Banco de Fomento Angola
www.bfa.ao | Email: dfi.gee@bfa.ao

Angola Weekly | 28/11

Market Information

At the monetary policy committee (MPC) meeting held last Friday 25 November, the BNA decided to keep monetary policy conduct instruments unchanged, despite the annual inflation record of 16.7% in October, well below the 18% target for the end of this year. According to the BNA, this decline in inflation was influenced by the course of monetary policy and the stability of the supply of essential goods of broad consumption. At the same time, the central bank considered in the face of recent currency depreciation that it should wait and observe its impact on price developments before further monetary policy easing. The BNA indicated the drop in oil revenues by 16.5% in Q3 2022 as the main reason for the depreciation of the exchange rate in October and November. On the other hand, the Monetary Base in local currency presented a trajectory consistent with the monetary policy objective, having registered a contraction of 4.72% yoy and a change of 0.83% mom in October.

The Angolan Government forecasts growth of 3.5% between 2023 and 2027, driven by the diversification of the economy, especially by new investments aimed at the agricultural sector. According to the Minister of Economy and Planning, Mário Caetano João, the engine of the coming years will be investment in agribusiness, through financing lines of the Development Bank of Angola (BDA). Planagrão (National Plan for The Promotion of Grain Production) and Planapescas (National Fisheries Development Plan) were approved with a budget that housed about US$500 million and US$300 million, respectively. In total, the agricultural sector will have funding of US$3 billion including public infrastructure. The minister also said that he believes that in five years, Angola could be among the main producers of grains (corn, soybeans, wheat and rice).

In October, oil exports averaged close to 1.15 million barrels per day (mbd), down 4% from the same period in 2021. The average export price rose 25% yoy, averaging USD 92.4 per barrel. Oil tax revenues yielded around USD 3.2 billion (MM), corresponding to a year-on-year increase of 19.8%. From January to October, exports yielded around USD 16 billion, representing higher levels of revenue over the last 8 years, as since 2014 it had not reached such a high value. The larger collection of tax revenues was due to the rise in the price of oil, driven by geopolitical tension and the scenarios of uncertainty regarding global monetary policies.

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	4.6	2.4
Average Inflation (%)	25.8	21.2	12.2
Current Account (% GDP)	10.5	9.0	3.3

*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	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

		Change		
	25/11/2022	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	10.50%	0.00	-8.18	-8.00
USD/AOA	511.9	0.14%	-7.77%	-13.37%
AOA/USD	0.00195	-0.14%	8.42%	15.43%
EUR/AOA	532.8	0.43%	-15.29%	-19.62%
EUR/USD	1.040	0.68%	-8.58%	-7.26%
USD/ZAR	17.1	-1.01%	7.18%	6.95%

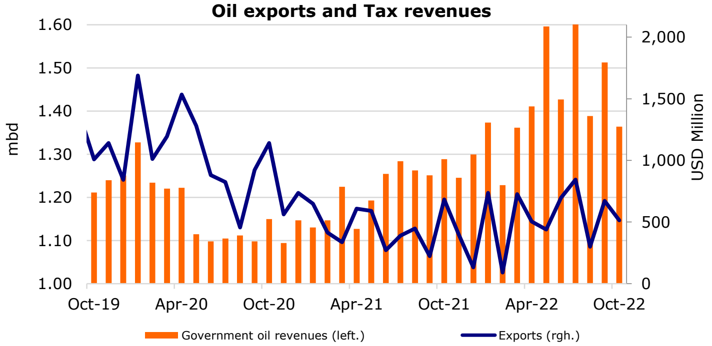
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

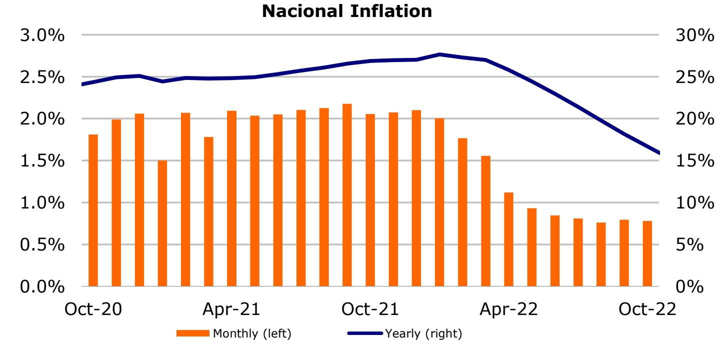
Maturity	Rate	Supply	Demand	Allocated
BT (182 days)	11.5%	25,000	5,850	500
BT (364 days)	11.0%	25,000	9,159	1,000
OT AOA (4 years)	16.3%	5,000	3,850	3,850
OT AOA (6 years)	5.2%	1	0	0
OT USD (3 years)	3.7%	1	0	0
OT USD (7 years)	5.7%	1.00	1.00	1.00

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

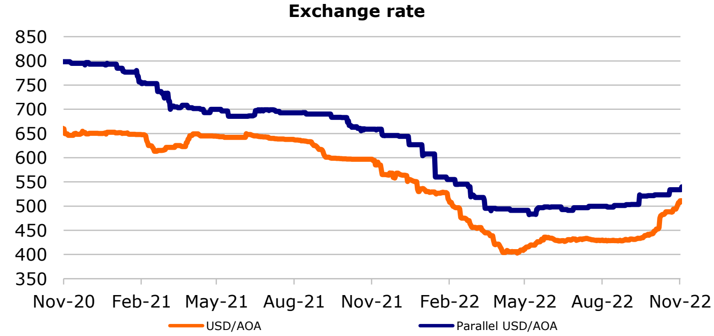
Oil exports and Tax revenues



Nacional Inflation



Exchange rate



Oil price (Brent) and Eurobond 2025