

Angola Weekly | 28/08

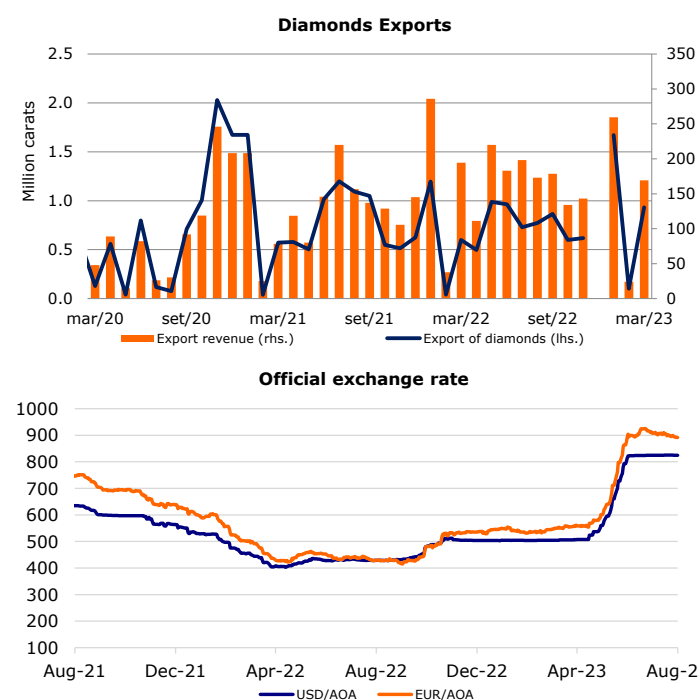
Market Information

Gross credit to the non-financial sector stood at close to AOA 5.72 trillion, having registered a nominal increase of 18% yoy, which corresponds to around AOA 883.71 trillion. Based on our calculations according to data from the National Bank of Angola (BNA), credit in real terms grew by 5.7% in July, which represents a deceleration of 3.5 percentage points compared to June. Of the total, 89.25% represents credit to the private sector, while the remainder is public sector debt.

After having depreciated more than 45% between May and June, in the last two months the Kwanza has remained stable. The USD/AOA pair has barely changed since the end of June and is trading close to the 825 level, while the EUR/AOA is up just 1% in the last 2 months. On the other hand, as we notice less movements in the foreign exchange market in recent days, this phenomenon seems to be contributing to an accumulation of liquidity in national currency, putting downward pressure on interest rates in the interbank money market.

Diamond exports continue on a downward trend, after closing the month of July close to 295,000 carats, which represents a 24% reduction compared to June. According to our calculations, the average price fell by around 16% in July to USD 248, which directly contributed to the 37% mom reduction in export earnings, which stood at close to USD 73.5 million. In total tax revenues collected in July fell 36% mom to USD 5.5 million.

Oil barrel prices have been under pressure for almost two weeks, at a time when the market seems more optimistic that supply may increase in the near future. Brent, which serves as a benchmark for Angolan exports, ended last week trading close to USD 84.78, a value that represents a loss of USD 1.92 compared to the last two weeks. WTI, traded in New York, came under the most pressure, falling about USD 3 in the last two weeks, ending last week near USD 79.98. The prospect of a more robust supply comes from Iraq, Iran and Venezuela. In Iraq there is talk of the resumption of oil shipments to Turkey, while in Iran production is already growing and has exceeded 2 million barrels per day. In Venezuela, there are signs that the US government seems to be considering temporarily easing sanctions against the oil sector imposed in 2018, which could make the Venezuelan oil trade more flexible and increase supply significantly. If it happens as the market expects, oil prices could come down a little more.



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*

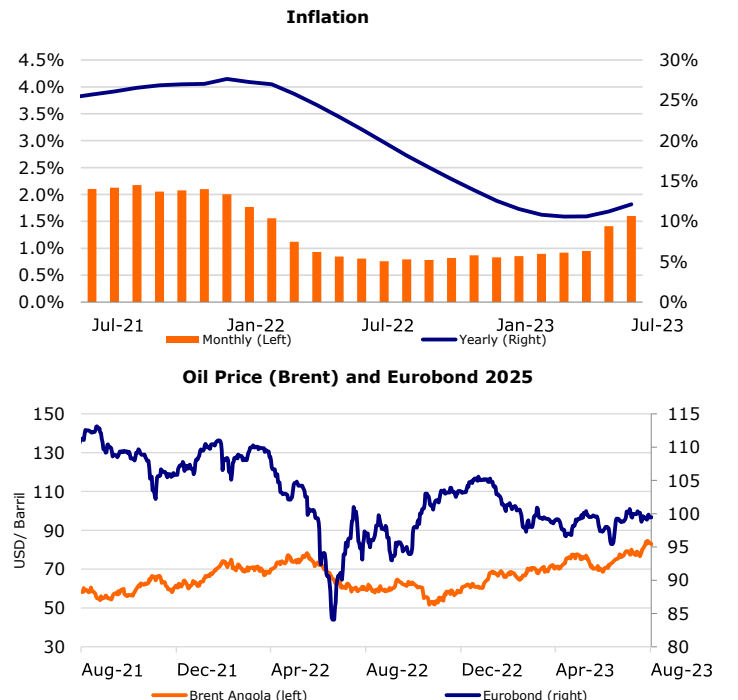
	8/26/2023	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	9.18%	-2.82%	-0.82%	-7.32%
USD/AOA	825.0	0.00%	63.79%	92.21%
AOA/USD	0.00121	0.00%	-38.94%	-47.97%
EUR/AOA	891.6	-0.49%	65.89%	108.49%
EUR/USD	1.080	-0.71%	0.85%	8.23%
USD/ZAR	18.6	-1.95%	9.33%	11.21%

*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%	5,000	2,000	2,000
BT (182 days)	11.2%	1,900	1,900	1,900
BT (364 days)	12.2%	7,083	7,083	7,083
OT AOA (10 years)	17.0%	30,000	4,000	4,000
OT USD (8 years)	6.0%	5	4	4
OT USD (5 years)	5.1%	4	3	3

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



This publication is exclusively for private use. The information contained in this publication was obtained from sources considered reliable, but its accuracy cannot be fully guaranteed. Any recommendations given herein are intended exclusively for internal use and may be changed without prior notice. The opinions expressed herein are entirely the responsibility of its authors; they reflect only the authors' points of view and may not follow the position of BFA in the markets in question. BFA or any of its affiliates, through its employees, cannot be held responsible for any direct or potential loss resulting from the use of this publication or its contents. BFA and its employees may hold positions in any assets referred to in this publication. Reproduction of part or all of this publication is permitted, subject to the indication of the source.