# BFA Angola Weekly | 06/06

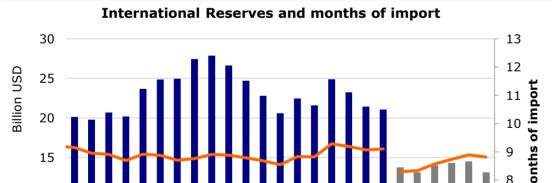
## **Market Information**

At the monetary policy committee meeting held last Tuesday, the BNA decided to reduce the local currency mandatory reserves ratio from 22% to 19%. According to the Central Bank, the ratio will be reduced again to 17% in July. The intervention slightly eased monetary policy, increasing access to liquidity, showing some confidence from the central bank in relation to the continued decline in inflation. Consequently, it could lead to more pressure for the depreciation of kwanza, given the greater availability of local currency in the market; likewise, it could cause a reduction in interbank rates and increased credit to the economy. On the other hand, the MPC decided to keep the remaining measures unchanged. Gross International Reserves closed in May at USD 15.1 billion (bn), growing USD 1.7bn since the beginning of the year. At the end of April, reserves fell by USD 245 million. The Reserves represent about 8 months of imports in May.

Last Thursday, OPEC+ members decided to strengthen the plan to gradually increase oil production by 648,000 barrels per day in July-August. According to the statement, the intensification of increased production is aimed at mitigating the impact of the partial embargo on the import of Russian oil into the European Union. Despite this, Brent closed the week trading close to USD 120, and is trading close to that figure today, with the market not believing in OPEC and allies' ability to meet quotas.

In the foreign exchange market, this week recorded again a depreciation of 1.62% of The Kwanza against the Dollar and 1.60% against the Euro, having closed the week at USD/AOA 426.2 and EUR/AOA 457.9. This is a strengthening of the trend reversal in the Kwanza, compared to the currency's performance since mid-2021. It is possible that this scenario persists with the increase in liquidity resulting from the reduction of mandatory reserves, at a time of increased demand for foreign currency, with increased travel and companies repatriating dividends. Still, Brent's continued high price is expected to mitigate this effect, with continued strong foreign exchange supply. Against its most valued point since the beginning of 2022, the Kwanza has already depreciated about 5.4% against the Dollar and 7.33% against the Euro.

Last Friday, the Angolan State raised USD 91 million by selling 10% of the capital it held at Banco Angolano de Investimento (BAI), through Sonangol and Endiama. This is the first Initial Public Offering (IPO) carried out on the Angolan Stock Exchange, with the session ending with the allocation of shares to 842 investors. The President of the Republic announced the date of the general elections for August 24, 2022. The information was put forward at the meeting of the Republic's Council last Friday.



### **Macroeconomic Forecasts**

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	6.8	5.6
Average Inflation (%)	25.8	21.4	10.3
Current Account (% GDP)	10.7	8.6	2.0

\*GDP and inflation - INE; Current account - BFA forecast \*\*Forecasts

# **Sovereign Rating**

Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/22
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/22

#### Monetary and ForEx data\*

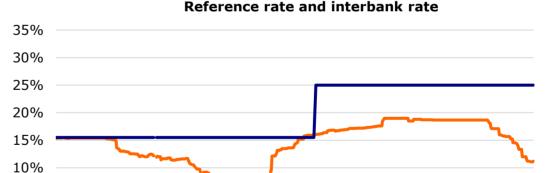
		Change		
	03/06/2022	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	11.19%	-0.01	-7.49	-3.13
USD/AOA	426.2	1.65%	-23.21%	-33.62%
AOA/USD	0.00235	-1.62%	30.22%	50.64%
EUR/AOA	457.9	1.63%	-27.20%	-41.48%
EUR/USD	1.072	-0.15%	-5.73%	-11.61%
USD/ZAR	15.55	-0.27%	-2.44%	14.00%

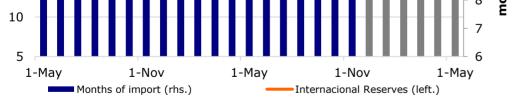
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

## Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (12 months )	13.5%	5 000	1 954	1 300
OT AOA (2 years)	16.5%	2 000	3 600	2 300
OT AOA (4 years)	18.4%	5 000	19 992	5 294
OT USD (3 years)	3.7%	1.00	0.12	0.12
OT USD (4 years)	4.2%	1.00	2.40	2.40
OT USD (5 years)	4.7%	1.00	1.00	1.00

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







Official and parallel exchange rate Oil price (Brent Angola) and Eurobond 2025 850 150 130 800 120 130 750 110 700 110 100 **USD/ Barrel** 650 90 90 600 80 70 550 70 60 500 50 50 450 30 40 400 10 30 350 Jun-20 Oct-20 Feb-21 Jun-21 Oct-21 Feb-22 Jun-22 Jun-20 Sep-20 Dec-20 Mar-21 Jun-21 Sep-21 Dec-21 Mar-22 Jun-22 Brent Angola (Ihs) Eurobond (rhs) USD/AOA USD/AOA Parallel

This publication is exclusively for private use. The information contained in this publication was obtained from sources considered reliable, but its accuracy cannot be fully guaranteed. Any recommendations given herein are intended exclusively for internal use and may be changed without prior notice. The opinions expressed herein are entirely the responsibility of its authors; they reflect only the authors' points of view and may not follow the position of BFA in the markets in question. BFA or any of its affiliates, through its employees, cannot be held responsible for any direct or potential loss resulting from the use of this publication or its contents. BFA and its employees may hold positions in any assets referred to in this publication. Reproduction of part or all of this publication is permitted, subject to the indication of the source.