

Angola Weekly | 05/04

Market Information

In the last 3 months of 2021, the Angolan economy recorded year-on-year growth of 2.2%, the strongest since the last quarter of 2018. For the entire year, the Angolan GDP grew by 0.6%, thus returning to a economic expansion after 5 years of recession (2016-2020). On the non-oil economy side, our calculations point to a growth of 4.1% in the last quarter of 2021, expansion for the 4th consecutive quarter – in 2021, non-oil activity likely increased by 6.0% compared to 2020, the largest increase since 2014, after a 5.0% drop in 2020. The oil economy considerably slowed down its decline, having registered a year-on-year drop of 2.8% (vs. the 11.1% drop recorded in the previous quarter); for the entire year, the oil GDP fell by 11.5%, the sharpest decline since the beginning of the statistical series, in 2011: the national average production declined from 1.26 million barrels per day (mbd) in 2020 to 1, 12 mbd in 2021. The Retail sector (2nd largest component of GDP) recorded year-on-year growth of 2.4% in Q4 2021, rising 13.4% in 2021. In Construction (3rd largest component of GDP), activity expanded 5.3% in Q4 2021, but observed a drop of 6.4% in the year. Note the performance of the agricultural sector, which grew year on year for the 13th consecutive quarter, having grown by 5.1% during the year; also note the impressive growth of the fisheries sector, whose activity increased by 46.4% in 2021.

At the Monetary Policy Committee meeting held last Thursday, the BNA decided to keep the various monetary policy instruments unchanged, given the still prevailing uncertainties and economic risks. According to the BNA press release, despite the slight deceleration seen on the monthly inflation between January and February, inflationary pressures persist in the economy, as a result of the instability in Eastern Europe and the resurgence of COVID-19 outbreaks in China, which has directly impacted commodity prices. On the other hand, the CPM decided to relax the foreign exchange position limit of commercial banks, increasing it from 5% to 10%. Net International Reserves ended March at USD 10.9 billion (Bn), representing an increase of 0.36 Bn since the beginning of the year, and the highest value since April 2020.

Last Thursday, OPEC+ members decided to maintain the plan to gradually increase oil production by 432,000 barrels a day for the month of May. At a time when the price of oil is experiencing strong volatility, the US announced the daily release of one million barrels of its strategic reserve over the next six months to contain the rise in prices caused by the geopolitical conflict between Ukraine and Russia.

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0,7	5,5	4,0
Average Inflation (%)	25,8	18,7	8,5
Current Account (% GDP)	11,4	6,6	1,5

*GDP and inflation - INE; Current account - BFA forecast
**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*

	01/04/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	17,12%	-1,55	-1,56	11,74
USD/AOA	0,0	-2,42%	-19,89%	-28,87%
AOA/USD	0,00225	2,48%	24,83%	40,58%
EUR/AOA	491,0	-2,17%	-21,94%	-33,08%
EUR/USD	1,106	0,73%	-2,70%	-6,06%
USD/ZAR	14,57	0,21%	-8,57%	-0,35%

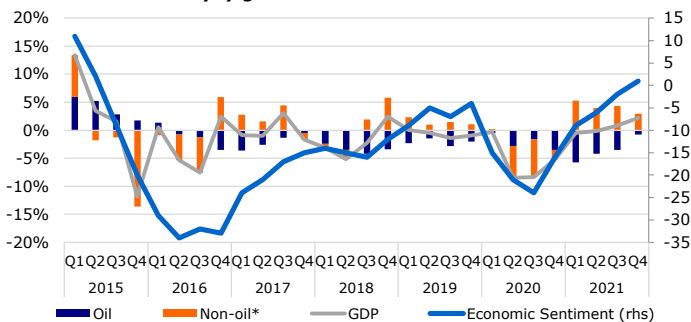
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

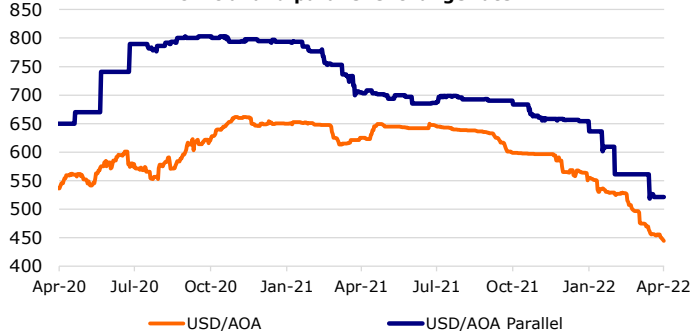
Maturity	Rate	Supply	Demand	Allocated
OT AOA (2 years)	16,5%	10 000	33 600	30 600
OT AOA (4 years)	18,4%	10 000	1 800	1 800
OT AOA (6 years)	19,5%	10 000	11 630	11 630
OT USD (3 years)	3,7%	2	3	3
OT USD (7 years)	5,7%	2	1	1

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

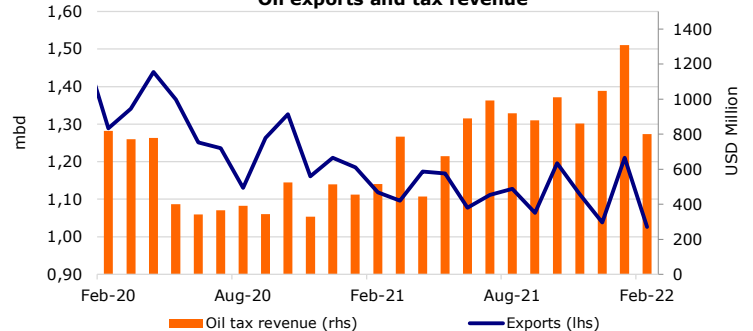
GDP yoy growth and economic sentiment



Official and parallel exchange rate



Oil exports and tax revenue



Oil price (Brent Angola) and Eurobond 2025

