

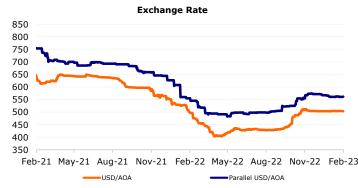
# Angola Weekly | 27/02

#### **Market Information**

The IMF ended its annual consultations on the Article IV report for Angola, keeping its economic outlook relatively positive. The Fund estimates that the economy likely grew by 2.8% in 2022 - 0.1% less than the October forecast and below our estimate. The oil economy increased by 2.0% and non-oil activity increased by 3.2%. For 2023, the Washingtonbased institution points to an acceleration of growth to 3.5%, supported by the acceleration of non-oil GDP growth to 4.3%, which will more than offset the slowdown in oil GDP growth to 1.2%. In the medium term, the IMF expects the economy to grow around 4%, with the impact of economic reforms on the growth of the non-oil economy. Regarding inflation, the IMF expects it to end this year at 12.3%; it should be noted that the average inflation forecast is 11.7%, which points to lower year-on-year inflation figures during the year, which is consistent with a period of continued deceleration in the 1st half of the year, possibly even close to the 10%, and then a new acceleration, taking inflation back to the level above 12% predicted by the Fund. The IMF points to inflation below 2 digits in 2024. The Current Account will continue with a very positive surplus: the Fund's forecasts estimate a surplus of 11.0% of GDP in 2022, and a decrease to 6.3% of GDP in 2023. Finally, with regard to public debt, the IMF now estimates that it ended 2022 at 66.1% of GDP, above the 56.6% estimated in October but well below the 83.6% at the end of 2021; for 2023, the expectation is for a further decline to 64.1% of GDP. The Fund advises that there should be an effort to mobilize greater non-oil tax revenue, reform state-owned enterprises and rationalize expenditure (in particular with the reduction of fuel subsidies), in order to create fiscal space for greater investment and social spending. In particular, the IMF recommended accelerating the Kwenda social cash transfer program.

Sonangol presented provisional results, in which it recorded an EBITDA of USD 4.9 billion, a year-on-year increase of 44%. The results come against the backdrop of a much higher oil price. In the context of a new focus on production, and in particular on production in Angola, the oil company is expected to continue selling assets (+7 this year, after 24 already sold), having also decided to completely divest oil exploration operations in Venezuela and Iraq.

#### Inflation 3.0% 30% 2.5% 25% 20% 15% 1.5% 10% 1.0% 5% 0.5% 0% 0.0% Jan-21 Jul-21 Jan-22 Jul-22 Jan-23 Monthly (left) Yearly (right)



#### **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    |

<sup>\*</sup>Inflation - INE; GDP & Current account - BFA forecast

## **Sovereign Rating**

| Rating Agency     | Rating | Outlook  | Last change |
|-------------------|--------|----------|-------------|
| Fitch             | B-     | Positive | 15/07/2022  |
| Moody's           | В3     | Positive | 20/10/2022  |
| Standard & Poor's | B-     | Stable   | 04/02/2022  |

#### Monetary and ForEx data\*

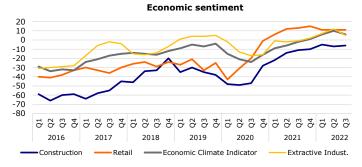
|                                                                                                                     |            |                    | Change          |                       |
|---------------------------------------------------------------------------------------------------------------------|------------|--------------------|-----------------|-----------------------|
|                                                                                                                     | 22/02/2023 | 7 days<br>(p.p./%) | YTD<br>(p.p./%) | 12 months<br>(p.p./%) |
| LUIBOR O/N                                                                                                          | 8.94%      | 0.04%              | -1.06%          | -9.74%                |
| USD/AOA                                                                                                             | 503.8      | -0.11%             | -9.22%          | 1.31%                 |
| AOA/USD                                                                                                             | 0.00198    | 0.11%              | 10.15%          | -1.29%                |
| EUR/AOA                                                                                                             | 531.5      | -0.76%             | -15.50%         | -4.28%                |
| EUR/USD                                                                                                             | 1.055      | -1.37%             | -7.23%          | -5.75%                |
| USD/ZAR                                                                                                             | 18.4       | 2.05%              | 15.62%          | 20.06%                |
| *Channel of UCD (A.O.A. (a) FUD (A.O.A.) above the annualistic of the UCD (a) FUD) and in the Uconomic the above of |            |                    |                 |                       |

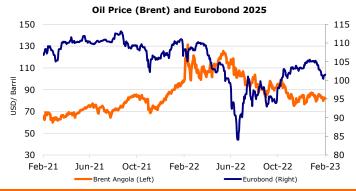
<sup>\*</sup>Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

### Weekly domestic debt securities auctions

| Term             | Yield | Offer  | Demand | Allocated |
|------------------|-------|--------|--------|-----------|
| OT AOA (4 years) | 15.0% | 84,574 | 69,331 | 69,331    |
| OT AOA (6 years) | 16.3% | 5,000  | 9,413  | 9,413     |

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





<sup>\*\*</sup>Forecasts