

Angola Weekly | 04/12

Market Information

OPEC reduced the production quota for Angola in 2024, from 1.28 million barrels per day (mbd) to 1.11 mbd, although the Angolan authorities have stated that they intend to maintain a target higher than this level, around 1.18 mbd. The change in quota comes at a context of support for the stability and balance of oil markets, whose prices have lost some strength in the recent past. Overall, the organization agreed to extend voluntary cuts to production for a total of 2.2mbd. According to the OPEC statement, these new cuts complement, on the one hand, the voluntary cuts previously announced in April 2023 and subsequently extended until the end of 2024; on the other hand, they will constitute an addition to the voluntary cut announced by the Russian Federation of 500 thousand barrels per day for the same period, which will be made based on the average export levels for the months of May and June 2023, and will consist of 300 thousand barrels of crude oil and 200 thousand barrels of refined products per day. Of the OPEC countries that agreed to cut production, Saudi Arabia (1,000 thousand b/d) stands out, along with others: Iraq (223 thousand barrels/day); United Arab Emirates (163 thousand b/d); Kuwait (135 thousand barrels/day); Kazakhstan (82 thousand barrels/day); Algeria (51 thousand barrels/day); and Oman (42 thousand b/d). The cuts will be implemented from January 1st until the end of March 2024. Oil prices barely reacted to the cuts announced on Thursday, but are expected to rise as the market begins to get tighter. Brent, which serves as a reference for Angolan exports, is trading close to USD 80-83 per barrel and WTI, traded in New York, is trading close to USD 74-78 per barrel.

The overnight interest rate on the interbank money market began to rise slightly, after reaching 2014 lows a few weeks ago. The overnight Luibor ended last week at close to 5.19%, which represents an increase of 30 basis points compared to the previous week. With the beginning of a restrictive monetary policy by the BNA, the upward movement is expected to strengthen even more over time. The longer tenors began to rise in October, with emphasis on 3, 6 and 12 month maturities, which are trading close to 9.86%, 10.55% and 15.29%, respectively.

International reserves ended the month of November at close to USD 14.6 billion, having registered a year-on-year growth of 6.6% and a monthly increase of USD 385.8 million. The USD 14.6Bn represent highs from June 2022 and cover approximately 7 months of imports according to our calculations.

The trading volume of the Angolan Debt and Securities Exchange (BODIVA) grew significantly again in November, after a significant drop of close to 90% in October. Trading volume grew 127% in November to AOA 1.4 trillion, of which around 90% was carried out in a bilateral environment.

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*

	01/12/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	5.19%	0.30%	-4.81%	-5.31%
USD/AOA	827.8	0.01%	64.35%	63.43%
AOA/USD	0.00121	-0.01%	-39.15%	-38.81%
EUR/AOA	900.4	-0.42%	67.53%	69.84%
EUR/USD	1.088	-0.50%	1.67%	3.46%
USD/ZAR	18.7	-0.68%	9.48%	5.63%

*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)	12.2%	5 000	3 438	3 438
OT AOA (5 years)	12.2%	851	851	851
OT AOA (6 years)	16.3%	5 000	2 921	2 921
OT AOA (7 years)	16.6%	20 000	8 000	8 000
OT AOA (7 years)	17.0%	8 000	2 786	2 786

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

