

## Angola Weekly | 26/12

### Market Information

The monetary base in Kwanzas (M0) increased by 3.5% in November compared to the previous month; compared to November 2022, the increase was 26.8% (highest year-on-year increase since May 2016). At the same time, a more comprehensive measure of money in circulation, M2 (which includes, for example, demand and term deposits), stood at around 8.8 trillions (T), an increase of around 5.0% compared to October, and 28.2% compared to the same period of the previous year. This rises well above annual inflation signals an increase in liquidity that could further aggravate the same inflation phenomenon. Our expectation is that the ANB will still tighten liquidity conditions, in order to make the monetary base rise less significantly, or even contract. If a moderation in M0 starts to occur, the other, more comprehensive liquidity measures should respond in the same way, in the long term, and have an impact on a moderation in inflation.

Angola's oil production in November was 1.13 million barrels per day (mbd), according to OPEC data. This is a drop of 3.3% compared to October, but a year-on-year increase of 3.4%. The average monthly production so far in the 2nd half of the year was 1.14 mbd (+1.9% compared to the same period in 2022). For comparison, in the 1st half of the year production averaged 1.08 mbd, -6.7% compared to the first 6 months of 2022. In this sense, our expectation is that the oil economy can register growth in the 4th quarter of this year. The last week was also marked by Angola's exit from the OPEC cartel, of which it had been part as a permanent member since 2007. The main reason for this exit was the disagreement between the parties regarding production quotas for the year 2024, with OPEC allocating a quota of 1.11 mbd and Angola claiming to have production capacity of up to 1.18 mbd. It should be noted that Angola produced above this quota in the last 2 months; despite a production forecast of 1.06 mbd in the 2024 State Budget, by the Executive, our expectation is for production close to this new quota in 2024. For the period under review, the price of Brent in international markets fluctuated between USD 77-86. Prices of the commodity have increased in the last week by around USD 3, compared to the week of December 11 (and by about USD 5 compared to the previous Thursday when the price recorded the lowest levels in seven weeks), and on Friday Brent closed the weekly cycle being quoted at USD 80. The market is concerned about maritime trade disruptions and rising supply costs due to tensions in the Red Sea (one of the largest trade routes for oil, gas, and other goods); Thus, in the face of the situation of uncertainty and possible shortages, prices rose in anticipation of these risks. We expect that in the short term, the price will tend to continue to be pressured by the same factors, although in the medium term with the resolution of tensions and an increase in oil production by non-OPEC countries (particularly the USA, Guyana and Brazil), the trend will be for prices to fall.

### 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	6/26/2023
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

### Monetary and Forex data\*

	Change			
	12/22/2023	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	4.80%	-0.94%	-5.20%	-5.20%
USD/AOA	828.8	0.00%	64.54%	64.57%
AOA/USD	0.00121	0.00%	-39.23%	-39.24%
EUR/AOA	913.7	0.74%	70.01%	70.55%
EUR/USD	1.101	1.09%	2.89%	3.94%
USD/ZAR	18.43	0.65%	8.18%	7.40%

\*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)	18.0%	80,786	65,786	65,786
BT (364 days)	18.0%	11,567	11,567	11,567
BT (364 days)	18.0%	21,556	23,056	23,056
BT (364 days)	18.0%	15,000	13,551	13,551
OT AOA (5 years)	16.0%	17,904	17,904	17,904
OT AOA (7 years)	16.3%	11,936	11,936	11,936

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

