

Angola Weekly | 04/09

Market Information

The Current Account recorded a surplus of around USD 102 million in Q2 2023, the lowest result obtained since Q2 2020, USD 553.1 million. This is a considerable drop compared to the USD 3.5 Billion (Bn) recorded in the same period of the previous year. This trajectory was strongly influenced by the reduction in the value of oil and diamond exports, which totaled USD 7.8 Bn and USD 283.2 million, respectively, representing year-on-year declines of around 40.1% and 47.1%. On the import side, there was also a year-on-year contraction, but with greater emphasis on imports of everyday consumer goods, which fell to USD 2.3 Bn (-23.5% compared to USD 3.0 Bn in Q2 2023) as a result of the significant depreciation of the local currency that occurred from the middle of the quarter under analysis.

The Ministry of Finance made AOA 153.0 Bn available for financial support for the production of food and animal protein. This is a measure to stimulate the economy and boost its potential, within the framework of implementing the executive's economic agenda. Of the total amount made available, AOA 43 Bn will be managed by BAI bank for the issuance of a public guarantee to finance the agricultural campaign for 2024. Around AOA 80 Bn will be allocated for the capitalization of four financial institutions (FGC, BDA, FACRA and FADA), and the remaining AOA 30 Bn to the Ministry of Agriculture for the acquisition of agricultural inputs to support family farming.

Following the entry into force of Directive No. 07/2023, of June 26th, last Thursday, August 31st, the BNA sold around USD 100 million to Commercial Banks, purchased from participants on the Bloomberg FXGO platform. According to the Directive, operations carried out by companies in the oil and diamond sector must be executed through the BMatch trading command, which implies that each operation must be open to any Bank that is willing to buy currency at the minimum exchange rate required by the oil operator.

Oil barrel prices ended the week trading higher in line with expectations that the main OPEP+ members will extend production restrictions until October. The Brent's oil price, which serves as a reference for Angolan exports, ended last week trading close to USD 88.8, an increase of USD 4.0 compared to the 84.8 recorded the previous week. Likewise, WTI, which serves as a reference for North American exports, also registered increases and ended the week close to USD 86.0 (+USD 6.1 compared to USD 79.9 the previous week).

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	26/06/2023
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

	01/09/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	9.39%	0.21%	-0.61%	-7.11%
USD/AOA	825.0	0.00%	63.79%	92.50%
AOA/USD	0.00121	0.00%	-38.95%	-48.05%
EUR/AOA	893.9	0.26%	66.32%	109.59%
EUR/USD	1.078	-0.15%	0.70%	8.39%
USD/ZAR	18.8	1.15%	10.59%	9.07%

*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
BT (364 days)	12.2%	1,048	1,046	1,046
BT (364 days)	12.2%	27,000	26,298	26,298
BT (364 days)	12.2%	15,000	13,702	13,702
OT AOA (10 years)	17.0%	20,000	1,975	1,975
OT AOA (5 years)	16.0%	1,504	1,500	1,500

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

