

## Angola Weekly | 13/11

### Market Information

**Interbank money market interest rates are now rising, with the exception of overnight Luibor which reached January 2014 lows, 4.87%.** The remaining interest rates reversed the trend and have been rising more consistently since mid-October. The market still remains liquid, but our forecast that inflation will end close to 20% this year makes us believe that the BNA will start to actually tighten monetary policy soon, so we expect the Luibors to continue to rise. October's inflation data could be fundamental in determining the course of monetary policy as early as next week, November 21st.

**The overall level of execution of the budget for 2023 is around 56%, according to our calculations based on the budget execution report published by the Ministry of Finance.** The Government has so far spent around AOA 11 trillion, of which 23% corresponds to public debt operations, 13% are expenditures on education and health, while 8% are expenditures on defense and military security. In Health and education, the Government spent up to the Q3 around AOA 1.4 trillion, which makes up 48% of the forecast. The execution of the expenditure and security item is around 90%, while for public debt operations the level of execution was close to 51%.

**Oil prices continue to be under strong pressure as economic concerns gain more strength than the risk of undersupply arising from the war in the Middle East.** Brent, which serves as a reference for Angolan exports, ended the week trading close to USD 81.3, USD 3.5 less compared to last week. WTI, traded in New York, had similar behavior, having closed for weeks at close to USD 77.2. Weaker Chinese economic data released last week raised concerns about weak demand. Oil prices fell by almost 6% in just a few days of trading and Brent opened this week trading close to 80.0, the lowest level since July. It is seen that the demand for a higher risk premium due to the conflict in the Middle East has lost strength and instead demand fears have gained momentum as China's export data appears weak. Additionally, the increase in US crude oil stock by almost 12 million barrels last week, as reported by Reuters, also showed that demand in the world's largest economy is weakening. On the supply side, conditions seem more stable for now, but everything will depend on the OPEC meeting on November 26th, where the market expects Saudi Arabia to extend its unilateral cut until the first quarter of 2024.

### 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\*

	10/11/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	4.87%	-0.13%	-5.13%	-5.13%
USD/AOA	827.1	0.00%	64.20%	67.51%
AOA/USD	0.00121	0.00%	-39.10%	-40.30%
EUR/AOA	883.7	1.33%	64.43%	79.99%
EUR/USD	1.069	-0.42%	-0.18%	4.67%
USD/ZAR	18.7	2.56%	9.92%	7.86%

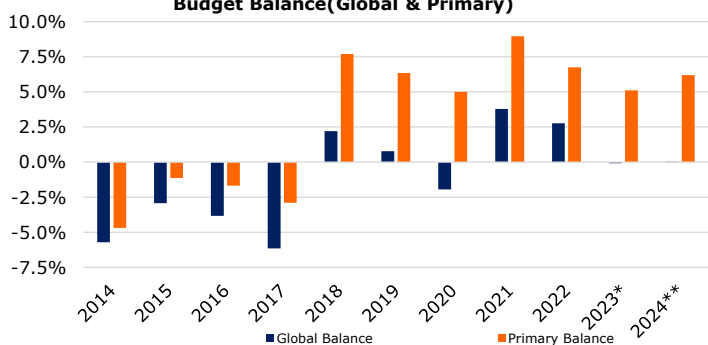
\*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

### Weekly domestic debt securities auctions

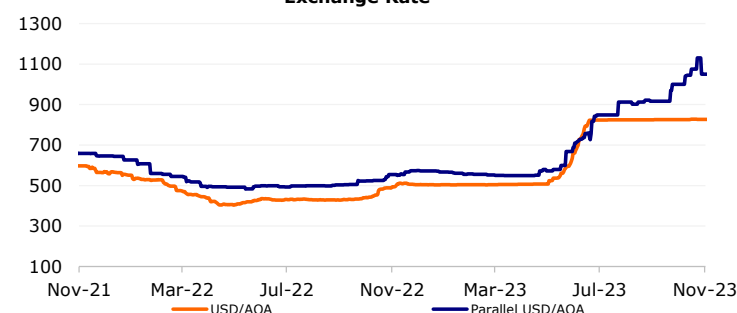
Term	Yield	Offer	Demand	Allocated
BT (91 days)	10.5%	31,721	31,721	31,721
BT (364 days)	12.2%	2,000	4,800	4,800
BT (364 days)	12.2%	2,000	15,700	15,700
OT AOA (8 years)	16.6%	10,000	792	792
OT AOA (10 years)	17.0%	12,949	12,949	12,949

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

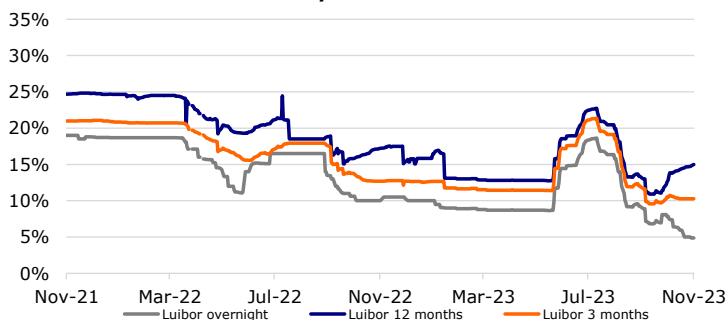
Budget Balance(Global & Primary)



Exchange Rate



Interbank Money Market Interest Rates



Oil Price (Brent) and Eurobond 2025

