

Angola Weekly | 05/12

Market Information

The Economic Climate Indicator (ECI) recorded a year-on-year 8-point rise, slowing compared to year-on-year increases in previous quarters. In quarterly terms, it fell by 4 points, the first drop since 2020. Looking at the various sectors, Retail shows the worst record, with a 2 point annual drop in the index, the second consecutive drop. In all other sectors, there were annual increases, but with magnitude always lower than the year-on-year increases in previous quarters. This slowdown was contrary to our expectation, which points to an acceleration in non-oil economic activity in the third quarter due to two factors: the improvement in the labour market, which recorded in Q3 2022 the largest annual reduction in unemployment since the beginning of the statistical series; and the performance of high-frequency economic indicators followed by BFA, such as deposits in local currency payments and withdrawals reported by EMIS, which recorded higher real year-on-year changes than those observed in the second quarter. It is possible that the depreciation that began in mid-October had some influence on the expectations of economic agents, as the data collection period runs for 4 weeks starting in the last week of the quarter or first week of the following quarter, covering almost the entire month of October.

International reserves closed in November at USD 13.7 billion, an increase of 512 million compared to the beginning of the year. In monthly terms, reserves rose by about 262 million. According to our calculations, current reserves represent approximately 6 months of imports of goods and services.

The Angolan parliament gave approval to the reappointment of the current Governor of the BNA, José de Lima Massano, pending the definitive nomination by the President of the Republic. Mr. Massano was submitted to a parliament hearing on the recommendation of the President, so it is all but certain that the current Governor will be re-appointed for another six-year term.

Sonangol announced that it will carry out a bond issue in Kwanzas, equivalent to USD 150 million, "on a timely date". This will be only the 2nd corporate bond issue in the Angolan market, after the inaugural issue of Standard Bank Angola in December 2018, amounting to AOA 4.7 billion (USD 15 million, at the exchange rate at that time).

The price of a barrel of Brent oil, which serves as a benchmark for Angolan exports, ended the week trading higher, close to USD 86, up from USD 83 the previous week. Several factors are contributing to the rise of black gold, from the reaction of the markets to the European Union embargo on Russian oil that begins as early as Monday, to expectations of recovery in Chinese demand.

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	4.6	2.4
Average Inflation (%)	25.8	21.2	12.2
Current Account (% GDP)	10.5	9.0	3.3

*GDP and inflation - INE; Current account - BFA forecast
**Forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Positive	15/07/2022
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	02/12/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	10.50%	0.00	-8.18	-8.00
USD/AOA	506.3	-1.09%	-8.78%	-10.39%
AOA/USD	0.00198	1.11%	9.62%	11.60%
EUR/AOA	533.1	0.06%	-15.24%	-16.76%
EUR/USD	1.054	1.35%	-7.34%	-6.78%
USD/ZAR	17.5	2.49%	9.84%	9.85%

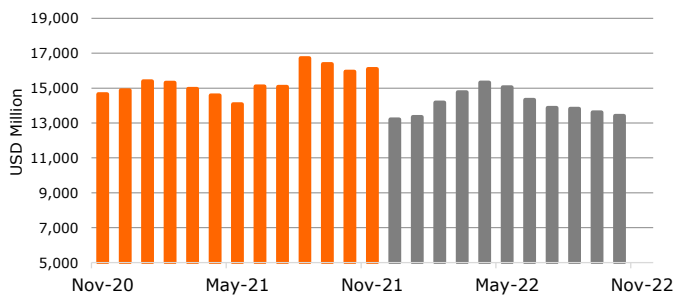
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

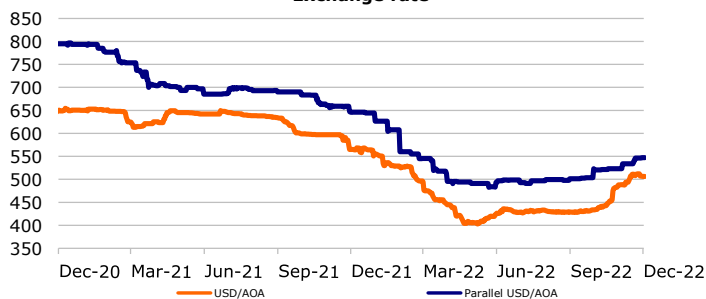
Maturity	Rate	Supply	Demand	Allocated
BT (182 days)	9.5%	30,000	12,500	11,600
OT AOA (4 years)	16.3%	3,000	3,000	3,000
OT AOA (6 years)	18.9%	10,000	1,722	1,722
OT USD (3 years)	3.7%	2.0	10.0	10.0

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

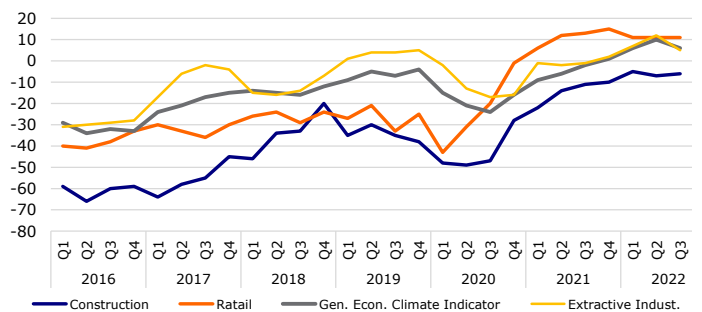
Internacional Reserves



Exchange rate



Economic feeling



Oil price (Brent) and Eurobond 2025

