Banco de Fomento Angola
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# Angola Weekly |29/06

## Market Information

**Credit granted to the private sector totaled AOA 8.0 trillion (t) in May, corresponding to a nominal growth of 14.5% year-on-year.** However, when adjusted for the effect of inflation, the increase was significantly more moderate, standing at 3.7% in real terms. Of the total amount, AOA 6.4t was granted in local currency, while the remaining AOA 1.6t corresponded to financing in foreign currency. Meanwhile, credit to the public sector showed a more favorable dynamic, recording a real year-on-year expansion of 15.6%. At the sectoral level, Extractive Industry and Public Administration stood out as the main drivers of credit expansion, with real year-on-year growth of 32.6% and 22.4%, respectively. In contrast, the largest reductions were observed in Real Estate Activities (-64.7%), Agriculture (-15.1%), Transport (-12.0%), and Trade (-12.0%). Regarding the cost of financing, the average interest rate on credit to the economy has been gradually declining since the beginning of the year, in line with the easing of monetary policy and the reduction of rates observed in the interbank money market (IMM). Currently, the average rate stands at 26.0%, representing a cumulative reduction of 1.7 percentage points since the start of the year. In the coming months, the continued slowdown in inflation (expected to end the year below 10,0%) combined with the maintenance of a more accommodative monetary policy, should create conditions for further reductions in IMM rates. In this context, financial institutions are expected to continue lowering lending rates, contributing to improved financing conditions for the economy and facilitating access to credit for households and businesses.

**Azule Energy, equally owned by Eni and BP, announced the Final Investment Decision for the Greater PAJ project, one of the most significant offshore oil developments in Angola in recent years.** The project, located in Blocks 31 and 31/21, represents the first integrated development between two distinct concessions in the country, bringing together five oil fields and reinforcing the strategy of optimizing hydrocarbon resource exploitation. The development includes the drilling of 17 wells connected to a new Floating Production, Storage, and Offloading (FPSO) unit, with capacity to produce up to 95,000 barrels of oil per day, as well as export around 70 million cubic feet of gas per day to the Angola LNG plant. Production start-up is scheduled for the first half of 2029.

**Oil prices opened the week with a slight increase compared to last week's close, following new clashes between the US and Iran.** Brent rose by about 2% to USD 73.1 per barrel compared to the previous close, while WTI showed the same trend. However, prices did not climb further due to expectations of a possible agreement, as US and Iranian authorities are scheduled to meet on Tuesday in Doha to discuss the Strait of Hormuz and ways to end the conflict.

## Macroeconomic Forecasts

| Indicator | 2025* | 2026** | 2027** |
|---|---|---|---|
| GDP change (%) | 3.1 | 3.3 | 4.0 |
| Average Inflation (%) | 20.2 | 12.6 | 11.6 |
| Current Account (% GDP) | 5.3 | 4.5 | 3.8 |

*Inflation - INE/ GBP and Current Account - BFA Forecast; BFA **Forecast

## Sovereign Rating

| Rating Agency | Rating | Outlook | Last change |
|---|---|---|---|
| Fitch | B- | Stable | 26/06/2023 |
| Moody's | B3 | Stable | 29/11/2024 |
| Standard & Poor's | B- | Stable | 04/02/2022 |

## Monetary and Forex data*

| | 26/06/2026 | Change 7 days (%) | Change YTD (%) | Change 12 months (%) |
|---|---|---|---|---|
| LUIBOR O/N | 12.03% | -0.01% | -6.76% | -8.21% |
| USD/AOA | 912.05 | -0.12% | -0.03% | 0.01% |
| AOA/USD | 0.00110 | 0.12% | 0.03% | -0.01% |
| EUR/AOA | 1041.6 | -0.96% | -2.61% | -3.21% |
| EUR/USD | 1.138 | -0.76% | -3.08% | -2.71% |
| USD/ZAR | 16.47 | 0.11% | -0.56% | -7.72% |

*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.

## Weekly domestic debt securities auctions

| Term | Yield | Offer | Demand | Allocated |
|---|---|---|---|---|
| OT AOA (4 years) | 16.75% | 5,000 | 4,160 | 4,160 |
| OT AOA (5 years) | 17.25% | 13,600 | 13,600 | 13,600 |
| OT USD (7 years) | 17.75% | 5,000 | 3,515 | 3,515 |

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