Banco de Fomento Angola
www.bfa.ao | Email: dfi.gee@bfa.ao

Angola Weekly |20/07

Market Information

The Monetary Policy Committee (MPC) decided to reduce the key policy interest rates by 125 basis points, in line with the continued disinflationary trend observed over recent months. As a result, the BNA Policy Rate was lowered to 15.75%, the Marginal Lending Facility (MLF) rate was reduced to 16.75%, and the Deposit Facility (DF) rate was cut to 14.75%. According to the MPC, the decision was underpinned by the sustained moderation of inflation and expectations that this trend will persist in the short term, thereby allowing the continuation of the current monetary policy to ease cycle. On the external front, the Central Bank acknowledged that risks stemming from the global environment remain elevated, particularly geopolitical tensions in the Middle East, which continue to affect international markets and global supply chains. However, the pass-through of recent external shocks to domestic prices in Angola has remained limited, contributing to the ongoing disinflation process. Year-on-year inflation decelerated to 10.1% in June, the lowest level recorded since the beginning of the current statistical series. If the recent trend in the monthly variation of the CPI is maintained, inflation could end the year at around 6.9%, further reinforcing evidence of a sustained slowdown in price growth. Against this backdrop, BNA lowered its inflation projection from 13.5% to 8.6%. From our perspective, we continue to expect a more pronounced disinflationary path, supported by exchange rate stability, increased supply of goods and services, and contained fuel prices. Accordingly, we have revised our year-end inflation forecast downward from 11.2% to 7.8%, while our average annual inflation forecast has adjusted from 12.6% to 10.2%. This context may allow the continuation of the monetary policy easing cycle. Accordingly, we anticipate further interest rate cuts at the September and November meetings, projecting that the BNA Rate will end the year around 13.50%, while the MLF Rate may stand close to 14.50% and the DF Rate at approximately 12.50%.

Central Bank also revised its economic growth forecast for 2026 to 3.6%, supported by a stronger contribution from the non-oil sector. We, however, maintain our forecast established at the beginning of the year. In an environment characterized by higher liquidity, a broad decline in interest rates, and sustained credit growth to the private sector, we expect more accommodative financial conditions to continue supporting investment and private consumption. This could contribute to GDP growth of 3.3% in 2026, slightly below the BNA's projection, yet still consistent with a robust expansion of the Angolan economy.

Macroeconomic Forecasts

Indicator	2025*	2026**	2027**
GDP change (%)	3.1	3.3	4.0
Average Inflation (%)	20.2	10.2	11.6
Current Account (% GDP)	5.3	4.5	3.8

*Inflation - INE/ GBP and Current Account - BFA Forecast; BFA **Forecast

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Stable	26/06/2023
Moody's	B3	Stable	29/11/2024
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

	17/07/2026	Change 7 days (%)	Change YTD (%)	Change 12 months (%)
LUIBOR O/N	12.03%	0.00%	-6.76%	-8.17%
USD/AOA	912.63	-0.02%	0.04%	0.07%
AOA/USD	0.00110	0.02%	-0.04%	-0.07%
EUR/AOA	1071.2	2.58%	0.15%	-0.03%
EUR/USD	1.144	0.20%	-2.61%	-1.35%
USD/ZAR	16.52	1.27%	-0.23%	-7.33%

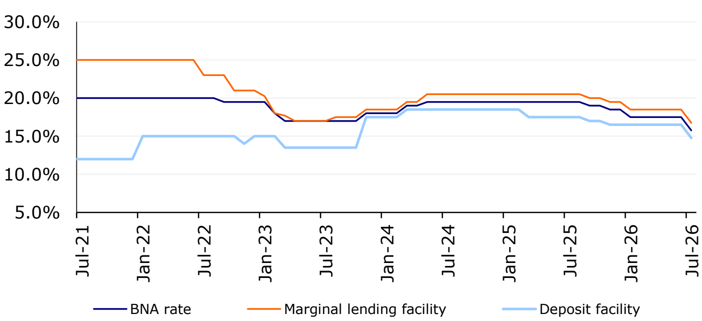
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

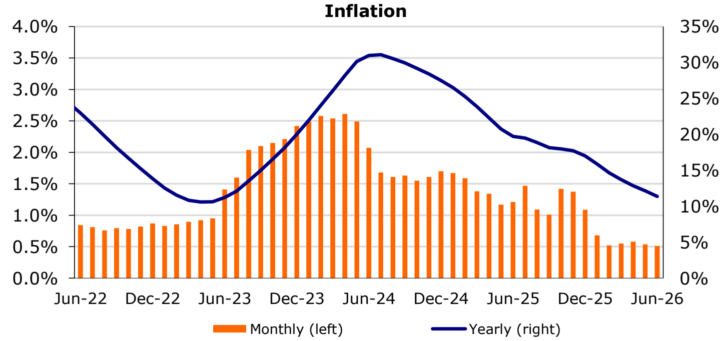
Term	Yield	Offer	Demand	Allocated
OT AOA (4 years)	16.75%	20,000	20,000	20,000
OT AOA (4 years)	16.75%	5,000	3,500	3,500
OT AOA (5 years)	17.25%	5,000	2,500	2,500
OT AOA (5 years)	17.25%	20,000	17,000	17,000
OT AOA (7 years)	17.75%	5,000	4,630	4,630
OT USD (7 years)	7.00%	5	3	3

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

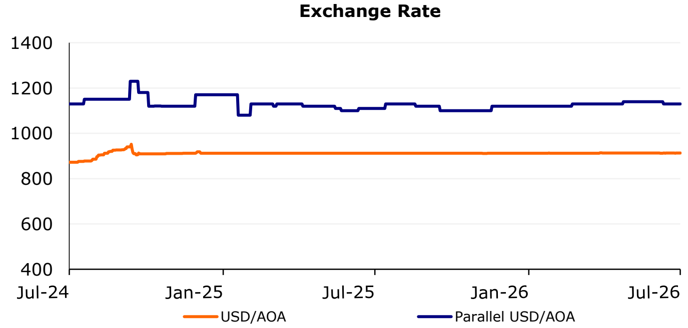
Central Bank interest rates



Inflation



Exchange Rate



Oil Prices (Brent) and Eurobond Yield 2032