

## Angola Weekly | 03/10

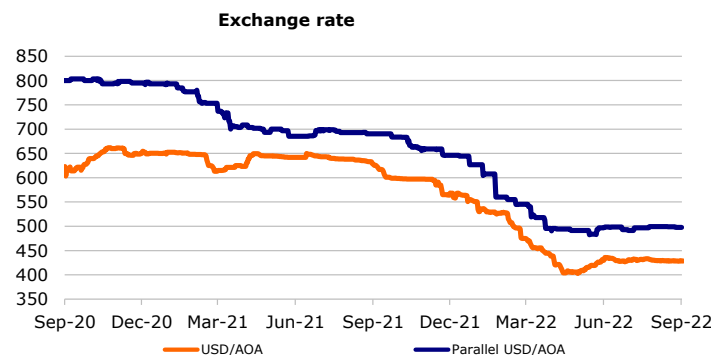
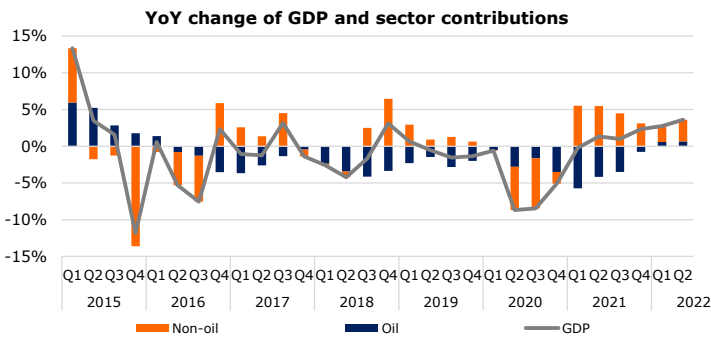
### Market Information

**In the 2nd quarter of 2022, the Angolan economy grew by 3.6% compared to the same period in 2021. This is the 5th consecutive quarter of growth, and the highest pace since the beginning of 2015.**

The non-oil economy grew 4.2% yoy, accelerating again compared to +2.9% in Q1 2022. The oil economy grew 2.2% in Q2 2022 compared to the same quarter of the previous year, contributing positively with 0.65 p.p to total GDP growth. The Diamonds & Minerals sectors (+40.3% yoy) and Transport (+33.6% yoy) grew above the rest, while the largest drops occurred in Communications (-10.6% yoy) and Financial Intermediation and Insurance. With this acceleration, the non-oil economy confirms various signs of higher growth; our expectation is that this trend will strengthen in the 3rd and 4th quarters of the year, favored by exchange rate stability, higher oil revenues, disinflation and monetary policy easing. The above factors are confirmed by high frequency indicators: our private transactions indicator, based on EMIS data, grew 1.3% yoy in real terms between June and August, the fastest increase since mid-2021, while deposits in national currency registered a real yearly change of 1.6% in the same period, the first increase since the beginning of 2016.

**At the Monetary Policy Committee (CPM) meeting held on Monday, 26 September, the BNA decided to reduce two of the main key interest rates.** The Basic Interest Rate was reduced to 19.5% (-50bps) and the interest rate of the Permanent Liquidity Lending Facility (FPCL) to 21% (-200bps), with the remaining monetary policy instruments remaining unchanged. At a time when the year-on-year inflation rate registered its seventh consecutive drop in August, the decision met the expectations of economic agents. Our expectation is that the inflation rate could fall below 15% by the end of the year, so it is possible that we will see some more easing of monetary policy, possibly at the meeting on 25 November, or in January 2023. This movement occurs in parallel with a reduction in the remuneration of open market operations, resulting in a drop in interbank interest rates, which in turn may have an effect on customer credit interest rates: overnight LUIBOR is now at 11%, the lowest since April 2021.

**The BNA revoked Banco Prestígio's license, alleging failure to maintain regulatory capital and ratios below the legal minimum.** Additionally, the regulator lifted the suspension of participation in the Foreign Exchange Market imposed on Finibanco Angola. Finally, the BNA required BCI to present a recapitalization and restructuring plan within 30 days.



### 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\*

	30/09/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	11.00%	-0.65	-7.68	-6.42
USD/AOA	433.4	0.52%	-21.91%	-27.67%
AOA/USD	0.00231	-0.52%	28.05%	38.25%
EUR/AOA	423.4	0.65%	-32.69%	-38.92%
EUR/USD	0.980	1.19%	-13.79%	-15.35%
USD/ZAR	18.1	0.75%	13.48%	20.02%

\*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
BT (12 months)	13.3%	5,000	8,038	4,628
OT AOA (6 years)	19.5%	5,000	4,709	4,709
OT USD (7 years)	5.7%	1.00	0.15	0.15

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

