

Market Information

Year-on-year inflation for January stood at 22.0%, an acceleration of 2.0 percentage points (p.p.) compared to December. In general, prices maintain the upward trend that has been observed since the middle of last year; prices increased by 2.5% in January, a slight acceleration from the 2.4% monthly increase in December. Luanda continues to be the province with the highest increase, 3.4%, like the increase in the previous month, followed by Huíla and Namibe with 2.0% in both cases. Year-on-year inflation in Luanda stood at 29.2%, the highest level since March 2022. The gap between inflation in Luanda and at the national inflation continues to increase to historic levels, currently standing at 7.5 pp; This is another indicator that leads us to believe that national inflation should continue to rise in the short term. The categories "Health", "Miscellaneous goods and services" and "Food and non-alcoholic beverages" recorded the highest changes, with 3.2, 3.0% and 2.9%, respectively. On the other hand, the categories "Education" (0.0%), "Transport" (0.8%) and "Communications" (0.8%) recorded the lowest changes.

Last Wednesday, the Treasury made USD 300 million available to commercial banks through the Bloomberg platform. This operation was carried out at the official exchange rate of around USD 828 and all resources were exhausted on the same day by a total of 19 commercial banks. The BNA presented the intention to maintain the level of foreign exchange supply at USD 600 million per month, on average, however, we believe that the need for foreign currency that the market presents is still very high and that the average established will be insufficient to respond. We note that the exchange rate in the parallel market has fallen, so much so that the interval between the official and the parallel, which was around 36.4%, is now at 33.0% (-3.4pp). Similarly, interbank money market (IMM) interest rates may already be reacting to the availability of foreign exchange. LUIBOR O/N, which signals liquidity in the market, closed the week at 7.25% against 6.67% on 09/02, which may be signaling a temporary decrease in liquidity in the market.

The presidential decree on the Medium-Term Debt Strategy 2024-2026 was published. This document succeeds the previous strategy outlined for 2022-2024 and is seen as one of the pillars for best practices in public debt management. For the current three-year period, the document plans to maintain the actions already defined in the previous strategy and to improve the methodology and essential criteria for contracting new funding. Among the various points highlighted for this purpose, the following stand out: the intention to prevent the State from contracting debt with oil as a guarantee, considering the experience of recent years; the implementation of actions to ensure the reduction of the concentration of debt service in the coming financial years, so that it does not have a weight in total expenditure of more than 45% and the privilege of external financing with longer repayment terms, between 15-20 years.

Macroeconomic Forecasts

Indicator	2023*	2024*	2025*
GDP change (%)	0.8	2.1	3.2
Average Inflation (%)	14.5	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*

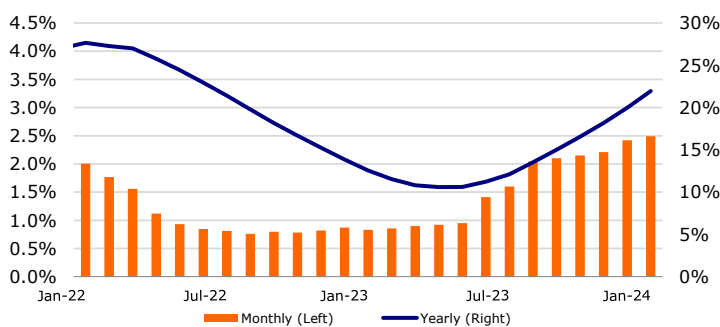
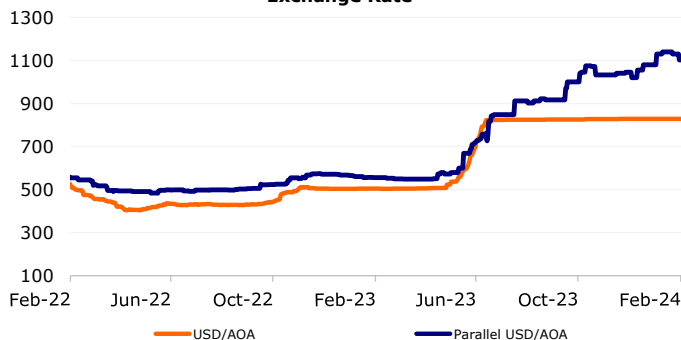
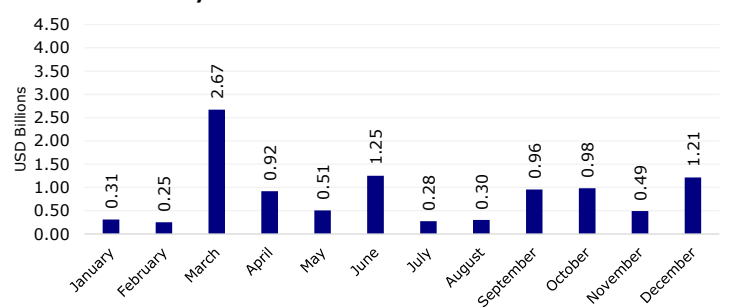
	16/02/2024	7 days (%)	Change YTD (%)	12 months (%)
LUIBOR O/N	7.25%	0.58%	2.71%	-1.65%
USD/AOA	828.3	0.00%	-0.06%	64.22%
AOA/USD	0.00121	0.00%	0.06%	-39.11%
EUR/AOA	891.7	-0.03%	-2.65%	65.15%
EUR/USD	1.078	-0.06%	-2.37%	0.96%
USD/ZAR	18.88	-0.74%	2.84%	3.95%

*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
OT AOA (10 years)	23.0%	5,000	229	229
OT AOA (10 years)	23.0%	5,000	5,271	5,271

BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwana. OT USD (Dollar Treasury Bonds) are shown in million Dollars

Inflation

Exchange Rate

Monthly evolution of external debt service 2024

Oil Price (Brent) and Eurobond Yield 2025
