

Market Information

The Monetary Policy Committee met on 18 and 19 January and decided to tighten monetary policy, increasing the reserve requirement ratio (RR) by 2 percentage points (pp) to 20%, keeping the other instruments unchanged. The BNA justified the measure to adjust the level of liquidity to economic activity and mitigate inflationary pressures. This hike corresponds to our expectation of a move towards further tightening of monetary policy, as it will have an almost immediate effect on available liquidity. At the same meeting, the MPC set a target of an inflation rate of 19% by the end of 2024, based on the continued depreciation of the terms of trade, the insufficiency of the supply of goods and services in the short term and the vulnerability of the domestic supply chain and the international logistics chain. In our view, annual inflation is expected to remain above 20% for the whole year and close to 25% by the end of the period (+6pp above the BNA target). The money supply, measured by M2 in national currency, increased by around 31% compared to the same period in 2022, being the fourth month in which its percentage is above the annual inflation rate (+10.1pp). M2 in national currency for the month of December stood at 9.1 Trillion (T), about +3.6% compared to the previous month and +31% yoy, the highest year-on-year growth since October 2014. The next meeting of the MPC is scheduled for 20 and 21 February this year.

According to data released by Angolan Oil & Gas Agency (ANPG), total national oil production in December was 34 million barrels, about 1.22 million barrels per day (mbd), an increase of around 3.2% compared to the same period in 2022. According to the data of the said agency, oil production during the year 2023 was about 400 million barrels, an average of 1.09 mbd, about 3.6% below the production of 2022. The 2nd half was marked by a recovery in production levels, with the highest levels since August 2022 reaching in July - between July and December, the average production was 1.12 mbd, an increase of 5.0% compared to the 1st half and 1.2% compared to the same period in 2022. We expect the slight upward trend to continue throughout 2024, with average production close to 1.11mbd.

The net profit of Angola's State diamond-producing company, Endiama, was USD 28.7 million, this figure represents a decrease of around 75% compared to 2022, when the company posted a profit of USD 104.7 million. Endiama released last week the data referring to the 2023 turnover, set at USD 1.5 billion because of the production of more than nine million carats. For 2024, the company aims to reach a production of 14.6 million carats, to increase revenue in the order of USD 2.5Bn. If it occurs, it would be a significant increase in the activity of the mining sector influenced by the recently inaugurated Luele mine, which is estimated to be the largest in the country with a annual production perspective of 13 million carats, as well as the entry into mining by several national and international companies.

Macroeconomic Forecasts

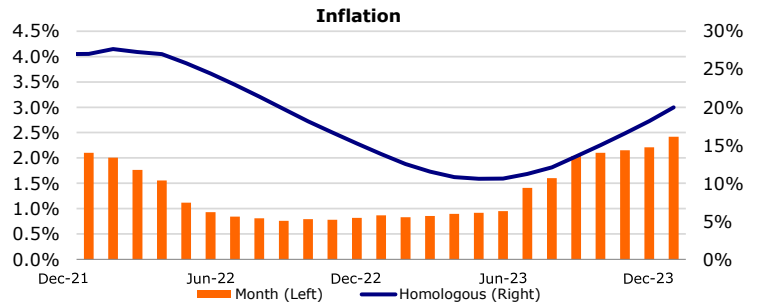
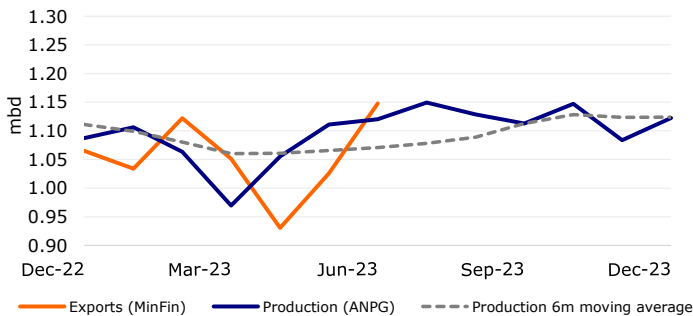
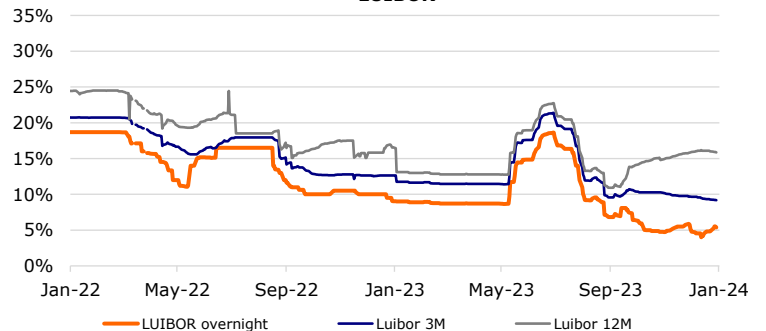
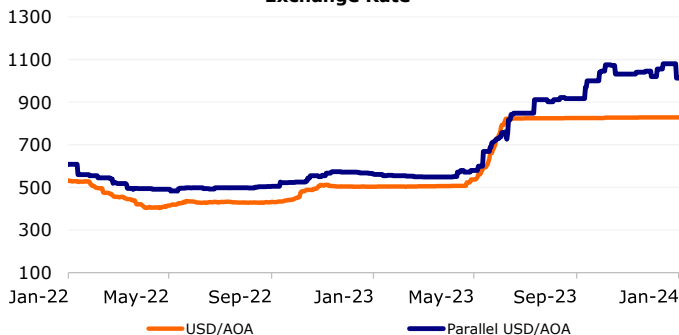
Indicator	2023*	2024*	2025*
GDP change (%)	-0.9	2.1	3.2
Average Inflation (%)	14.1	21.7	15.7
Current Account (% GDP)	0.1	7.9	8.1

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*

	20/01/2024	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	5.37%	0.54%	0.83%	-3.71%
USD/AOA	828.8	0.01%	0.00%	64.58%
AOA/USD	0.00121	-0.01%	0.00%	-39.24%
EUR/AOA	902.2	-0.51%	-1.50%	65.56%
EUR/USD	1.090	-0.48%	-1.28%	0.60%
USD/ZAR	19.03	2.02%	3.64%	10.15%


Oil Production and Export

LUIBOR

Exchange Rate

Oil Price (Brent) and Eurobond 2025
