

**Market Information**

**The current account recorded a surplus of USD 1.3 Billion (B) in Q4 2023, a year-on-year increase of USD 914 million.** Compared to Q3 2023, there was a reduction in the current account balance of around USD 1.1B. After recording consecutive drops in Q4 2022 and Q1 2023, the balance of the goods account recorded the third quarterly increase, ending the year close to USD 21.8B, minus USD 10B compared to 2022. Oil exports continue playing a very crucial role, representing close to 94% of total exports in the Angolan economy. From what can be seen in external statistics from the Angolan Central Bank, oil exports expanded again for the second consecutive quarter, a new trend after consecutive declines in Q4 2022, Q1 2023 and Q2 2023.

**Credit to the private sector in January stood at close to AOA 3.1 trillion, having registered a nominal increase of around 13% yoy, which corresponds to over AOA 363B.** According to our calculations based on BNA data, discounting inflation, credit recorded a contraction of around 9%. In relation to the sector of activity, credit continues to grow significantly on the side of Industry, Commerce, Construction, and Individuals, while in the Agriculture, Animal production, Hunting & Fishing sector, the evolution continues in a negative direction, having registered a drop in January in the order of 20% yoy.

**Interest rates in the Interbank Monetary Market (IMM) ended the week on a high, reacting to the effect of the sale of foreign currency by the Ministry of Finance (MINFIN).** Overnight Luibor, which signals the movement of liquidity in the IMM, opened the week trading close to 9.16% and closed near 17.73% (+857 basis points), which represents one of the biggest monthly increases ever and the highest value since July 2023. In recent weeks, MINFIN has placed significant amounts of currency on the market, having sold USD 300 million in the second half of February and placing another USD 160 million last week, on the 1st of March. Given the intermittent access to instruments such as the Marginal Lending Facility, this inflow of foreign exchange is making the liquidity situation in the IMM a little tighter, putting upward pressure on rates.

**BODIVA markets traded a total of AOA 205B in February, less AOA 767B compared to January, which represents a drop of close to 78% yoy.** The volume of bilateral business, which represents more than 80% of the entire market, contracted 73% mom, having pushed the global volume to the lows of April 2023. The BNA, representing MINFIN, has had a relevant share; at a time when the National Treasury has more Dollars, which it has placed on the foreign exchange market, its need to finance itself from the secondary market is reducing, which means there is a direct impact on the volume of negotiations.

**Macroeconomic Forecasts**

| Indicator               | 2023* | 2024* | 2025* |
|-------------------------|-------|-------|-------|
| GDP change (%)          | 0.8   | 2.1   | 3.2   |
| Average Inflation (%)   | 13.7  | 21.7  | 15.7  |
| Current Account (% GDP) | 0.1   | 7.9   | 8.1   |

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\***

|            | 01/03/2024 | 7 days (%) | Change YTD (%) | 12 months (%) |
|------------|------------|------------|----------------|---------------|
| LUIBOR O/N | 17.73%     | 9.13%      | 13.19%         | 8.79%         |
| USD/AOA    | 828.5      | 0.00%      | -0.03%         | 64.46%        |
| AOA/USD    | 0.00121    | 0.00%      | 0.03%          | -39.19%       |
| EUR/AOA    | 895.5      | -0.22%     | -2.23%         | 67.78%        |
| EUR/USD    | 1.084      | 0.15%      | -1.83%         | 2.26%         |
| USD/ZAR    | 19.11      | -1.05%     | 4.08%          | 4.98%         |

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

**Weekly domestic debt securities auctions**

| Term              | Yield | Offer  | Demand | Allocated |
|-------------------|-------|--------|--------|-----------|
| BT AOA (182 days) | 17.8% | 47 000 | 47 000 | 47 000    |
| BT AOA (182 days) | 17.8% | 3 000  | 10 340 | 10 340    |
| BT AOA (364 days) | 18.0% | 35 850 | 52 350 | 35 850    |
| OT AOA (10 years) | 23.0% | 3 000  | 1 861  | 1 861     |
| OT USD (3 years)  | 4.5%  | 14     | 14     | 14        |

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

