

Angola Weekly | 30/08

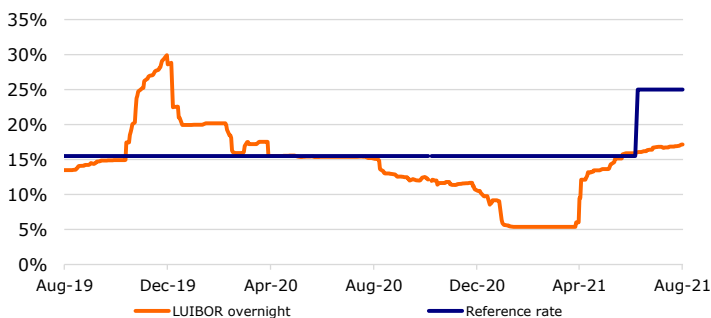
Market Information

Since July, the Luibor Overnight has increased significantly, now standing at 17.14%, denoting signs of an expected tightening of liquidity in the banking sector. The value reached is the highest since April 2020. Compared to the end of July, the Luibor O/N rate rose 0.35pp. This growth of Luibor is due to the last CPM decisions of the BNA in early July, which increased monetary policy rates in order to control inflation. Along with Luibor Overnight, longer rates also rose: for example, 9-month and 12-month rates rose 1.48pp and 1.37pp, to 20.86% and 21.67%, respectively. Higher rates may create some pressure to raise interest rates on lending, as well as to increase the remuneration of deposits.

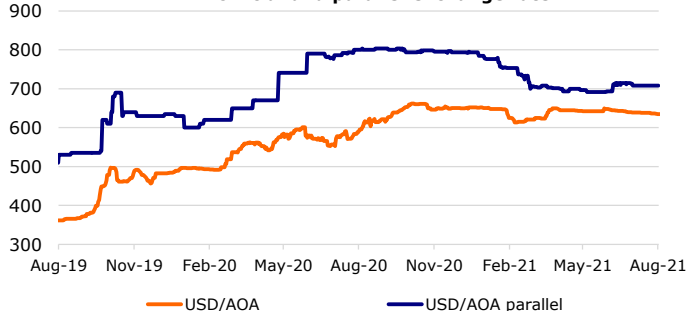
In July, imports of goods listed on PRODESI, the economic diversification programme, amounted to USD 114 million (M), representing a drop of 41.4% compared to the same month in 2020. The decrease was mainly due to the reduction in imports of food products (-47.0% yoy), in contrast to the 14.3% rise in imports of other goods. Purchases of soap, wheat flour, common salt, garlic, beer, cabbage and tomatoes were the ones that decreased the most, above 80% compared to the same period of the previous year. From January to July 2021, imports dropped by 25.0%; the most imported goods were medicines (USD 131M, +12.0% yoy), chicken (USD 123M, +10.5% yoy), rice (USD 104M, -46.1% yoy), soy oil (USD 74M, +29.6% yoy) and palm oil (USD 65M, -46.5% yoy). On the other hand, exports of these goods increased 90.7% yoy to USD 4M, particularly on the beverage sector – beer exports doubled compared to July 2020, to USD 0.9M, while exports of juices and soft drinks more than doubled to USD 0.4M; between January and July, USD 36M were exported, an increase of 32.5% compared to the same period of the previous year.

High-frequency indicators gave mixed signals for the start of Q3 2021, with transactions falling in real terms over the last 3 months, contrary to imports. The 3-month moving average of the set of ATM withdrawals and point-of-sale payments registered a real year-on-year decrease of 1.7% in July, after a 3-month rise, according to EMIS data and BFA calculations. At the same time, the same indicator for imports (via BNA data and BFA calculations) accelerated in July, to a real 30.0% rise in imports in the last 3 months. Q2 figures pointed to a recovery of the non-oil economy above Q1 as transactions rose 11.4% yoy (vs. -5.6% in Q1 2021) and imports increased 27.1% yoy (vs. 6.1% in Q1 2021), and it is important to monitor the future evolution of these indicators.

Reference rate and interbank rate



Official and parallel exchange rate



Market Information

Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	2.1	4.8
Average Inflation (%)	22.3	22.5	22.5
Current Account (% GDP)	1.5	9.3	5.8

*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*

	27/08/2021	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	17.14%	0.23	6.89	2.04
USD/AOA	635.0	-0.24%	-2.29%	7.32%
AOA/USD	0.00157	0.24%	2.35%	-6.82%
EUR/AOA	746.8	0.50%	-6.27%	6.89%
EUR/USD	1.180	0.83%	-3.45%	-0.23%
USD/ZAR	14.72	-3.74%	0.19%	-13.56%

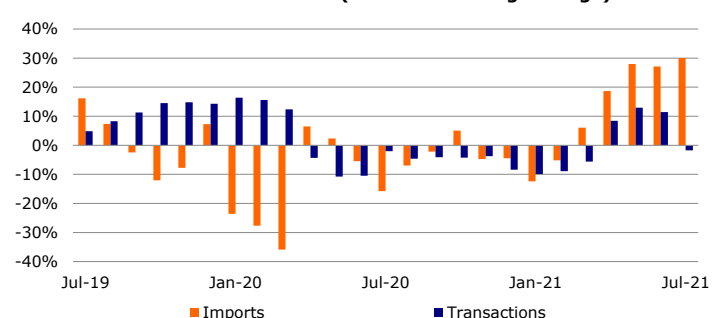
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

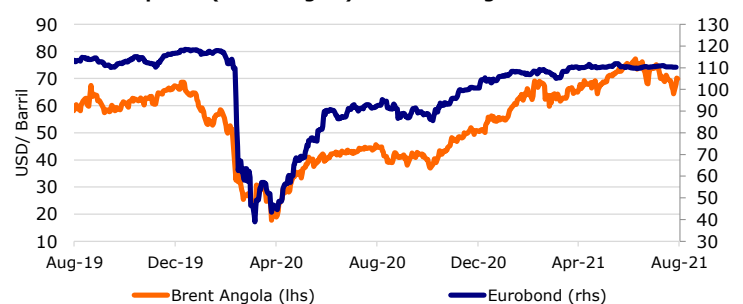
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17.5%	9,808	6,332	6,332
OT 1.5 years	23.8%	3,989	1,293	1,293
OT 4 years	24.8%	5,000	800	800
OT 5 years	25.0%	4,765	398	398
OT USD 2 years	3.7%	1.00	0.40	0.40

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

Economic Indicators (3 months moving average)



Oil prices (Brent Angola) and 2025 Angola Eurobond



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