

Angola Weekly | 05/09

Market Information

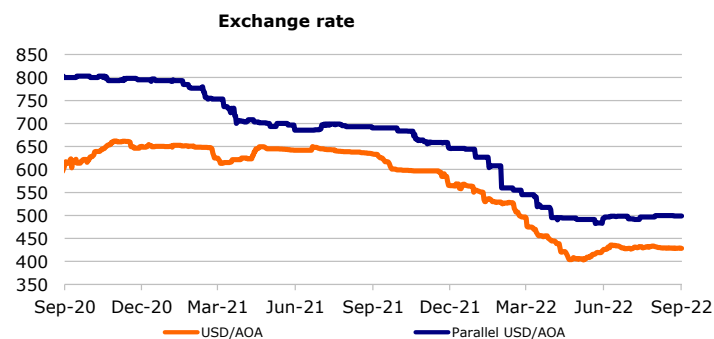
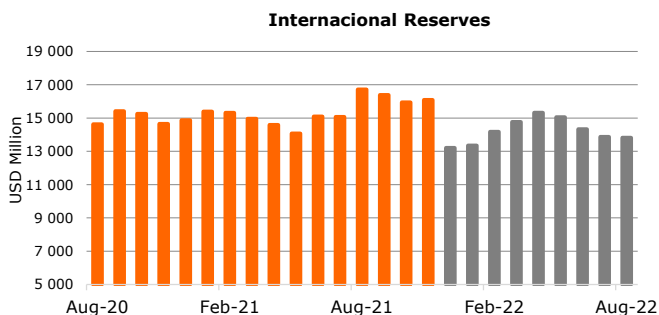
The Economic Climate Indicator (ICE) maintained positive advances in the second quarter of 2022, having grown 16 points (pts) when compared to the same period from the previous year. This performance represents the highest value of the last 29 quarters, thus revealing that the business environment in the country is increasingly favorable. Compared to the previous quarter, ICE increased 4 pts, up from Q4 2020. It should be noted that all sectors recorded year-on-year and quarterly increases, with the exception of Commerce and Construction, which recorded reductions of 1 point compared to Q2 2021 and 2 pts compared to Q1 2022, respectively. The construction sector continues to face great challenges, despite having registered a year-on-year growth of 7 pts, it remains negative, despite great improvements observed since Q1 2020. On the other hand, there are sectors that have grown more strongly, in particular the Tourism sector, which had the highest quarterly (+10 pts) and year-on-year growth (+36.3 pts), followed by the transport sector (+35 pts) and Manufacturing (+18 pts).

The international reserves ended the month of August at USD 13.8 billion (bn), representing an increase of USD 0.47bn since the beginning of 2022. According to preliminary data from the BNA, in relation to the month of July, reserves fell by USD 0.51bn, and our calculations point to 6.7 months of imports. In the foreign exchange market, the kwanza appreciated against the Dollar and the Euro, with USD/AOA and EUR/AOA prices ending the week at 428.6 (-0.01%) and 428.5 (-0.32%), respectively.

The price of the barrel of Brent oil, which serves as a reference for Angolan exports, ended the week by losing 7.89% to USD 93.02. The West Texas Intermediate (WTI), a benchmark for the US, having yielded 6.65% to USD 86.87. Several factors contributed to the depreciation of the black gold, such as the statements of the President of the Federal Reserve (FED) regarding the maintenance of restrictive monetary policy, the slowdown of the Chinese economy and the recent threat of Russia to cut supply to countries that limit Russian oil prices.

The volume of bonds traded on BODIVA reached the historic mark of AOA 335.8bn in August, representing the highest monthly volume traded since the opening of the stock exchange market. Contributing to this achievement are some exchanges of bonds carried out between the Treasury and some commercial banks.

According to the newspaper Expansão, the recapitalization process of Banco Económico has been concluded. The completion of the process, which involves converting deposits into equity by the top 20 depositors, was pending approval of the Venture Capital Fund by CMC. The aforementioned fund was created with the amount of AOA 330bn. The fund is being managed by the Independent Finance Advisor.



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-	Positive	15/07/2022
Moody's	B3	Stable	13/09/2021
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	02/09/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16,50%	0,00	-2,18	-0,65
USD/AOA	428,6	-0,01%	-22,78%	-32,35%
AOA/USD	0,00233	0,01%	29,50%	47,82%
EUR/AOA	428,5	-0,32%	-31,88%	-42,93%
EUR/USD	0,995	-0,12%	-12,45%	-16,18%
USD/ZAR	17,3	2,49%	8,58%	19,63%

*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.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
OT AOA (2 years)	15,5%	2 000	1 610	1 610
OT AOA (4 years)	17,2%	1 000	1 000	1 000
OT AOA (6 years)	19,5%	5 000	5 223	5 223
OT USD (3 years)	3,7%	1,00	0,37	0,37
OT USD (4 years)	4,2%	1,00	0,05	0,05

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

