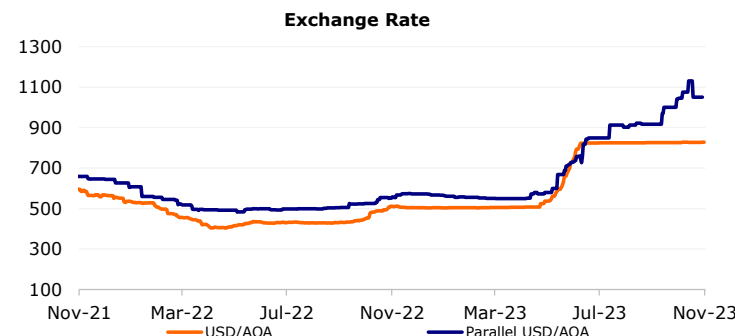
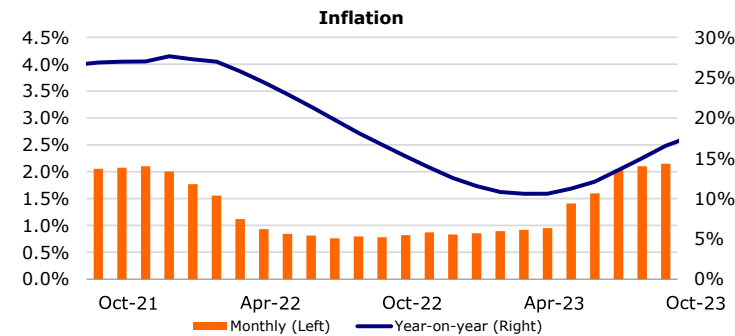


## Angola Weekly | 20/11

### Market Information

**Monthly inflation rose slightly to 2.2% in October, the highest value since October 2017, leading to an increase in prices of 16.6% compared to the same month in 2022.** From this perspective, this is the highest year-on-year inflation of the last 12 months. Inflation continues to be supported by an accelerating trend in the increase in food prices, which represent the largest proportion of the basket of evaluated products (55.5%) - prices in this category increased by 2.4% compared to the previous month, having contributed to almost two thirds of the variation in prices in general. At the same time, the Health and Transport classes saw the biggest increases: the prices of these goods rose, respectively, by 2.7% and 2.5%. Conversely, the prices of Communications goods increased by just 0.5%. It is important to note an important phenomenon: the difference between the province of Luanda and all the other provinces is very significant. Monthly inflation in Luanda stood at 3.0%, the strongest monthly increase since August 2016. The 2nd province with the highest increase, Huila, recorded a much more contained increase, of 1.8%, with prices rising just 1.3% in the province with the lowest inflation, Moxico. In this sense, national numbers point to an average that does not represent reality in the country's capital, where year-on-year inflation has already reached 20.4% in October, a maximum since July 2022. In fact, the difference between monthly inflation in Luanda and at national level approached 1 percentage point in September and October, the highest value for this differential since national inflation started to be published by INE in 2015. From our perspective, the country's monthly inflation should still accelerate in the coming months, as the acceleration trend in Luanda should spread to the other provinces, to some extent.

**Between January and October, oil production in Angola recorded an average of 1.11 million barrels per day (mbd), a drop of 3.4% compared to the same period last year.** In October, production even registered an increase of 11.2% yoy; on the one hand, production has been a little stronger in recent months; on the other hand, production in October 2022 was especially low, which gives rise to a favorable comparison. Our forecast for production pointed to a drop of around 5-7% this year, so it is possible that the numbers will surprise positively in the 3rd and especially in the 4th quarter. The performance of Block 15 and Block 15/06 should be monitored in particular detail; in the first, there will possibly be some impact at the end of this year or in 2024 from the marginal discovery made in November 2022; in the second, it is expected that the Agogo Full Field Development will already be bearing fruit in the 4th quarter of 2023.



### 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\*

	17/11/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	4.75%	-0.12%	-5.25%	-5.75%
USD/AOA	827.7	0.08%	64.33%	63.51%
AOA/USD	0.00121	-0.08%	-39.15%	-38.84%
EUR/AOA	899.1	1.74%	67.29%	71.56%
EUR/USD	1.092	2.14%	1.96%	5.34%
USD/ZAR	18.4	-1.97%	7.76%	5.65%

\*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%	50,409	28,561	28,561
BT (91 days)	10.5%	20,504	20,504	20,504
BT (91 days)	10.5%	7,000	7,000	7,000
BT (364 days)	12.2%	10,000	2,600	2,600
OT USD (3 years)	4.5%	1	0.5	0.5
OT USD (8 years)	6.0%	1	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

