Angola Weekly | 17/05

Market Information

Angolan inflation stood at 2.09% in April compared to the previous month, the highest increase since September 2018. In year-on-year terms, there was an 24.82% increase. On the other hand, in Luanda, the monthly increase was higher again: prices increased by 2.32% compared to March, slightly below the recent high of 2.35% in February. Compared to the same month in 2020, prices rose 27.66% - this is the highest increase since November 2017. There is still a significant difference in the behavior of prices at national level and in the province of Luanda, due to the higher increase in the prices of food and non-alcoholic beverages in the capital province: this sub-index registered a 2.78% mom increase in Luanda, +20 basis points than the increase at the national level (+2.58 %). **At the same time, interest rates are rising in the interbank market, with the Luibor overnight rate standing at 13.47% last Friday, the highest figure since September last year.** The increase is the result of an effort by the BNA to withdraw liquidity from the market, precisely to deal with inflation. The central bank has been using open market operations (providing liquidity to banks in exchange for securities) to manage liquidity, and has been demanding higher rates especially since April.

The Insolvency Law was published last week in the Diário da República, which will improve business conditions in the country. Angola was one of the few countries without an autonomous legal regime on the matter, leading it to score 0 points in the criterion related to this subject in World Bank's Doing Business ranking. The drafting of the legislation relied precisely on the support of World Bank technicians, within the scope of cooperation between the country and the institution.

The Government launched an international tender for the concession of the multipurpose terminal for containers and general cargo in the Port of Lobito. The concession will be for a period of 20 years, and proposals must be submitted by August 16. The port has 3 terminals: container terminal, with a capacity of 12 thousand 20-foot container units (TEUS); the miing terminal, with an operational capacity of 3.6 million tons per year; and the dry port, with a static capacity of 8 million TEUs per year.

Brent price has fluctuated between USD 66-70, with a prospect of a balance between supply and demand in the short term. Today it traded just under USD 69.

Market Information

Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	3.4	6.5
Average Inflation (%)	22.3	19.8	19.8
Current Account (% GDP)	1.5	11.3	6.9

*Inflation, GDP - INE; Current Account - BNA;
**BFA forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	Caa1	Stable	08/09/20
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

|	14/05/2021	Change 7 days (p.p./%)	Change YTD (p.p./%)	Change 12 months (p.p./%)
LUIBOR O/N	13.47%	0.29	3.22	-2.07
USD/AOA	644.5	-0.08%	-0.83%	16.23%
AOA/USD	0.00155	0.08%	0.84%	-13.97%
EUR/AOA	781.3	0.45%	-1.94%	30.36%
EUR/USD	1.212	-0.40%	-0.81%	12.14%
USD/ZAR	14.11	0.40%	-3.95%	-23.48%

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

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.7%	16,963	2,874	2,874
OT 1.5 years	23.8%	5,636	13,858	13,858
OT 2 years	24.7%	20,000	6,205	6,205
OT 3 years	3.7%	7,987	1,000	1,000
OT 4 years	5.2%	20,000	5,014	5,014
OT 5 years	5.9%	6,370	3,581	3,581

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanza. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills
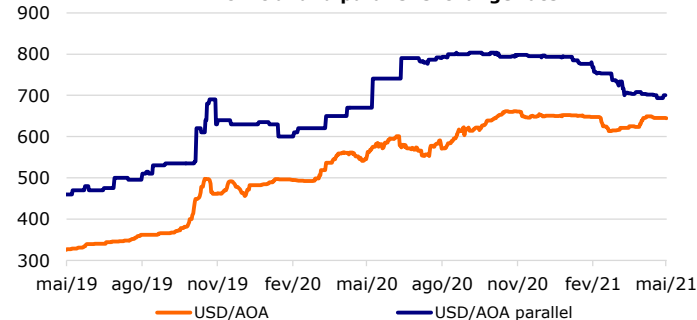
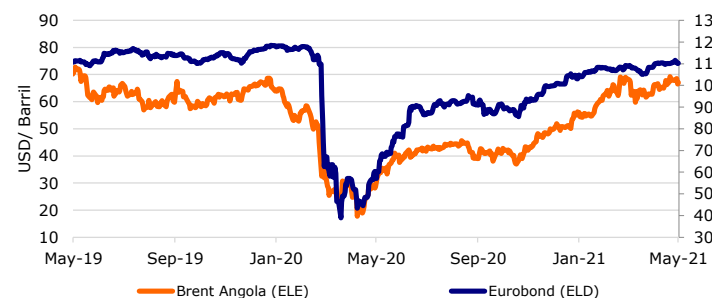### Reference rate and interbank rate
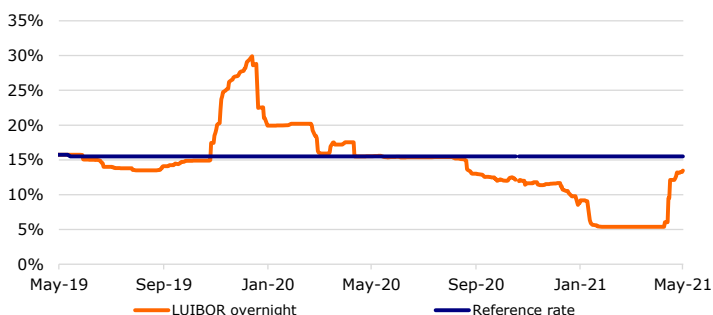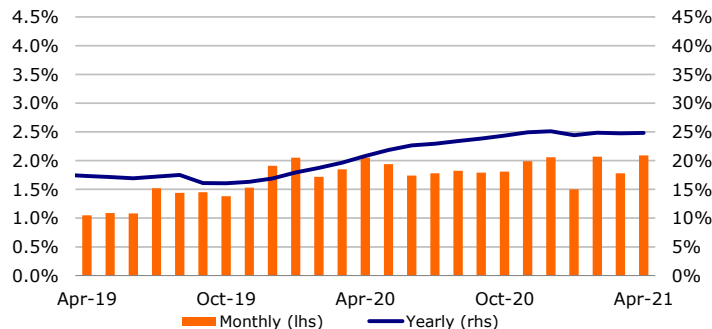
Official and parallel exchange rate

Inflation

Oil prices (Brent Angola) and 2025 Angola Eurobond

Sources: Bloomberg, BNA, INE, Finance Ministry, OPEC