

Angola Weekly | 18/07

Market Information

In June, annual inflation was 22.96%, a drop of 1.46 percentage points (p.p) compared to May - the fifth consecutive month of decline in 2022. According to INE data, monthly inflation in June was 0.84%, significantly below the value in December 2021 (2.10%), and the lowest figure since April 2015. Health prices recorded the largest monthly increase, by 1.78%, surpassing Clothing & Footwear (1.58%), and Alcoholic Beverages & Tobacco (1.38%). Since the beginning of this year, health sector prices have been one of the classes with the largest monthly change, with an average price growth of around 1.81%, just below the average of Clothing & Footwear (1.89%). On the other hand, Luanda's inflation stood at 0.76% (2.20% in December 2021), the lowest figure since February 2015. Our expectation is that annual inflation will be well below 20% at the end of the year and should fall from this threshold as early as August or September; for example, in a scenario where monthly inflation averages by the end of the year similar to June, annual inflation would be 14% in December.

Data independently collected by OPEC point to a 7.2% year-on-year increase in crude oil production in June, averaging 1.18 mbd. This is the highest monthly production figure since November 2020. In the first half of 2022, oil production in Angola grew by 3.6% compared to the same period in 2021. On international markets, the price of Brent has been under pressure, having lowered from USD 100 last week for the first time since April 2022 - it closed the week with a loss of USD 5.9 and is trading today around USD 102.

In Q2 2022, domestic debt in securities was set at AOA 9.50 Trillion (Tn), a decrease of 2.3% compared to the previous quarter. In Treasury Bonds, the amount is AOA 9.16Tn (-1.2% compared to March), while in Treasury Bills the State owes AOA 0.33Tn (-25.7% compared to March). The debt has declined for 4 consecutive quarters, partly due to ongoing fiscal consolidation, but also due to the impact of kwanza's appreciation on the value of currency linked bonds; the amount is the lowest since Q3 2019. This year, the State issued AOA 0.85Tn to banks until last week, 37.9% of the amount forecast for the whole year (AOA 2.24Tn). However, the effect of high oil prices is providing a significant budgetary gap to the Angolan state, close to AOA 1.0B.

A sovereign guarantee for partial coverage of Afreximbank's financing agreement for the implementation of a fertilizer plant was approved by presidential order last week. The investment will be carried out in Zaire Province by Grupo Opaia S.A.,

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-	-	21/01/2022
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	15/07/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.50%	0.00	-2.18	0.32
USD/AOA	428.5	-0.15%	-22.78%	-33.56%
AOA/USD	0.00233	0.15%	29.51%	50.51%
EUR/AOA	445.7	-1.61%	-29.14%	-41.57%
EUR/USD	1.041	-1.32%	-8.41%	-12.23%
USD/ZAR	16.4	3.88%	3.00%	15.19%

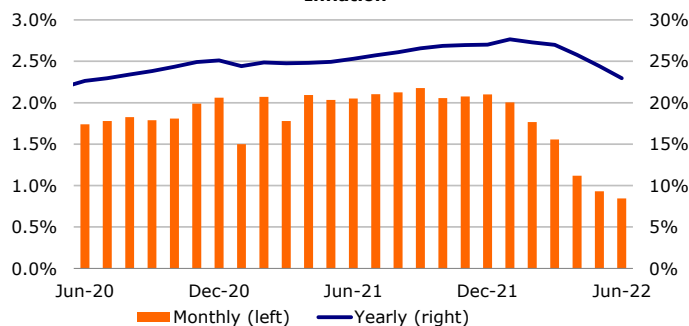
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

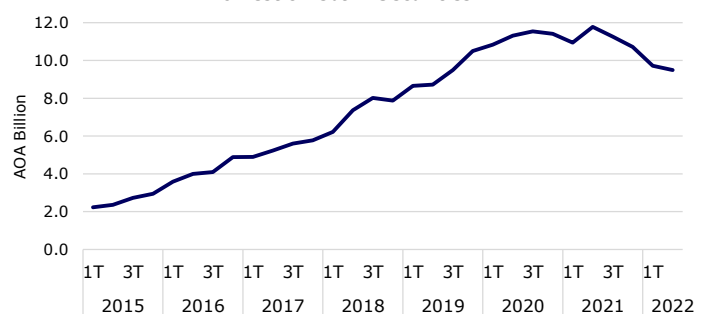
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	12.0%	30,000	3,614	1,500
OT AOA (4 years)	18.4%	10,000	16,400	10,400
OT USD (3 years)	3.7%	1.00	0.35	0.35
OT USD (7 years)	5.7%	1.00	0.05	0.05

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

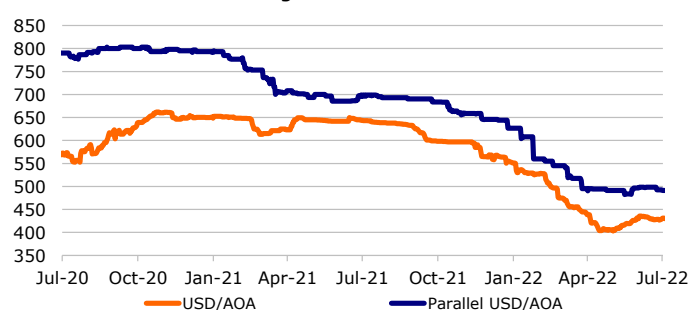
Inflation



Domestic Debt in Securities



Exchange rate



Oil price (Brent) and Eurobond 2025

