

Angola Weekly | 22/05

Market Information

At the meeting of the Monetary Policy Committee (MPC) held on 19 May, Angola's central bank (BNA) decided to keep the instruments for conducting monetary policy unchanged. Despite the year-on-year inflation having contracted by 0.22 percentage points to 10.59% in May, representing the fourth consecutive fall of the year, the increase in inflationary pressures for the future in the short and medium term led the BNA not to proceed with the pace of expansion of monetary policy, which is why it decided to maintain the basic interest rate at 17%, the interest rate on the Permanent Facility for Providing Liquidity at 17% and the interest rate on the Permanent Facility for Absorbing Liquidity at 13.5%. According to the formulator of monetary policy, the decision to maintain interest rates is based on the change registered in some of the macroeconomic variables with the potential to influence price stability in the economy, with emphasis on the reduction of the balance of trade, with an impact on the supply of foreign exchange resources to economic operators and consequent pressure on the national currency. The pressure on the foreign exchange market is quite visible and the Kwanza is reacting to the lack of supply on the market, having depreciated 6% against the Dollar and another 4% against the Euro in the last two weeks of the current month. In order to minimize the impact on exchange rate stability and mitigate the associated risk, the MPC decided to place on the market foreign currency Treasury Bonds from BNA's portfolio, in the amount of USD 350 million, which can be purchased in local currency by any interested party with BODIVA or through commercial banks.

Crude oil prices rose about USD 2 last week as optimism about oil demand and US debt ceiling talks outweighed worries about plentiful supply. Brent, which serves as a benchmark for Angolan exports, is trading around USD 75-76 per barrel, while West Texas Intermediate (WTI), a benchmark for New York, is trading around USD 71-72 per barrel. With President Joe Biden and top US Congressional Republican Kevin McCarthy both emphasizing their determination to reach an agreement soon to raise the debt ceiling, the market reaction could not have been better, as an extension of the debt ceiling will mean a direct reduction in the risk for oil demand in the world's largest consumer of black gold. Furthermore, the news that China's crude oil processing remains very high and reached its second all-time high daily in April, buoyed the market, indicating that demand from the second largest consumer of oil is growing.

Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.0	1.2	5.9
Average Inflation (%)	21.7	10.7	14.1
Current Account (% GDP)	12.5	3.7	4.3

*Inflation - INE; GDP & 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*

	19/05/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	8.70%	0.00%	-1.30%	-3.30%
USD/AOA	536.9	2.55%	6.60%	29.54%
AOA/USD	0.00186	-2.49%	-6.19%	-22.80%
EUR/AOA	579.4	1.90%	7.81%	32.37%
EUR/USD	1.081	-0.41%	0.93%	2.05%
USD/ZAR	19.5	0.57%	14.17%	22.90%

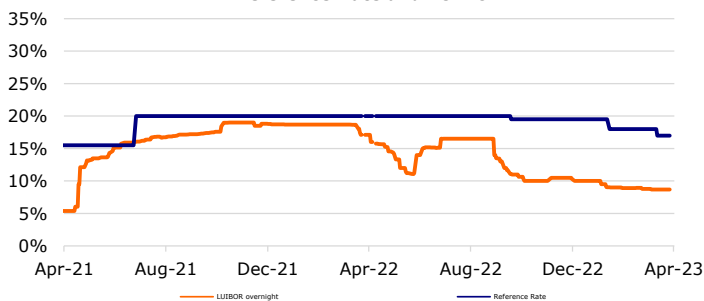
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

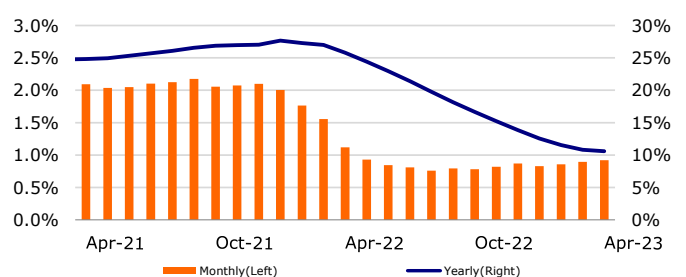
Term	Yield	Offer	Demand	Allocated
OT AOA (4 years)	15.0%	15,000	21,075	21,075
OT AOA (5 years)	16.0%	5,000	5,700	5,700
OT AOA (5 years)	16.0%	5,000	4,804	4,804
OT AOA (6 years)	16.3%	4,000	4,000	4,000
OT AOA (10 years)	17.0%	2,000	2,000	2,000
OT AOA (10 years)	17.0%	7,000	14,003	14,003

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

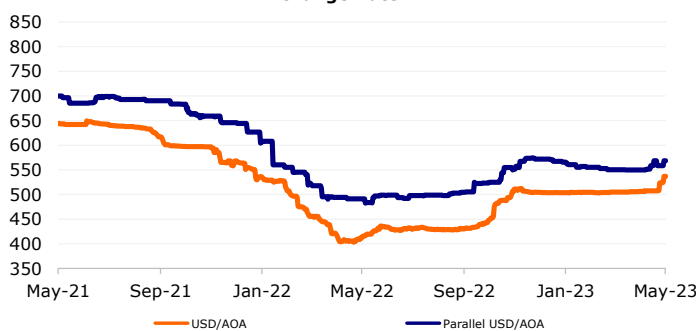
Reference Rate and LUIBOR



Inflation



Exchange Rate



Oil Price (Brent) and Eurobond 2025

