

Angola Weekly | 01/04

Market Information

The Government of Angola will begin a new privatization process of the country's largest insurance company, ENSA – Seguros de Angola, S.A. In accordance with Presidential Decree nº 76/24 of 26 March, the Angolan State authorizes the privatization, through the Initial Public Offering on the Stock Exchange of 30% of its shareholdings held in ENSA. The State also authorizes the reservation of 2% of shares for acquisition, under special conditions, by workers and members of the company's governing bodies. The privatization of ENSA was scheduled to take place between 2020-2022, and in June 2021 a process for the sale of Angola's largest insurance company was opened through a limited tender by prior qualification, in accordance with Presidential Order no. 81/20, of 5 June. The objective was to sell 51% of the State's shares, but the process was postponed due to the economic and financial impacts of the COVID-19 pandemic. Therefore, the new privatization process will follow a different sales model and foresees that the State will continue to be the majority shareholder, for now, with 70% of the shares after the conclusion of the planned Initial Public Offering.

Oil prices ended March on a high with the prospect of OPEC+ staying the course on production cuts, while continued attacks on Russia's energy infrastructure and a drop in the number of platforms in the United States also pose risks of market supply. Brent, a reference for Angolan oil exports, closed March at USD 87.5 per barrel, which represents an accumulated gain of USD 6 since the beginning of the year. WTI, a reference for US economy exports, ended the month at USD 83.2, having accumulated gains of around USD 6.3 since January. At the beginning of the week, Brent is trading close to 86-87 per barrel and the market expectation is that it will remain above USD 80 for now considering the various risks on the supply side that still prevail.

Negotiations on the BODIVA markets rose to AOA 1.17 trillion (T) in Q1 2024, which represents a growth of 416% compared to the same quarter of the previous year. Bilateral trading volume, which represents more than 80% of the entire market, rose more than 600% yoy and ended Q1 2024 at AOA 1.0 T. Despite the year-on-year growth, we have noticed a monthly decline in trading amounts: the trading volume in March was around AOA 201 billion (B), less AOA 5B compared to February, and represents lows of April 2023. The BNA, representing MINFIN, has had a relevant share; At a time when the Treasury has placed more Dollars in the foreign exchange market, its need to finance itself from the primary and secondary debt market may be reducing, meaning that this trading volume may decrease in the future.

International reserves ended the month of March valued at USD 14.3Bn, USD 69 million less compared to the previous month. According to our calculations, based on data released by the BNA, these reserves cover approximately 7 months of imports of goods and services.

Macroeconomic Forecasts

Indicator	2023*	2024*	2025*
GDP change (%)	0.8	2.1	3.2
Average Inflation (%)	13.7	21.7	15.7
Current Account (% GDP)	4.5	7.9	8.1

BFA **Forecast

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Stable	26/06/2023
Moody's	B3	Positive	20/10/2022
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

	28/03/2024	7 days (%)	Change	
			YTD (%)	12 months (%)
LUIBOR O/N	23.56%	0.23%	19.02%	14.86%
USD/AOA	832.6	0.00%	0.46%	64.93%
AOA/USD	0.00120	0.00%	-0.46%	-39.37%
EUR/AOA	900.2	-0.11%	-1.72%	64.54%
EUR/USD	1.079	-0.17%	-2.26%	-1.05%
USD/ZAR	18.88	-0.78%	2.83%	5.95%

*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.

Weekly domestic debt securities auctions

Term	Yield	Offer	Demand	Allocated
BT AOA (182 days)	17.8%	50,000	52,300	50,000
BT AOA (364 days)	19.5%	12,500	18,437	18,437
OT AOA (3 years)	24.0%	5,100	8,000	8,000
OT AOA (5 years)	25.0%	5,000	16,749	16,749
OT AOA (10 years)	23.0%	10,000	4,710	4,710
OT AOA (10 years)	23.0%	2,000	2,000	2,000

BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwanzas. OT USD (Dollar Treasury Bonds) are shown in million Dollars

