Banco de Fomento Angola
www.bfa.ao | Email: dfi.gee@bfa.ao

Angola Weekly |08/01

Market Information

In the 3rd quarter of 2023, the Angolan economy expanded by 1.4% compared to the same period last year. By contracting 0.8% yoy and recording the fourth consecutive quarter of declines, the oil sector removed 0.2 percentage points (pp) from the headline GDP growth. On the other hand, the non-oil economy grew 2.3% yoy, an acceleration of 1.1pp compared to the immediately previous quarter and added 1.7pp to the economy's overall growth rate. Despite the drop in five sectors, the performance of the non-oil economy was once again positive: Diamonds & Minerals (+41.7% yoy), Fishing (+15.9% yoy) and Electricity & Water (+4 .8% yoy) recorded more robust growth, while the largest drops were recorded in the Financial Intermediation & Insurance (-15.5% yoy), Public Administration (-1.5% yoy) and Communications (-1.4% yoy) sectors. Overall, counting the first three quarters of 2023, the economy grew 0.6% in accumulated terms.

The Annual Debt Plan was published in the official gazette last week, forecasting to raise AOA 10.0 trillion (T) in debt, 38% in domestic debt and 62% in external debt. In the case of domestic debt, the Treasury will continue to prioritize longer-term instruments, and for this purpose it plans to raise around AOA 2.5T in Treasury Bonds, which add up to around 64% of total domestic debt. Total public debt service is projected to be close to AOA 14.3T, with AOA 5.9T corresponding to domestic debt, while AOA 8.3T (USD 10.1 billion) represents external debt service. Looking at the monthly distribution of external debt payments, March and June will be the months with the greatest financial effort for the Treasury, similar to what happened in 2023, AOA 2.2T and AOA 1.0T, respectively.

The Industrial Production Index (IPI) recorded a year-on-year drop of 1.4% in Q3 2024. The extractive industry recorded a drop of 2.0% yoy, determined by the decline in oil extraction (-2.5% yoy) which represents the majority of industrial production. In terms of manufacturing industries, there was a year-on-year expansion of around 4.5%, particularly on the production of the "food, beverage and tobacco" industries, which rose 6%, and the "manufacturing of paper pulp, publishing and printing", which increased 7%. On the "production and distribution of electricity, gas and steam" side there was a year-on-year growth of 6.7%, while "water collection, treatment and distribution and sanitation" grew moderately, 0.6% yoy.

Interbank money market (MMI) interest rates continue to see mixed movements. Overnight Luibor, which on Tuesday last week reached multi-year lows by falling 54 basis points to 4%, rose again, ending the week close to 4.53%. The remaining maturities continue with the same trend and the 12-month Luibor, the longest term, is 2pp below inflation and 200bps below the rates offered for both 364-day BTs and BNA repos.

Macroeconomic Forecasts

Indicator	2023*	2024*	2025*
GDP change (%)	-0.9	2.1	3.2
Average Inflation (%)	14.1	21.7	15.7
Current Account (% GDP)	0.1	7.9	8.1

BFA **Forecast

Sovereign Rating

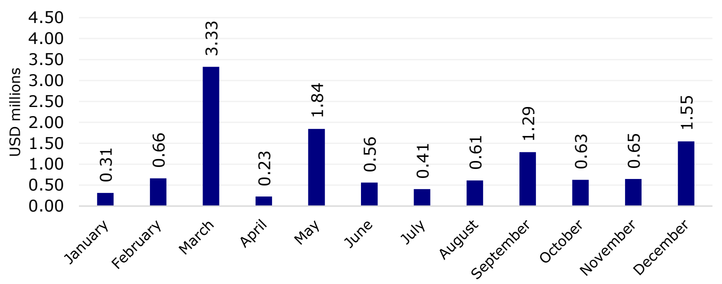
Rating Agency	Rating	Outlook	Last change
Fitch	B-	Stable	26/06/2023
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

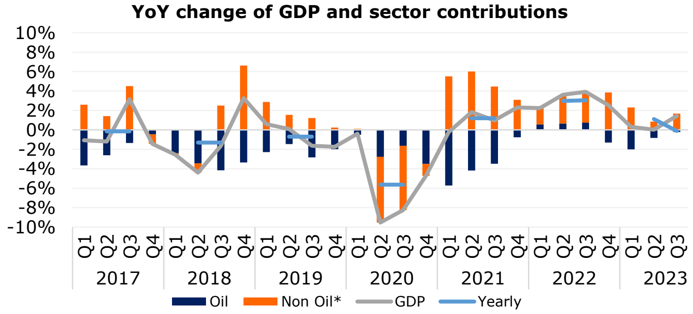
	05/01/2024	Change 7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	4.53%	-0.01%	-0.01%	-5.47%
USD/AOA	828.7	-0.01%	-0.01%	64.53%
AOA/USD	0.00121	0.01%	0.01%	-39.22%
EUR/AOA	905.0	-1.19%	-1.19%	69.27%
EUR/USD	1.094	-0.87%	-0.87%	4.00%
USD/ZAR	18.69	1.76%	1.76%	8.85%

*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.

Monthly evolution of external debt service 2024

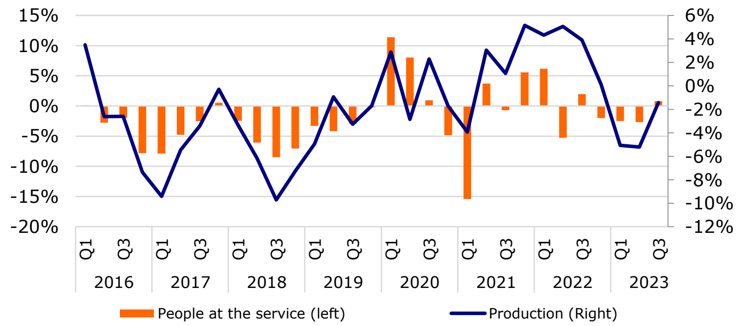


YoY change of GDP and sector contributions

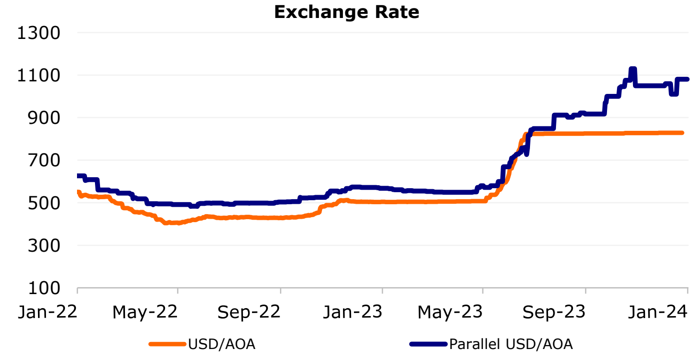


* Proxy: GDP subtracted from oil GDP

Industrial Production Index (yoy)



Exchange Rate



Oil Price (Brent) and Eurobond 2025