

Market Information

The Ministry of Finance has released the proposal for the 2025 State Budget (GSB), which forecasts a budget deficit of 1.7% of GDP, slightly above the projected deficit of 1.5% for this year. It should be noted that this year's deficit is a worsening of the expectation of a balanced balance: analyzing the numbers, it is due to higher spending on fuel subsidies and public investment. For 2025, the Government estimates tax revenues of AOA 19.8 trillion (T) and tax expenditure of AOA 21.3T, assuming as an assumption an average Brent price of USD 70, only slightly below currently traded levels, of around USD 75. The forecast of gross net borrowing is assessed at AOA 14.8T (about 16.3% of GDP): the budget deficit is joined by debt repayment needs, for a total amount of AOA 12.4T (13.7% of GDP), of which AOA 8.5T refers to external debt; there is also AOA 0.8T in capitalization needs of funds and public companies (0.9% of GDP). Public debt is expected to end 2024 at 70.9% of GDP, falling again after rising in 2023 to 89.4%; for 2025, the document does not make a forecast, but the figures present in the 2025-2030 medium term fiscal strategy document allow us to calculate that the Ministry of Finance anticipates a very slight decrease in the public debt ratio to 69.6% of GDP. As for the economy, projections point to a scenario of slight acceleration in 2025: the Ministry of Finance expects a growth of 1.6% in oil GDP, after a drop of 1.0% this year, while on the non-oil GDP side there is a rise of 5.2%, similar to the 5.1% increase in activity expected for this year; in the total economy, the Executive expects growth of 3.3% this year and 4.1% in 2025. On the other hand, the Ministry of Finance expects inflation to end this year at 23.4%, continuing to fall to 16.6% at the end of 2025, a level of inflation that is still quite high. At the same time, the Executive plans to increase the State wage bill by 25%. The document was submitted for analysis and approval by the National Assembly last week, with no date set for approval yet.

The President of the Republic approved the signing of two financing agreements with international institutions, totalling USD 1 billion, to meet treasury needs. The agreements were signed with the American bank JP Morgan and the South African Rand Merchant Bank, in the amounts of USD 600 million and USD 400 million, respectively.

International Reserves closed October at USD 14.7B, a slight reduction compared to the previous month. According to our calculations, based on BNA data, these reserve levels cover approximately 7 months of imports of goods and services.

Macroeconomic Forecasts

Indicator	2023*	2024**	2025**
GDP change (%)	0.9	3.9	2.0
Average Inflation (%)	13.6	31.7	24.9
Current Account (% GDP)	4.5	9.3	7.4

*INE; 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*

	01/11/2024	7 days (%)	Change YTD (%)	12 months (%)
LUIBOR O/N	22.19%	-0.30%	17.65%	17.19%
USD/AOA	909.1	0.00%	9.68%	9.91%
AOA/USD	0.00110	0.00%	-8.83%	-9.02%
EUR/AOA	988.9	0.51%	7.96%	13.39%
EUR/USD	1.083	0.35%	-1.86%	2.00%
USD/ZAR	17.65	-0.06%	-3.85%	-4.16%

*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
BT (364 days)	13.4%	5,000	10,000	10,000
OT AOA (2 years)	15.0%	5,000	1,000	1,000
OT AOA (2 years)	15.0%	20,000	19,639	19,639

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

