

Angola Weekly | 27/11

Market Information

The monetary policy committee (MPC), which met on the 20th and 21st of November, in Luanda, decided to increase the main interest rates: the basic interest rate rose to 18%, +100 basis points (bps), the permanent liquidity lending facility to 18.5% (+100 bps) and the permanent liquidity absorption facility to 17.5% (+400 bps).

The MPC also changed other instruments for conducting monetary policy: the coefficient of mandatory reserves in Local Currency (MN) rose to 18% (+1pp) and the custody rate on excess free reserves of banking financial institutions, deposited at the Central Bank, was eliminated. At the previous meeting, the MPC had not changed the course of monetary policy, hoping that the impacts of exchange rate depreciation and the partial removal of fuel subsidies would be temporary. The growing trajectory of inflation, which would put the objective of single-digit inflation in the medium term at risk, was the preponderant factor in the tightening of monetary policy by the BNA. The MPC also justifies the elimination of the custody fee, implemented in August 2020, claiming to have already achieved the objective underlying its implementation. As for the next meeting, which will take place in January 2024, the MPC's decisions will depend on the trajectory of inflation and the evolution of the foreign exchange market, which is at this time a major challenge for the monetary policy authority.

In the month of October, gross credit to the non-financial sector stood at close to AOA 5.98 billion, which corresponds to an increase of around 19%, (+ AOA 954.82 Bn). Of the total, only 11.2% corresponds to public sector debt, while the remainder, 88.8%, is private sector debt. In terms of distribution by sector of activity, the manufacturing sector is the one that concentrates the largest portion of the increase with AOA 588.7 Bn, almost half of all recorded growth.

Angola has agreed financing in the amount of EUR 216 million with Deutsche Bank, for the rehabilitation of national road 250. The financing, which will connect the town of Munhango, in the province of Bié, to Luena, capital of the province of Moxico, will be covered from the German export credit agency and an insurance premium from Euler Hermes.

Macroeconomic Forecasts

Indicator	2022*	2023**	2024**
GDP change (%)	3.0	-1.4	4.3
Average Inflation (%)	21.7	15.6	21.7
Current Account (% GDP)	12.0	-1.7	2.8

*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*

	23/11/2023	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	4.89%	0.14%	-5.11%	-5.61%
USD/AOA	827.7	0.00%	64.33%	61.85%
AOA/USD	0.00121	0.00%	-39.15%	-38.22%
EUR/AOA	904.2	0.57%	68.24%	69.72%
EUR/USD	1.094	0.22%	2.19%	5.08%
USD/ZAR	18.8	2.29%	10.22%	10.33%

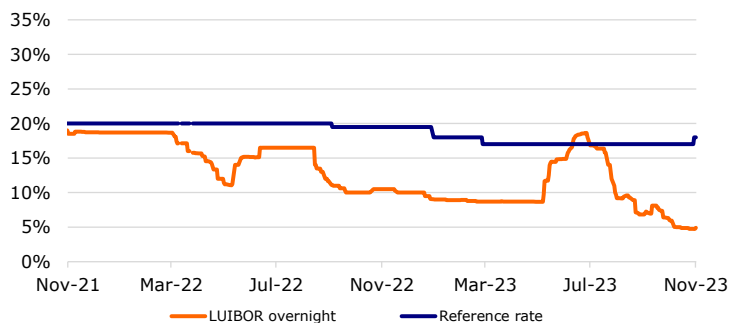
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

Weekly domestic debt securities auctions

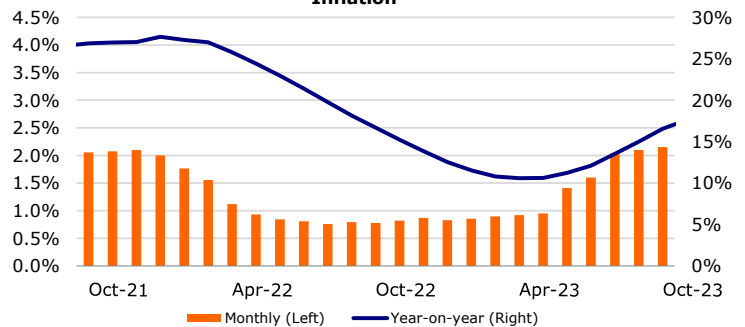
Term	Yield	Offer	Demand	Allocated
BT (364 days)	12.2%	15,000	500	500
BT (364 days)	12.2%	5,000	4,461	4,461
OT AOA (7 years)	16.3%	5,000	3,250	3,250
OT AOA (8 years)	16.6%	5,000	3,000	3,000
OT AOA (10 years)	17.0%	10,000	5,171	5,171

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

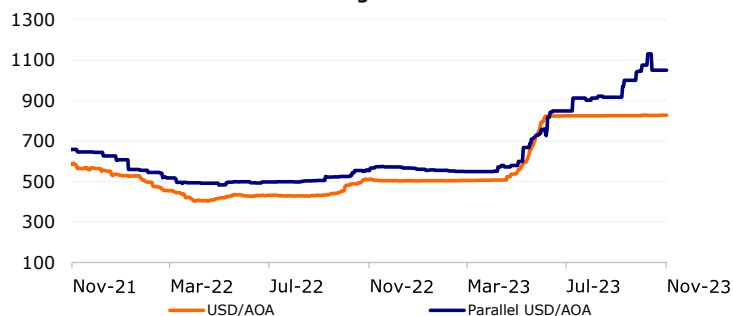
Reference rate and LUIBOR



Inflation



Exchange Rate



Oil Price (Brent) and Eurobond 2025

