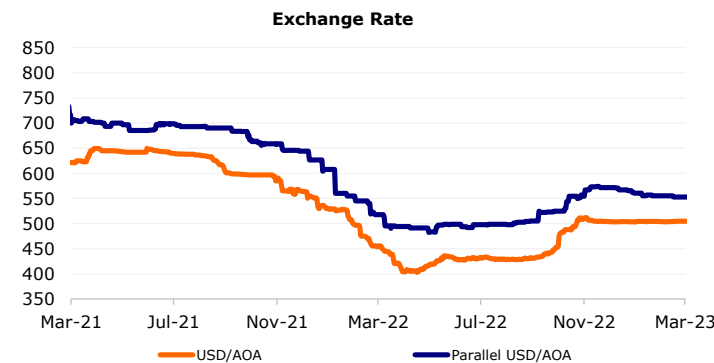
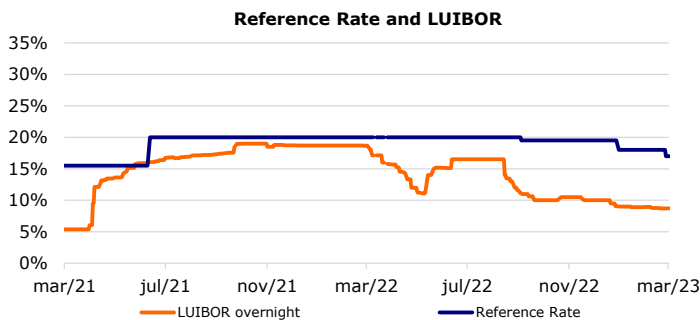


## Angola Weekly | 27/03

### Market Information

**At the Monetary Policy Committee meeting held last Tuesday (March 21) the BNA decided to reduce the various reference rates, signaling a continuation of the monetary policy easing environment.** The Reference Interest Rate and the Interest Rate on the Permanent Facility both dropped by 100 basis points (bp) to 17% and the interest rate on the Permanent Facility for Absorbing Liquidity to 13.5% (-50pbs). Additionally, an adjustment was made to the time for compliance with the mandatory reserves by banks, with a fortnightly average compliance in force, compared to the daily basis that was previously in force. The coefficients of mandatory reserves in national and foreign currency remained unchanged, having remained so since July 2022. At a time when the annual inflation rate recorded in February its lowest value since September 2015 (11.54%), this decision converged with our expectations of a prudent approach, but in the direction of flexibilization. As we have already commented before, the decrease in these rates fits as a sign in the environment of lower rates, in which the BNA's most direct tool has been the use of open market operations, where rates have been close to 7-8% in terms of 6 months and 1 year, dragging with it Luibor rates, with which banks finance each other – in this way, interest rates on loans to customers and companies have fallen, and it is expected that interest rates of bank deposits will soon also decline.

**The Industrial Production Index (IPI) stagnated in the last quarter of 2022 compared to the same period of 2021 (+0.1%), after 6 quarters of significant growth.** The drop was due to the year-on-year decline of 3.9% in oil production, which represented, at the end of 2021, 66.4% of industrial production, according to our calculations; the rest of industrial production grew across the board. The food industries (10.7% of industrial production) saw production rise 7.0% yoy, while the manufacture of petroleum products, chemicals & others (6.7% of the total), which includes petroleum refining, grew 3.2% yoy. Electricity production & distribution (6.1% of total) rose 11.5% yoy, while beverage & tobacco industries (4.3% of total) saw production increase 5.7% yoy; finally, diamond extraction (2.5% of the total) rose 10.2% yoy. The numbers anticipate a year-on-year drop in oil GDP in the last quarter of 2022 but are also consistent with an acceleration in growth in the non-oil sector, as they point to an acceleration in industrial production in the Manufacturing Industry, but also in the Electricity & Water.



### Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.4	1.3	5.9
Average Inflation (%)	21.7	13.2	16.8
Current Account (% GDP)	11.5	3.2	3.8

\*Inflation - INE; GDP & Current account - BFA forecast  
\*\*Forecasts

### Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Positive	7/15/2022
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

### Monetary and ForEx data\*

	3/22/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	8.70%	0.00%	-1.30%	-9.97%
USD/AOA	504.8	0.00%	-9.04%	10.78%
AOA/USD	0.00198	0.00%	9.94%	-9.73%
EUR/AOA	544.3	1.48%	-13.46%	8.85%
EUR/USD	1.076	0.84%	-5.36%	-2.16%
USD/ZAR	18.2	-1.72%	13.93%	25.00%

\*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.

### Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
OT USD (5 years)	5.1%	21	0	0
OT USD (3 years)	4.5%	48	0	0
OT AOA (4 years)	15.0%	5,000	2,000	2,000
OT AOA (4 years)	15.0%	5,000	4,099	4,099
OT AOA (2 years)	13.5%	5,000	8,335	8,335

BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwanzas. OT USD (Dollar Treasury Bonds) are shown in million Dollars

