

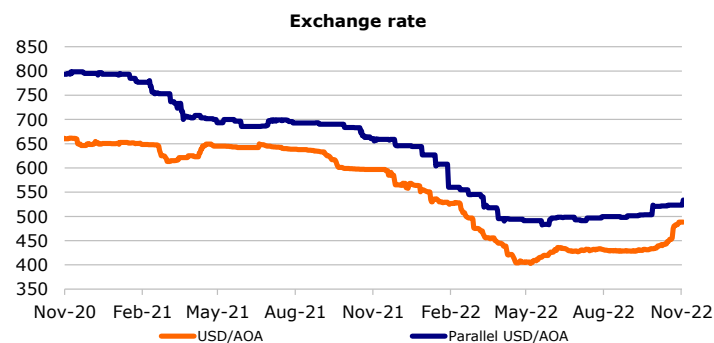
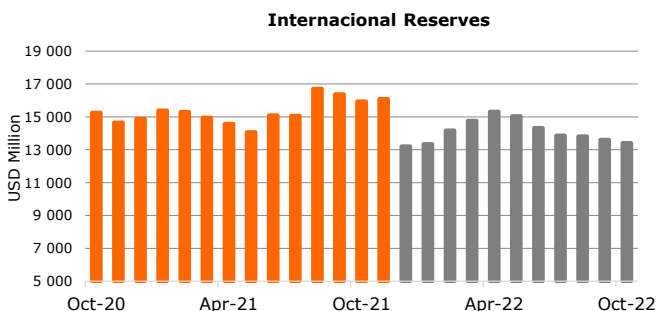
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Market Information

International Reserves fell again in October to USD 13.4 billion (Bn), USD 201 million less than in September. Compared to the beginning of the year, the figure is only USD 203 million higher. Taking into account the significant surplus of the current account during this year (about USD 8.3bn in the 1st semester alone), the evolution of Reserves would point, from the outset, to a deficit of a similar magnitude in the financial account, which occurred already in previous years, namely in 2019 and 2021. It is also possible that, with the change in the calculation of International Reserves, not including Treasury funds, there is an accumulation of foreign exchange in government accounts that is not visible in public figures. The value of International Reserves is now equivalent to about 6 months of imports of goods and services, according to our calculations – this is still a robust ratio, but a significant drop compared to recent values.

The Kwana depreciated 10.6% in October, and is now trading above USD/AOA 488, the lowest level since the beginning of March this year. According to BNA data, in the 2nd and 3rd quarter, imports of goods showed a monthly average close to USD 1.5bn, which compares with a monthly average of USD 0.8bn in 2020 and 1.0bn in 2021. The level of imports is now only slightly below the levels recorded in 2015 (USD 1.7bn per month). This increase in imports (especially since May), together with a significant decrease in foreign exchange sales by some market operators in October, led to an imbalance in the foreign exchange market. The increase in liquidity in Kwanzas has been another relevant factor, boosting economic activity and imports. The outlook for the last quarter is somewhat uncertain: revenue from oil exports is expected to remain high and it is possible that the supply of foreign exchange will be more constant; in the opposite direction, the debt service should be slightly higher in the next 2 months, as well as the volume of imports. **On the other hand, it is possible that the BNA will try to moderate liquidity levels, bearing in mind its effects on the foreign exchange market.** In this sense, the central bank is in the process of selling Treasury Bonds in Dollars, which it held on its balance sheet, to the market. Sales of the securities, to be paid in Kwanzas, should absorb market liquidity, possibly dampening forex demand.

In international monetary policy, the Federal Reserve and Bank of England raised their benchmark rates by 75 basis points last week, in a similar move to that of the European Central Bank the week before. The widespread tightening of monetary policy occurs in response to very high levels of inflation, already at double digits in several advanced economies, the highest levels since the 1970s.



Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0,7	4,6	2,4
Average Inflation (%)	25,8	21,2	12,2
Current Account (% GDP)	10,5	9,0	3,3

*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	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	04/11/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	10,00%	0,00	-8,68	-9,00
USD/AOA	488,2	1,17%	-12,03%	-18,22%
AOA/USD	0,00205	-1,15%	13,67%	22,28%
EUR/AOA	481,9	0,11%	-23,39%	-30,21%
EUR/USD	0,996	-0,08%	-12,43%	-13,82%
USD/ZAR	17,9	-1,27%	12,34%	17,66%

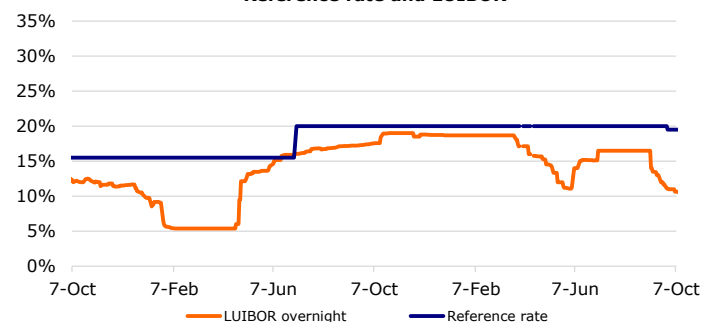
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	9,7%	35 000	36 066	32 000
OT AOA (8 years)	19,5%	5 000	100	100

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

Reference rate and LUIBOR



Oil price (Brent) and Eurobond 2025

