

Angola Weekly | 12/06

Market Information

In the foreign exchange market, last week was marked by the continuous depreciation of the Kwanza against the Dollar (-9.87%) and against the Euro (-9.95%). The local currency ended the week trading at 660.6 USD/AOA and 711.4 EUR/AOA, for an accumulated depreciation of around 23.75% against the Dollar and 24.46% against the European currency. The pace of the Kwanza's decline does not seem to be slowing down despite the BNA's foreign currency bond sales in order to absorb market liquidity and repress demand. In our perspective, the Angolan currency should appreciate again in the medium term, correcting part of the movement that has occurred in recent weeks.

Interest rates on 364-day Treasury Bills rose 150 basis points (bp) to 12%, after falling to 10.5% a few weeks ago. This movement is consistent with the beginning of a monetary policy tightening cycle, as the remaining interest rates are rising, with emphasis on Luibor Overnight, which rose 276 bp last week, and is now above 14%. At the same time, the issuance of 91-day BTs began, with a rate of 10.5%.

BODIVA ended the month of May with a trading volume of around AOA 283.5 MM, 103% more than the same period in the previous year.

The prices of a barrel of oil continue to accumulate losses even in the context of the announcement of an extension of production cuts by Saudi Arabia. Oil prices rose earlier in the week, buoyed by Saudi Arabia's promise over the weekend to further cut output, in addition to cuts previously agreed with OPEC+. However, in a very short time the gains were practically annulled. Brent, which serves as a reference for Angolan exports, dropped 4% and opened the week in the red, trading around USD 73-74, while West Texas Intermediate (WTI), a reference for New York, fell 4.6% and is trading around USD 68-70. Saudi Arabia's efforts to raise prices in order to rebalance its budget (according to the IMF the fiscal balance price for Saudi Arabia is around USD 80) were undermined by fears in demand that seem persistent. The OPEC+ countries started cutting 500 million barrels a day in May, and by then the market could already be in a condition of undersupply and with an extension of the cuts until 2024, the expectation of several analysts is that the price of oil come to stay well above the USD 74 levels.

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	7/15/2022
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

Monetary and Forex data*

	6/9/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.48%	2.76%	4.48%	0.48%
USD/AOA	660.6	10.95%	31.14%	53.70%
AOA/USD	0.00151	-9.87%	-23.75%	-34.94%
EUR/AOA	711.4	11.05%	32.37%	53.64%
EUR/USD	1.075	0.38%	0.41%	1.24%
USD/ZAR	18.8	-3.96%	10.09%	20.92%

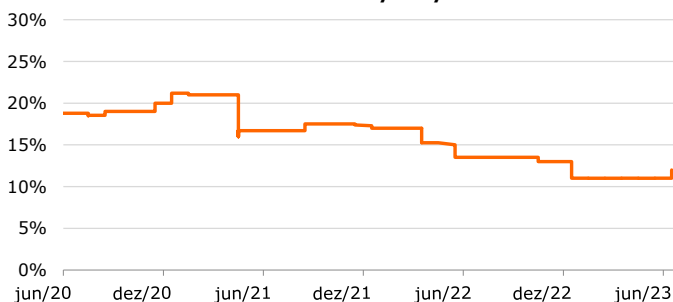
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

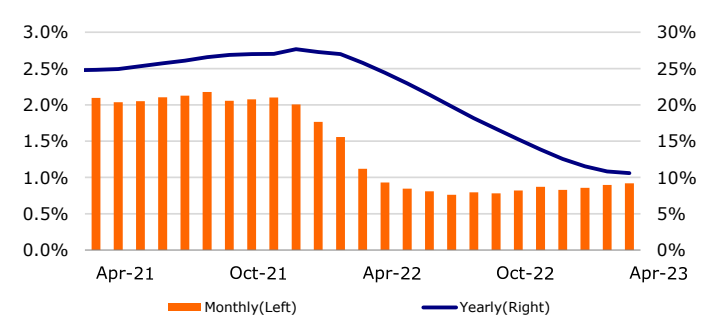
Term	Yield	Offer	Demand	Allocated
BT (91 days)	10.5%	10,000	10,000	10,000
BT (364 days)	10.5%	5,000	7,679	7,679
BT (364 days)	12.0%	5,000	10,619	10,619
OT AOA (10 years)	17.0%	5,000	4,000	4,000

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

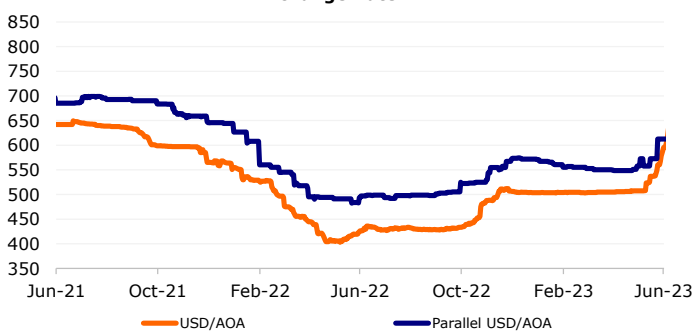
12 month Treasury Bill yield



Inflation



Exchange Rate



Oil Price (Brent) and Eurobond 2025

