

Angola Weekly | 02/05

Market Information

Since mid-March, Luibor rates have been in significant decline – last Friday, the overnight interbank rate was 3.39 percentage points (pp) below values at the end of 2021. These are the lowest levels since June last year. At the 12-months rate, there was the largest drop, of 3.53pp, with the rate at lows from August last year. The move is partly due to excess liquidity in the banking system, but also to the fall in rates of domestic debt securities in the primary market. Continuing, this decline may lead to some relief in credit rates, as many banks use Luibor as an indexer. Despite this trend, Luibor remains well above that observed in the same period of 2021, where rates were between 9.50% overnight and 16.11% at 12 months. **In the foreign exchange market, the Kwanza stabilized after several weeks of strong appreciation, gaining value against the Euro (+2.21%) due to the EUR/USD decline movement.** The stabilization is partly due to the BNA's intervention in the market in the purchase of foreign currency not absorbed by the system. Since the beginning of the year, Kwanza has appreciated about 36.8% against the Dollar and 47.2% against the Euro.

The Government revised economic growth projections in 2022 to 2.7% from the 2.4% initially forecast in the 2022 Budget. According to the Executive Macroeconomic Programming (PME), the government continues with a more pessimistic growth outlook than the IMF (3.0%), Fitch (3.8%) and BFA (5.2-5.7%). The PME predicts that growth will be supported by the 3.2% expansion in the non-oil sector, along with 2.1% in the oil and gas sector. On the other hand, the Executive expects a budget surplus of about 6.0% of GDP, well above the IMF forecasts (3.1%) or our expectation (1.4-1.9%). Additionally, the inflation rate is expected to decline to 18% in 2022, and a nominal decline in government debt stock by 25% compared to 2021.

The National Agency for Oil, Gas and Biofuels (ANPG) has awarded the exploration of two oil blocks to multinational companies Total Energies and Eni. The blocks were awarded in the framework of the limited public tender for the Lower Congo and Kwanza Sea Basins: Block 16/21 will be owned at 100% by Total Energies and Block 31/21 will be shared at 50% by Eni (as operator) and 50% by Equinor; another 6 blocks were available for tender, but ended with no proposals.

Three financing agreements totaling EUR 172.4 million were approved by the Angolan President last week. The agreements were signed between the Government and Standard Chartered Bank, for the construction and equipping of hospitals in Malanje, Lunda Norte and Benguela province.

IGAPE began last Tuesday the privatization process of 20% of the share capital of Mota Engil Angola. According to the statement of the Institution, the privatization will be done by means of a public tender, in the form of disposal of shares representing the share capital.

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	5.5	4.0
Average Inflation (%)	25.8	18.7	8.5
Current Account (% GDP)	12.4	6.6	1.5

*GDP and inflation - INE; Current account - BNA
**Forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/22
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/22

Monetary and ForEx data*

	29/04/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.29%	-0.40	-3.39	3.17
USD/AOA	405.6	0.36%	-26.91%	-37.12%
AOA/USD	0.00247	-0.36%	36.82%	59.05%
EUR/AOA	427.3	-2.17%	-32.08%	-45.40%
EUR/USD	1.055	-2.27%	-7.26%	-13.00%
USD/ZAR	15.79	1.16%	-0.93%	10.36%

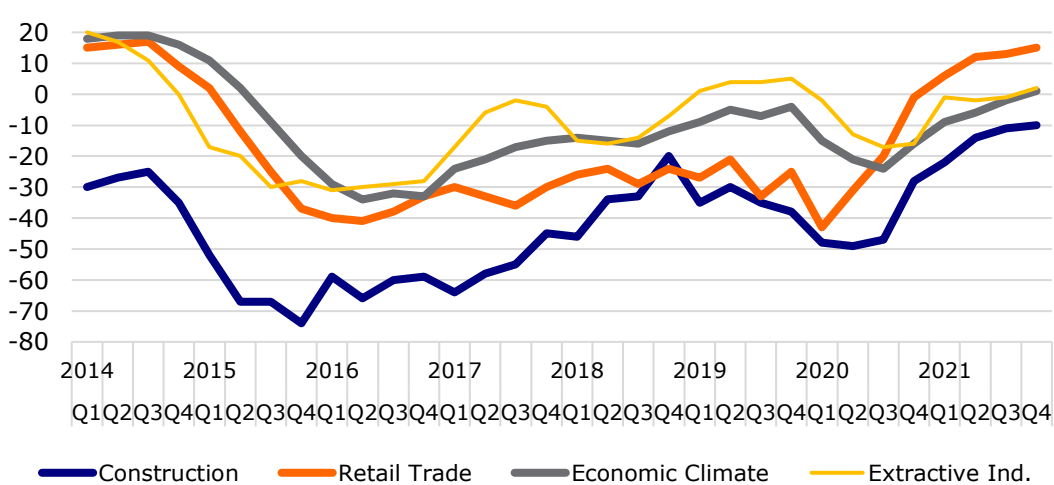
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

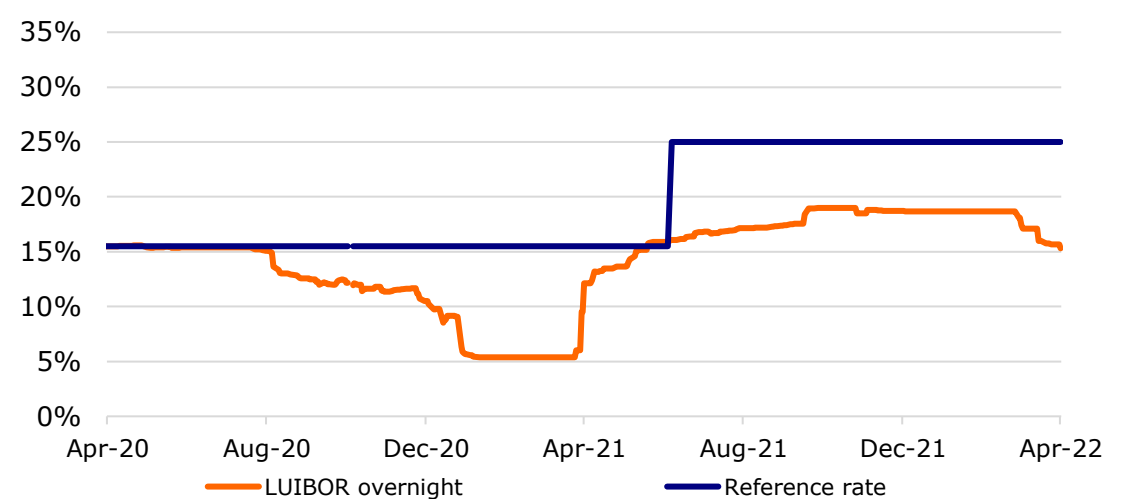
Maturity	Rate	Supply	Demand	Allocated
OT AOA (2 years)	16.50%	4 000	27 000	20 000
OT AOA (4 years)	18.40%	13 000	11 230	11 230
OT AOA (6 years)	19.49%	10 000	3 300	3 300
OT AOA (10 years)	21.00%	10 000	4 000	4 000
OT USD (4 years)	4.20%	1.00	2.00	2.00
OT USD (5 years)	4.70%	2.00	2.00	2.00

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

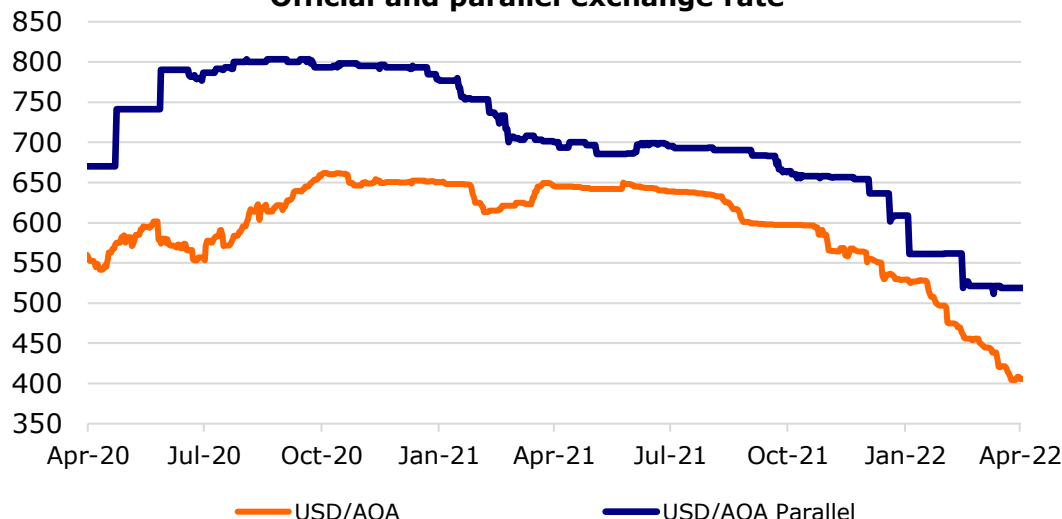
Economic Sentiment



Reference rate and interbank rate



Official and parallel exchange rate



Oil price (Brent Angola) and Eurobond 2025

