

## Market Information

**The financial rating agency Standard & Poor's (S&P) last week upgraded Angola's rating to B-, making for a recent improvement by the 3 main agencies.** According to this institution, the government's reform program, higher oil prices and debt relief from some official creditors have been reducing the country's immediate liquidity risks. On the other hand, a forecast for the economy to grow by 2.3% this year, and a stronger Kwanza compared to the period from 2018 to 2020, should be the basis for a continued decline in the level of debt. S&P estimates that public debt has dropped significantly to 75% of GDP in 2021, down more than 55 percentage points compared to 2020. The drop was driven by two factors, according to the agency: Appreciation of the currency by 18% and substantial growth in nominal GDP. Therefore, despite the large external financing needs still existing and associated risks, with the gradual decline in government debt levels until 2025, S&P attributes a perspective of stable evolution to the assessment of the country's credit quality.

**Last Wednesday, OPEC+ members decided to maintain the plan to gradually increase oil production by 400,000 barrels a day for March.** Even so, despite this increase, the production level will remain below the Cartel's capacity and production actually verified even before the Covid-19 pandemic. At this point, some members of the Cartel, such as Angola, still have production below the agreed levels. On the other hand, the geopolitical tension between Ukraine and Russia continues to be pointed out as one of the main factors for the rise in oil prices, allowing Brent to trade part of last week above USD 90 – today the commodity is trading above USD 92.

**In the foreign exchange market, the week was marked by a 1.3% appreciation of the Kwanza against the Dollar and a depreciation of -0.15% against the Euro, closing the week at USD/AOA 522.3 and EUR/AOA 589.8.** Since the beginning of the year, the Kwanza has already appreciated by around 6.3% against the Dollar and 6.2% against the Euro. According to the sources consulted, in the informal market, the Dollar is being traded at around USD/AOA 609,2, thus, the gap against the reference rate is situated close to 16,6%. We reaffirm our expectation of some exchange rate stability in 2022, although there is a tendency for upward pressure on the Kwanza, particularly in the 1st half, which may partially reverse in the 2nd half of the year.

**Last week, the Council of Ministers approved a 50% increase in the various national minimum wages, by sector.** The degradation of workers' purchasing power and the need for maintenance and economic sustainability were on the basis of this increase. In the civil service, there will also be increases, especially in the lowest salaries; for example, a cleaner in the public sector will see an increase of close to 102% to AOA 67,000 from AOA 33,000.

## Macroeconomic Forecasts

Indicator	2021*	2022*	2023*
GDP change (%)	1.3	3.9	2.6
Average Inflation (%)	25.8	21.0	14.8
Current Account (% GDP)	10.4	3.8	1.9

\*BFA forecasts

## Sovereign Rating

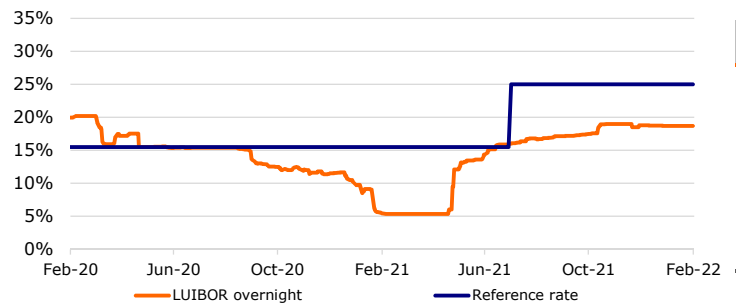
Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/22
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/22

## Monetary and ForEx data\*

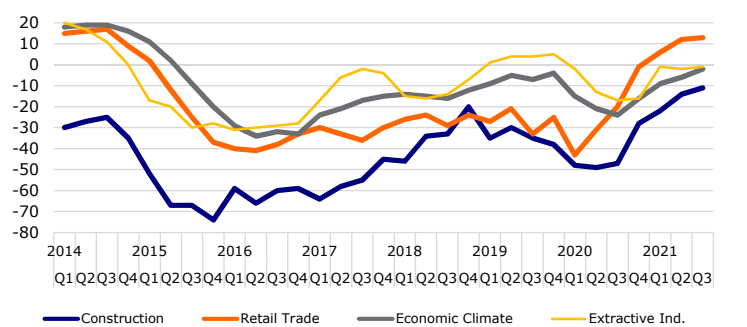
	04/02/22	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	0.00	13.32
USD/AOA	522.3	-1.29%	-5.89%	-19.45%
AOA/USD	0.00191	1.31%	6.26%	24.14%
EUR/AOA	589.8	0.15%	-6.23%	-24.34%
EUR/USD	1.145	2.67%	0.69%	-4.30%
USD/ZAR	15.46	-0.88%	-2.98%	3.03%

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

## Reference rate and interbank rate



## Economic Sentiment



## Oil price (Brent Angola) and Eurobond 2025

