

## Angola Weekly | 27/06

### Market Information

**The current account recorded a surplus of USD 4.7 billion (bn) in Q1 2022, the highest in the last 10 years.** On the one hand, exports of goods rose 80.1% compared to the same quarter of 2021, totaling USD 12.6bn – the highest since Q3 2014: crude oil sales increased 66.5%, while gas sales nearly tripled to USD 1.7bn, the highest value ever. At the same time, imports of goods rose by 50.8%, and purchases of services abroad increased by 54.5% – both returned to similar levels to 2019. In other words, among the main components of the current account, exports increased by USD 5.6bn, while growth in imports of goods and services totaled USD 2.0bn; the deficit in the income balance also grew, with greater repatriation of dividends, an increase of USD 0.8bn. For the entire year, we will significantly revise our forecast upwards, now expecting a surplus of more than USD 12bn, representing 8.4%-8.9% of GDP:

**Angolan debt securities in international markets have suffered important drops, following the trend of other emerging sovereigns, in the context of rising interest rates by the American Federal Reserve.** For example, the Eurobond maturing in 2028 was trading at a yield close to 10.6% on June 20, compared to 7.0% a year earlier: Of this increase of 360 basis points (bp), around 105 were due to an increase in perceived risk, with most of the impact due to the global rise in interest rates, expressed in the rise in the yield on US debt. The phenomenon has occurred in most African debt securities – in the case of Nigeria, spreads against US debt increased between 278 and 479 bp.

**The limit of monthly transfers through exchange offices was changed from 2 thousand to 5 thousand dollars, through a regulation from the BNA.** The change comes with a strengthening of Western Union's commercial activity in Angola, whose representative met last week with the Governor of the BNA, with the official citing the reforms implemented by the BNA and the high price of a barrel of oil as reasons for greater commercial activity in the country.

**The implementation of the Kwenda program – a cash transfer program for low-income people – is accelerating significantly after 3 years of very slow progress.** The program plans to support around 5 million people, with monthly transfers of AOA 8,500, out of a total budget of USD 420 million, 320 of which financed by the World Bank. At this point, according to available data, around 2.2 million people have already started to receive support, well above the 1.7 million in February this year, and far above the 60,000 supported in June last year. World Bank disbursements reflect the same path, having reached USD 88 million until this month, compared to only USD 20 million disbursed until June 2021 and until February this year.

### Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	5.6	4.9
Average Inflation (%)	25.8	21.4	7.0
Current Account (% GDP)	10.7	3.1	1.9

\*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\*

	24/06/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.15%	-0.03	-3.53	-0.75
USD/AOA	429.2	-1.09%	-22.67%	-33.77%
AOA/USD	0.00233	1.10%	29.31%	50.99%
EUR/AOA	453.0	-0.36%	-27.99%	-41.48%
EUR/USD	1.055	0.51%	-7.19%	-11.56%
USD/ZAR	15.80	-1.35%	-0.85%	11.21%

\*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
OT AOA (2 years)	16.5%	2,000	2,972	1,972
OT AOA (4 years)	18.4%	20,000	22,460	22,460
OT AOA (6 years)	19.5%	10,000	2,300	2,300
OT USD (3 years)	3.7%	1.00	0.00	0.00

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

