2025

