

Market Information

In February, the national year-on-year inflation was 27.3%, a slight reduction of 0.4 basis points (bp) compared to January, the first fall in inflation since March 2021. According to INE data, in monthly terms, in February, there was a deceleration in the rise in prices, to 1.77% (-0.23bp compared to January). The class that registered the highest monthly change was clothing and footwear, by 2.1%, surpassing the increase in the price of food and non-alcoholic beverages (1.94%) for the first time since September 2019. Despite inflationary pressures in international markets, our forecast is for national inflation to slow down to around 18.4-18.9% at the end of the period, influenced by the stronger Kwanza.

This month, the Angola Treasury began public debt auctions for 2022, issuing at significantly lower rates so far. 6-year Treasury Bonds (OT) were issued for the first time, at a rate of 19.49% (compared to 25.00% for 5 years in November 2021). At 4 years, the rate is now at 18.40% (24.75% in November), while at 2 years OTs are being issued at 16.50% (24.50% in November). 365-day Treasury Bills (BT) are being issued at 15.25% (16.99% in December). The drop in these rates takes place at the same time as the drop in the yields offered by the BNA's repo operations (which today offered 7.50% at 90 days and 10.50% at 180 days), both phenomena benefiting from some excess liquidity in bank balance sheets. In total issuances so far, which include OTs in Dollars (at 3, 5 and 7 years), the State has placed 5.2% of the amount expected this year.

The Industrial Production Index (IPI) for the 4th Quarter of 2021 recorded an increase of 5.2% compared to the same period last year. In the extractive industry (with the highest weight in the indicator, 87.2%), production rose 4.8% yoy, mainly due to the 3.7% yoy increase in oil extraction - this rise in particular points to a better performance of oil GDP in Q4 2021. **The Trade Balance ended the 4th Quarter of 2021 with a positive balance of around AOA 4.11 Trillion (Tn), doubling compared to AOA 2.09 Tn in Q4 2020.** According to INE, the growth was due to a huge increase in exports (+57.7% yoy), due to the rise in oil prices in international markets. At the same time, imports increased by 8.4% yoy: the increase was higher in the purchase of fuel (+77.9% yoy), followed by consumer goods (+21.3% yoy).

Data independently collected by OPEC point to an increase in oil production of 5.3% yoy in the month of February, totaling 1.18 million barrels per day (mbd). According to the organization's monthly report, in the first two months of 2022, Angola produced an average of around 1.17 mbd, a slight increase of 2.6% compared to the same period of the previous year. We maintain our outlook for a slight increase in Angolan oil production in 2022, which should be around a daily average of 1.14-1.15 mbd.

Macroeconomic Forecasts

Indicator	2021*	2022*	2023*
GDP change (%)	0.8	5.5	4.0
Average Inflation (%)	25.8	18.7	8.5
Current Account (% GDP)	11.4	6.6	1.5

*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*

	18/03/22	Change		
		7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	0.00	13.32
USD/AOA	456.0	-2.96%	-17.84%	-26.05%
AOA/USD	0.00219	3.05%	21.71%	35.23%
EUR/AOA	503.1	-2.65%	-20.01%	-31.67%
EUR/USD	1.105	1.27%	-2.81%	-7.25%
USD/ZAR	14.97	-0.48%	-6.07%	1.49%

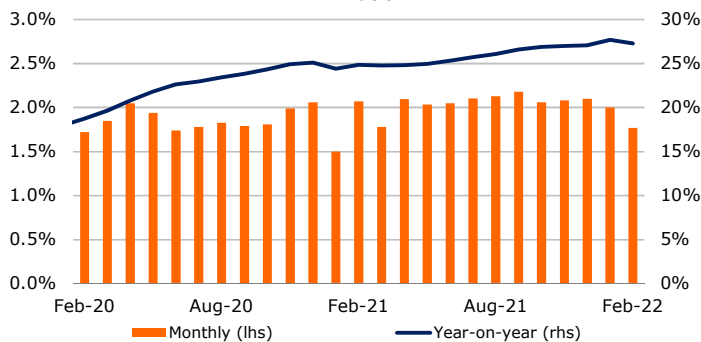
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

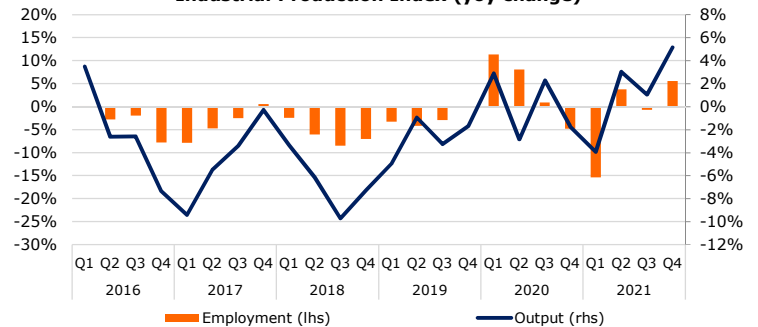
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	15.3%	16,000	79,202	68,525
OT AOA (2 years)	16,5%	24,000	7,500	7,500
OT AOA (4 years)	18.4%	6,000	5,500	5,500
OT AOA (6 years)	19.5%	9,000.00	8,287.20	8,287.20
OT USD (3 years)	3.7%	2.00	0.71	0.71
OT USD (5 years)	4.7%	2.00	2.00	2.00

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

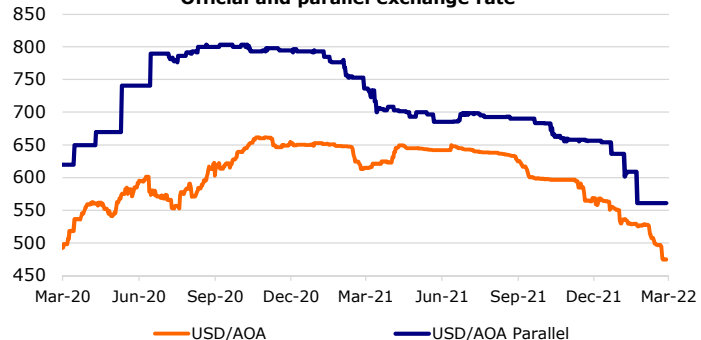
Inflation



Industrial Production Index (yoy change)



Official and parallel exchange rate



Oil price (Brent Angola) and Eurobond 2025

