

**Market Information**

**In October, year-on-year national inflation was 29.2%, a decrease of 0.8 percentage points (pp) compared to the previous month, reinforcing the downward trend observed since August.** According to data from INE, monthly inflation was 1.6%, which represents a slowdown of 0.1pp when compared to the previous month. The classes that varied the most were Health (2.1%), Hotels, cafes and restaurants (2.1%) and Clothing and footwear (1.8%). In contrast, the classes with the smallest variations were Communications (0.5%), Education (0.6%) and Transport (0.9%). On the other hand, the category that had the greatest influence on inflation was the prices of food and non-alcoholic beverages, which rose 1.7% in the month. Taking the 10 products that contributed most to inflation, when added together, they accounted for more than 1/4 of the monthly price increase: specifically, the product whose variation contributed most was horse mackerel, whose prices increased by 2.1% in the month. Year-on-year inflation in Luanda has been slowing down, standing at 36.6%, close to the lows of March. Although the price level is rising at a slower pace, we believe that monthly inflation could accelerate at least in December, due to seasonal factors related to the festive season. **With regard to the management of the money supply, the monetary base (M0) in local currency, the main operational variable of monetary policy, accelerated again in year-on-year terms, strongly influenced by the growth of excess and bank reserves, which increased by around 85.1% and 47.2%, respectively.** The M2 monetary aggregate grew by 13.8% year-on-year, making this the sixth consecutive month in which M2 growth was lower than year-on-year inflation. Given that the inflation slowdown is relatively recent and that there are still significant pressures for banks to maintain high liquidity, we expect that the Monetary Policy Committee meeting on Tuesday will not result in any substantial changes.

**In October, credit in local currency stood at around AOA 6.3 Trillion, marking a nominal increase of around 42.8% yoy.** According to our calculations, based on BNA data, discounting the effect of inflation, this represents a real increase of 13.6%. On the side of credit in foreign currency, there was a year-on-year increase of 22.0% (+AOA 389 Billion to 2.2 Trillion), however, in real terms this represents a drop of around 7.1%.

**Macroeconomic Forecasts**

Indicator	2023*	2024**	2025**
GDP change (%)	0.9	3.9	2.0
Average Inflation (%)	13.6	28.2	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\***

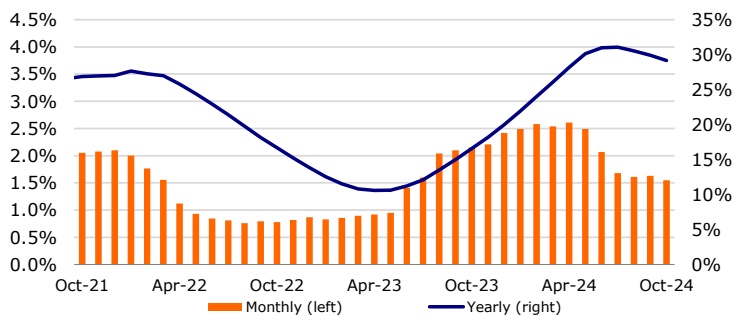
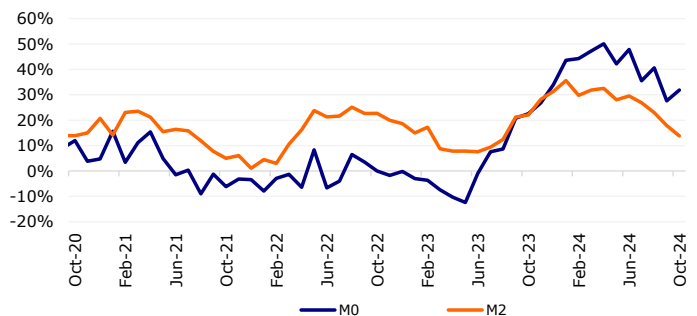
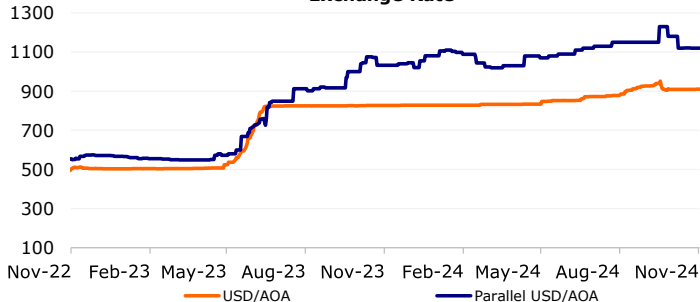
	15/11/2024	7 days (%)	Change YTD (%)	12 months (%)
LUIBOR O/N	21.04%	-0.36%	16.50%	16.29%
USD/AOA	911.0	0.21%	9.92%	10.06%
AOA/USD	0.00110	-0.21%	-9.02%	-9.14%
EUR/AOA	960.3	-2.03%	4.83%	7.00%
EUR/USD	1.054	-1.66%	-4.52%	-2.88%
USD/ZAR	18.19	3.34%	-0.95%	-1.01%

\*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	2,732	2,732
OT AOA (2 years)	15.0%	5,000	6,950	6,950
OT AOA (2 years)	15.0%	5,000	5,500	5,500
OT AOA (2 years)	15.0%	5,000	4,000	4,000

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**

**YoY M0 and M2**

**Exchange Rate**

**Oil Prices (Brent) and Eurobond Yield 2032**
