Angola Weekly | 22/02

Market Information

Monthly inflation retreated again to 0.8% in January, after the 0.9% recorded in December. The monthly price increase in January was similar to the increases between June and November last year; on the other hand, it should be noted that the increase is clearly below our expectations. We expected an increase of between 1.0-1.1%, as a result of the lagged impact of the Kwanza depreciation in October/November of last year; the December and January prints, below expectations, will lead us to revise our inflation forecast downwards for this year. In year-on-year terms, inflation dropped to 12.6%, the lowest value since 2015. The main component of inflation, the Food & Non-Alcoholic Drinks sub-index, recorded a further rise of 0.8%, which points to short-term stability of monthly inflation as a whole. The major increases occurred in Apparel & Footwear (1.8%), Health (1.7%) and Miscellaneous Goods & Services (1.2%).

In Q4 2022, the unemployment rate dropped by 3.3pp compared to the same quarter of 2021, settling at 29.6%, the lowest rate since Q2 2019. The drop was slightly less pronounced than in the previous quarter, in which the rate decreased by 4.1pp year-on-year, mainly due to the greater increase in the economically active population (+2.3% yoy, compared to +1.3% yoy in Q3 2022). In fact, the employed population rose 7.3% yoy in the last quarter of last year, just below the 7.6% yoy rise in Q3 2022. Within the most unemployed set of population, aged 15-24, employment rose 19.3% yoy, the highest increase in the statistical series. The unemployment rate dropped to 52.9%, the lowest since 50.8% in Q2 2020; the employment rate, on the other hand, rose to 39.6%, the highest since at least Q2 2019, the beginning of the statistical series of the INE employment survey. The inactive population in this age group (mainly students) recorded a further significant year-on-year increase of 20.2%. The pace of improvement in the labor market accelerated in rural areas and slowed down a bit in urban areas: in fact, the year-on-year decline in the rural unemployment rate (-5.3pp), to 13.5%, was the largest since the beginning of the statistical series.

The BNA approved a more favorable exchange rate regulation for the mining sector. Notice nº 02/2023 now allows the carrying out of usual operations in the value chain in Dollars, even between national entities, and also allows the receipt of revenue directly abroad for foreign entities.

Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.4	1.3	5.9
Average Inflation (%)	21.7	13.2	16.8
Current Account (% GDP)	11.5	3.2	3.8

*Inflation - INE; GDP & Current account - BFA forecast
**Forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Positive	7/15/2022
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

Monetary and ForEx data*

|	2/17/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	8.90%	0.00%	-1.10%	-9.78%
USD/AOA	504.4	0.01%	-9.12%	-1.54%
AOA/USD	0.00198	-0.01%	10.03%	1.56%
EUR/AOA	535.6	-0.78%	-14.86%	-7.98%
EUR/USD	1.070	0.16%	-5.94%	-5.86%
USD/ZAR	18.1	1.11%	13.29%	20.43%

*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.

## Weekly domestic debt securities auctions

Tenor	Yield	Offer	Demand	Allocated
OT AOA (4 years)	15.0%	20,000	10,839	10,839
OT AOA (2 years)	13.5%	5,000	5,000	1,893
OT AOA (2 years)	13.5%	9,461	9,461	9,461
OT AOA (2 years)	13.5%	5,490	4,381	4,381
OT USD (3 years)	4.5%	1.0	0.0	0.0
OT USD (4 years)	4.8%	1.0	0.0	0.0

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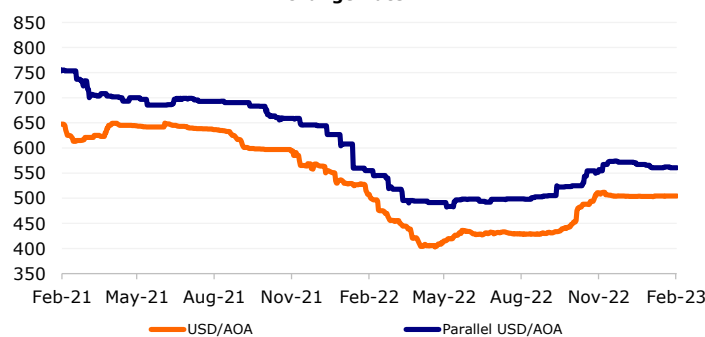
Inflation
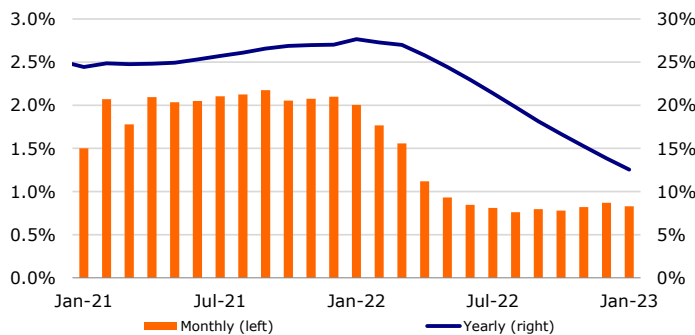
Exchange Rate

Employment and Unemployment rates
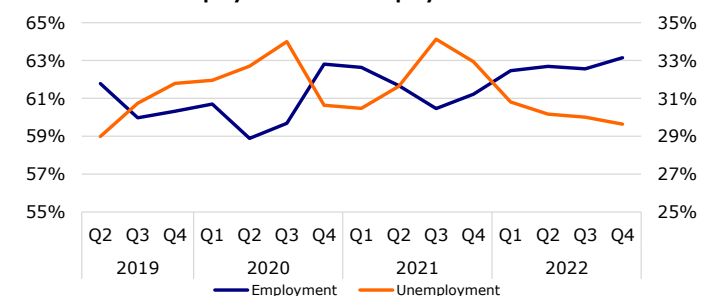
Oil Price (Brent) and Eurobond 2025