

## Market Information

**Angola returned to the bond markets, issuing USD 1.75Bn in Eurobonds, within 10 years, at a rate of 8.75%.** Compared to other 10-year issues, the country paid more than in 2018 (8.25%) and 2019 (8.00%). Even so, the measure of Angolan sovereign risk, assessed by the spread against the US debt, was close to 610 basis points, similar to 2019 (633 basis points). Of the amount issued, USD 0.75Bn will be used to repurchase existing securities, which mature in 2025 (issued at 9.50%) and in 2028 (issued at 8.25%). The distribution is not yet known, and early repayments might only occur for 2025 bonds. **In the domestic market, the Treasury auctioned non-indexed local currency debt at the 10-year maturity for the first time, albeit in a still insignificant amount, of AOA 504 million.** The issuance took place at a rate of 21%, in line with the remaining rates prevailing in the market as of now. There was also an 8-year issue, with a rate of 20%. So far, the State met around 14% of its financing needs in the domestic market. In particular, 24% of the planned amount was issued in local currency Treasury Bonds. So far, yields are lower than in the recent past, from 11.70% at 3 months to 21.00% at 10 years – last year, the 3-month rate was around 19.4% in the last issue, in March, reaching 25% in the 5 years at the end of 2021, the longest tenor issued.

**According to data from the BNA, the Current Account recorded a surplus of 12.4% of GDP, compared to the 1.6% recorded in the previous year – in Dollars, this amounts to a USD 8.4Bn surplus, the highest since the USD 13.8Bn reached in 2013.** In 2020, the surplus was only USD 0.9Bn - the improvement last year was essentially related to the increase in the value of exports, to USD 33.6Bn (compared to USD 20.9Bn in 2020), which occurred in the oil sector (USD +12.3Bn) and in the diamond sector (USD +0.5Bn). At the same time, the increase in imports of goods (USD +2.3Bn) and services (USD +1.4Bn) was much smaller. Profits repatriated abroad increased (USD +1.2Bn), but interest paid abroad decreased (USD -0.4Bn). The international investment position improved to USD -27.3Bn, (USD -30.0Bn in 2020).

**The BNA issued a regulation to promote housing credit.** The new rules for mortgage credit allow banks to deduct amounts borrowed for housing for 5 years from mandatory reserves, provided that the loan respects a maximum rate of 7% and other conditions. The rules in force after the first 5 years will depend on the behavior of interest rates, and the BNA plans to eliminate the benefit of deducting reserves if market rates approach or fall below 7%. On the other hand, factoring and loans to purchase inputs were included in the new regulation updating rules to promote credit to the real sector of the economy.

## 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) | 12.4  | 6.6    | 1.5    |

\*GDP and inflation - INE; Current account - BNA  
\*\*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\*

|            | 08/04/22 | 7 days (p.p./%) | Change YTD (p.p./%) | 12 months (p.p./%) |
|------------|----------|-----------------|---------------------|--------------------|
| LUIBOR O/N | 17.12%   | 0.00            | -1.56               | 11.74              |
| USD/AOA    | 438.7    | -1.73%          | -20.95%             | -29.60%            |
| AOA/USD    | 0.00228  | 1.76%           | 26.50%              | 42.04%             |
| EUR/AOA    | 478.4    | -3.36%          | -23.94%             | -35.42%            |
| EUR/USD    | 1.088    | -1.70%          | -4.32%              | -8.33%             |
| USD/ZAR    | 14.74    | 0.90%           | -7.49%              | 1.16%              |

\*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 | 49,700 | 26,700    |
| OT AOA (4 years)  | 18.4% | 10,000 | 31,874 | 31,874    |
| OT AOA (6 years)  | 19.5% | 10,000 | 7,178  | 7,178     |
| OT AOA (8 years)  | 20.0% | 1,000  | 500    | 500       |
| OT AOA (10 years) | 21.0% | 1,000  | 504    | 504       |
| OT USD (3 years)  | 3.7%  | 2.00   | 6.00   | 6.00      |

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

