

Angola Weekly | 03/07

Market Information

Last Monday, June 26, a financing agreement was signed for the project to accelerate economic diversification and job creation, between Angola and the World Bank. This agreement, valued at USD 300 million, is part of the strategy adopted by the Government for public debt management, favoring agreements under more advantageous conditions such as those offered by multilateral institutions, with reduced costs and lengthening repayment terms, as well as free of any type of collateral in raw materials.

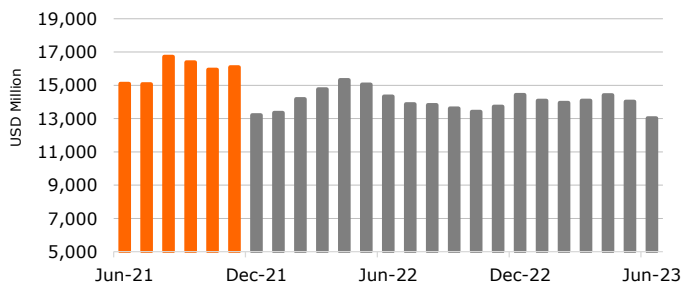
International reserves closed the month of June valued at USD 13.02 Billion (Bn), USD 996 million less compared to the previous month. This is a more significant decline than normal compared to the recent historical period, caused by the sale of currencies to the market, which has not occurred frequently in the last 2 years. According to our calculations, the values of these reserves cover approximately 5 months of imports of goods and services.

The National Bank of Angola recently changed the procedures for the sale of foreign currency by companies in the oil and diamond sectors. According to Directive nº 07/2023 of 26 June, these companies will have to carry out the operations through a specific mechanism which will imply that each operation must be open to any bank that is willing to buy currencies at the exchange rate required by the company. Previously, companies could choose a few specific banks to do business with, given their business relationships and compliance requirements. This new directive should allow easier access to foreign currency for banks with less commercial relationship with these entities.

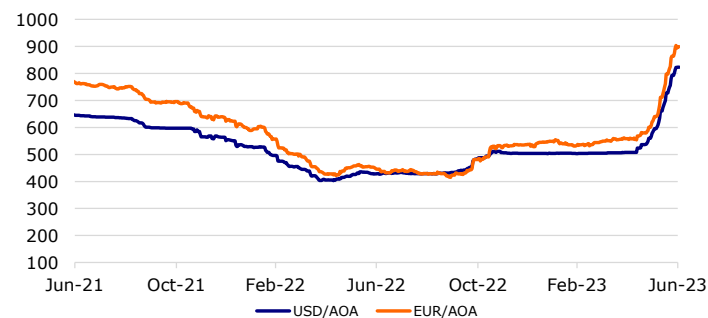
In June, the Angolan Debt and Stock Exchange traded around AOA 392.6 Bn, the highest monthly amount traded since its creation. This amount surpassed the peaks of August 2022, AOA 335.8 Bn (+17.55%). Of the total volume transacted, Treasury Bonds in Foreign Currency were the most transacted, representing 40.15% of the total value. This record was reached above all due to the more intensive use of open market operations with repurchase agreements (REPO) in the amount of AOA 122.8 Bn.

Last week, the Kwanza depreciated 3.6% against the Dollar and 3.9% against the Euro. After registering consecutive daily declines since May, between Wednesday and Friday the local currency appreciated by 0.51% against the Euro, rising from EUR/AOA 903.8 to EUR/AOA 899.2. As for the Dollar, the movement of daily breaks continued, however at a much slower pace compared to the previous ones, going from USD/AOA 822.4 to USD/AOA 822.9. Since the beginning of the year, the local currency has depreciated by 38.8% against the Dollar and 40.2% against the European Union currency.

International Reserves



Official exchange rate



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-	Stable	6/26/2023
Moody's	B3	Positive	10/20/2022
Standard & Poor's	B-	Stable	2/4/2022

Monetary and Forex data*

	6/30/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.23%	1.37%	6.23%	1.13%
USD/AOA	822.9	3.80%	63.38%	92.18%
AOA/USD	0.00122	-3.66%	-38.79%	-47.97%
EUR/AOA	899.2	4.10%	67.32%	101.56%
EUR/USD	1.091	0.14%	1.91%	4.05%
USD/ZAR	18.8	0.50%	10.63%	15.79%

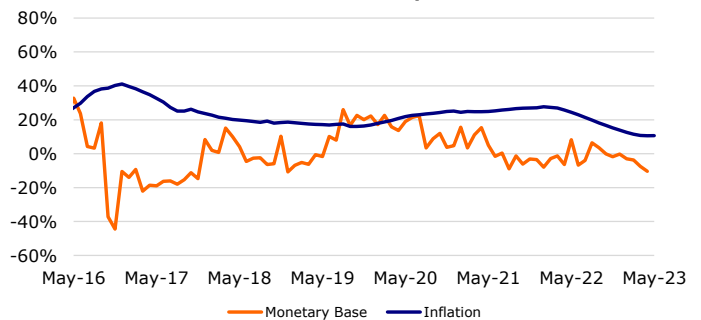
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
BT (364 days)	12.2%	5,000	2,500	1,500
BT (364 days)	12.2%	5,000	3,115	3,115
OT AOA (10 years)	17.0%	421	418	418
OT AOA (5 years)	16.0%	5,000	980	980
OT AOA (4 years)	15.0%	5,000	7,343	7,343
OT USD (5 years)	5.1%	1	33	33

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

Inflation and Monetary Base



Oil Price (Brent) and Eurobond 2025

