

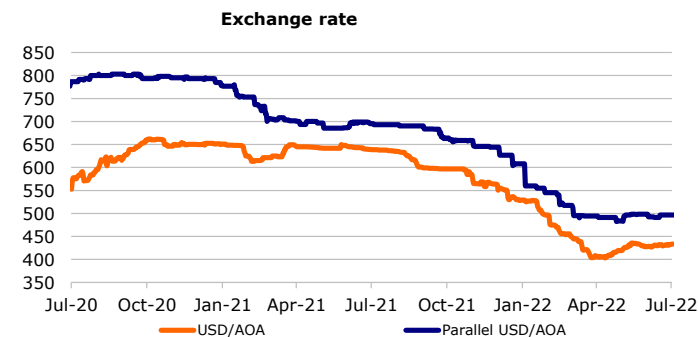
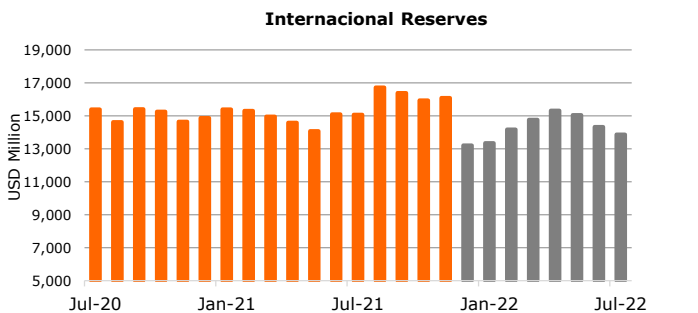
## Angola Weekly | 01/08

### Market Information

**At the Monetary Policy Committee (CPM) held last Friday, the BNA reduced the local currency mandatory reserves rate from 19% to 17%.** This is the second reduction in this coefficient this year, in line with the decision in the CPM of May 2022, of gradually reducing the rate from 22% to 17% by July. Additionally, the BNA reduced the interest rate of the permanent liquidity facility (FCO) from 25% to 23%. The central bank expects the reduction of these two instruments to contribute to the lowering of financial intermediation costs. On the other hand, the BNA decided to keep the basic interest rate (BNA rate) at 20% and the interest rate of the permanent liquidity absorption facility (FAO) at 15%. Our expectation is that these two instruments may also be reduced sometime at the end of the year, with inflation falling below 20% from August or September. It should be noted that, nevertheless, monetary policy remains relatively restrictive: the supply of currency, analyzed through the local currency M2 aggregate, has been declining in the economy, having registered a drop of 12.6% in the first half of 2022 compared to the same period of 2021. **International reserves closed July at USD 13.9 billion, representing an increase of USD 0.52Bn since the beginning of 2022.** At the end of June, Reserves fell USD 0.46Bn.

**Operating profit for non-financial public companies totaled AOA 0.86 Trillion (Tn) in 2021, an increase of AOA 1.39Tn compared to the same period.** According to the aggregate report of IGAPE, this result was strongly influenced by the positive performance of Sonangol, Sodiam and the Port of Luanda, which compensated for the effects of negative contributions of ENDE, TAAG and ENDIAMA. The net result in 2021 was AOA 1.29Tn, a significant improvement over the loss of AOA 2.64Tn in 2020. Sonangol was the company that recorded the largest contribution to the aggregate, having profited USD 2.1 Billion (Bn). This was the highest result in 8 years, and an increase of 152% compared to the previous one. Turnover was around USD 8.9 billion, an increase of 46% compared to 2020. On the other hand, companies in the financial and banking sector recorded negative net results for the fourth consecutive year, despite the downward trend: the loss was AOA 88.8 bn, compared to AOA -449.6 bn in 2020.

**Last week, a 170-carat pure pink diamond was discovered in the Lulo mine.** According to the statement of the Lulo mine shareholders, this is the largest pink diamond discovered in the last 300 years. The said diamond will be marketed via international auction, however, no date has yet been set.



### 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-	Positive	15/07/2022
Moody's	B3	Stable	13/09/2021
Standard & Poor's	B-	Stable	04/02/2022

### Monetary and ForEx data\*

	29/07/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.50%	0.00	-2.18	-0.31
USD/AOA	433.3	0.29%	-21.93%	-32.17%
AOA/USD	0.00231	-0.29%	28.09%	47.43%
EUR/AOA	440.3	-0.44%	-30.00%	-41.94%
EUR/USD	1.022	0.07%	-10.11%	-14.02%
USD/ZAR	16.6	-1.21%	4.31%	14.20%

\*Change of USD/AOA (or EUR/AOA) shows the appreciation 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)	12.0%	5,000	15,803	15,803
OT AOA (4 years)	17,8%	6,000	5,672	5,672
OT AOA (6 years)	19.5%	20,000	20,128	20,128
OT AOA (8 years)	20.0%	15,000	8,300	8,300
OT USD (3 years)	3.7%	15.00	4.00	4.00
OT USD (4 years)	4.2%	4.50	3.50	3.50

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

