

Angola Weekly | 20/06

Market Information

In May, annual inflation was 24.42%, down 1.37 percentage points (p.p.) from April – the fourth consecutive month of decline.

According to INE data, monthly inflation in May was 0.93%, significantly below the value in December 2021 (2.10%), and the lowest figure since 2015; if this downward trend continues, annual inflation may reach the end of the year well below 20%. The clothing & footwear class again showed the largest monthly increase (1.88%), surpassing the increase in health prices (1.57%) and alcoholic beverages & tobacco (1.47%). Note the performance of food & non-alcoholic drinks class, which has been on a clear trend of weaker price increases, having risen 0.79% in May (lowest since January 2019) – the increase is 1.67pp lower than in December 2021. On the other hand, Luanda's inflation stood at 0.78% (2.10% in December 2021), the lowest since April 2015.

Oil exports were close to 1.13 million barrels per day (mbd) in May, -3.7% compared to the same period of 2021. On the contrary, the average export price rose sharply (+67.8% yoy) to USD 105,1 per barrel. As a result of this continued rise in Brent prices, exports yielded around USD 3.5 billion (Bn) in sales in May, corresponding to a year-on-year increase of 61.6%. Oil tax revenues were 2.1bn, three times the amount in April 2021. **Data independently collected by OPEC point to a year-on-year increase of 8.5% in crude oil production in May, averaging 1.18 mbd.** This is the highest monthly production figure since November 2020. In international markets, Brent ended the week at USD 114.4, down USD 8.6 from the previous week.

The Trade Balance closed Q1 2022 with a surplus of USD 10.2 billion (bn), representing a year-on-year growth of 57.4% (USD +3.7 bn).

According to the INE data published, exports grew about 42.7% to USD 14.3bn, with the fuel still having a significant weight of 95.3% in the structure of exported goods, greatly influenced by the rise in the price of oil, which recorded a year-on-year growth in Q1 2022 of around 54.7%. On the other hand, imports grew by 15.8% yoy, with consumer goods experiencing the most significant year-on-year growth (+47.3%).

IGAPE started last week the second phase of the privatization process of 9 stores of the Nosso Super chain. According to the statement of the Institution, these stores are those that were deserted of tenders in tender n°. 08/22, and the process is being carried out by electronic auction, in the form of assignment of the right of operation and management (with option to buy).

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	5.6	4.9
Average Inflation (%)	25.8	21.4	7.0
Current Account (% GDP)	10.7	3.1	1.9

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

	17/06/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.18%	1.18	-3.50	-0.58
USD/AOA	433.9	-0.44%	-21.81%	-32.41%
AOA/USD	0.00230	0.44%	27.90%	47.95%
EUR/AOA	454.6	-0.84%	-27.73%	-40.68%
EUR/USD	1.050	-0.19%	-7.66%	-11.82%
USD/ZAR	16.02	1.02%	0.51%	13.47%

*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
BT (12 months)	13.5%	2 000	4 264	2 665
OT AOA (2 years)	16.5%	5 000	7 271	5 347
OT AOA (4 years)	18.4%	20 009	13 933	13 933
OT AOA (6 years)	19.5%	20 000	15 270	15 270
OT AOA (8 years)	20.0%	5 000.00	4 821.00	4 821.00
OT USD (3 years)	3.7%	1.00	0.37	0.37

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

