

Angola Weekly | 23/05

Market Information

The unemployment rate improved in Q1 2022, down 2.1 percentage points (pp) from Q4 2021 (30.8%, vs. 32.9%). According to the data published by the INE, this is the second consecutive quarter of unemployment decline; despite this improvement, when compared to the same period, the unemployment rate increased slightly by 0.3pp. The employment rate rose 1.2pp from the previous quarter to 62.5%. These data indicate a continuation of economic growth in Q12022. The youth unemployment rate (15-24 years) is significantly higher, standing at 57.2%, down 2.6pp compared to the last quarter of 2021, but still above the rate in Q1 2021 (56.3%). Accounting for only the adult population, the unemployment rate is 27.2%, falling 1.5pp compared to Q4 2021, but also above Q1 2021, by 0.5pp. A negative point of labour market developments is the increase in the inactive population to 10.8% (+1.2pp compared to Q4 2021) of Angolans aged 15 years or older. The unemployment rate decreased the most in rural areas (from 18.8% in Q4 2021 to 14.3% in Q1 2022) compared to urban areas (from 43.0% to 41.7%).

The additional spending authorized by the President of the Republic beyond that contemplated in the 2022 Budget has already totaled AOA 0.7 Trillion (Tn) – USD 1.7 billion (bn). This amount is so far in line with our expectation of spending above budgeted this year – our forecast points to more AOA 1.1Tn in the whole year. At the same time, the stronger-than-expected exchange rate (as compared to the exchange rate implied in the Budget) should translate into in foreign debt interest, when measured in Kwanzas, which can reach AOA 0.7Tn. On the other hand, given the current context of the oil price, we expect the State to generate an additional revenue of about AOA 1.3Tn, thus allowing for a budget surplus of between 1.3-1.8% of GDP by the end of the period, compared to the expected equilibrium (0.0%)– the IMF expects a surplus of 3.1%. In the case of the primary balance, which excludes interest expenses, we expect a surplus of between 5.4-5.9%, in line with forecasts from the Government (5.5%), Standard & Poor's (5%) and below the IMF (7.2%).

In the foreign exchange market, the week was marked by a depreciation of 1.49% of The Kwanza against the Dollar and 3.29% against the Euro, having closed the week at USD/AOA 415.4 and EUR/AOA 438.7. This is a reversal of the exchange rate performance since mid-2021 – nevertheless we do not expect a sustained continuation of this movement. Since January, the Kwanza has appreciated about 33.6% against the Dollar and 43.4% against the Euro.

IGAPE began last week the privatization process of 49% of Secil Lobito's share capital. According to the statement, privatization will be done by public tender, open to national and international investors.

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	6.8	5.6
Average Inflation (%)	25.8	21.4	10.3
Current Account (% GDP)	10.7	8.6	2.0

*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*

	20/05/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	12.00%	-1.34	-6.68	-1.47
USD/AOA	415.4	1.51%	-25.15%	-35.50%
AOA/USD	0.00241	-1.49%	33.60%	55.03%
EUR/AOA	438.7	3.40%	-30.25%	-44.15%
EUR/USD	1.056	1.46%	-7.09%	-13.61%
USD/ZAR	15.84	-2.00%	-0.60%	13.36%

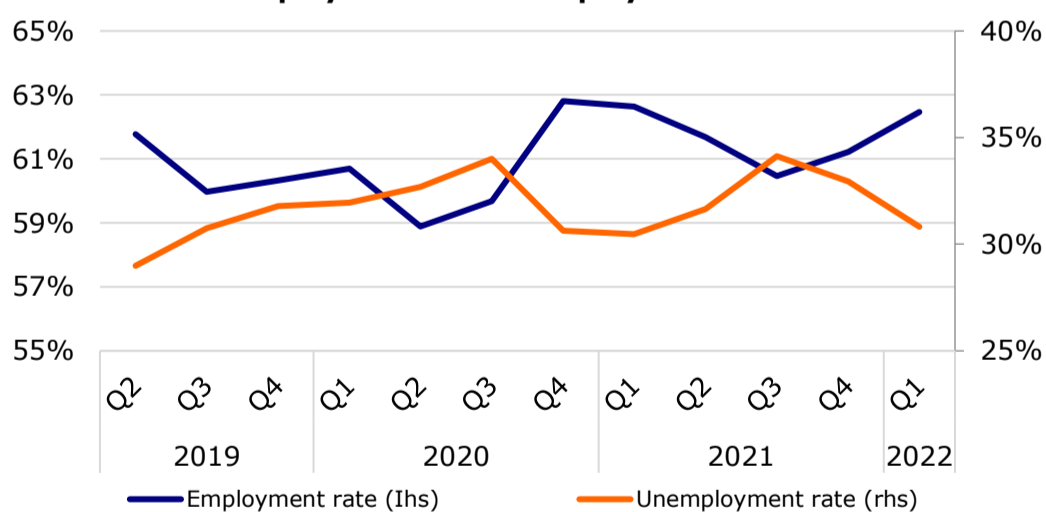
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

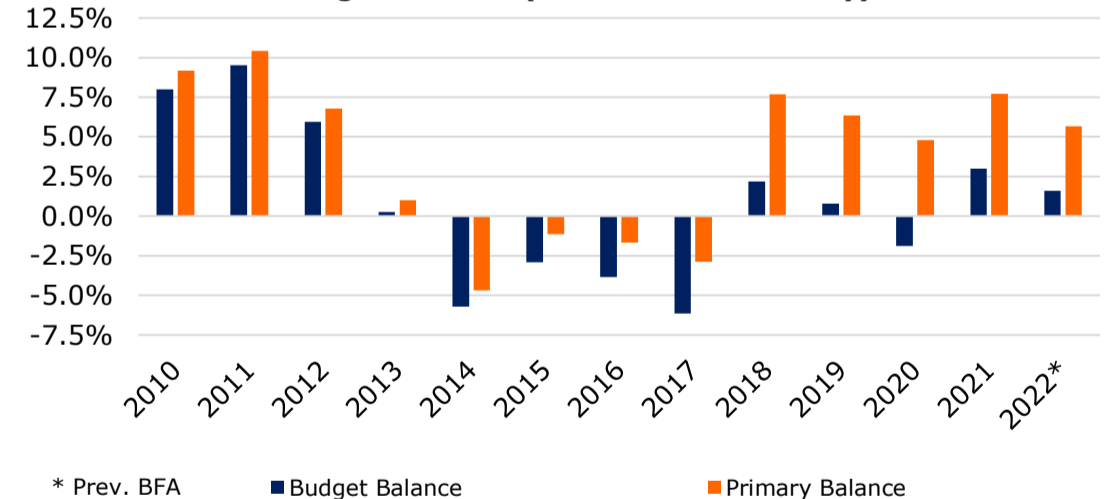
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	14.5%	5 000	14 515	4 500
OT AOA (4 years)	18.4%	4 000	4 000	4 000
OT AOA (6 years)	19.5%	22 382	12 034	12 034
OT AOA (10 years)	21.0%	20 000	1 353	1 353
OT USD (3 years)	3.7%	1.00	4.25	4.25
OT USD (5 years)	4.7%	1.00	3.00	3.00

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

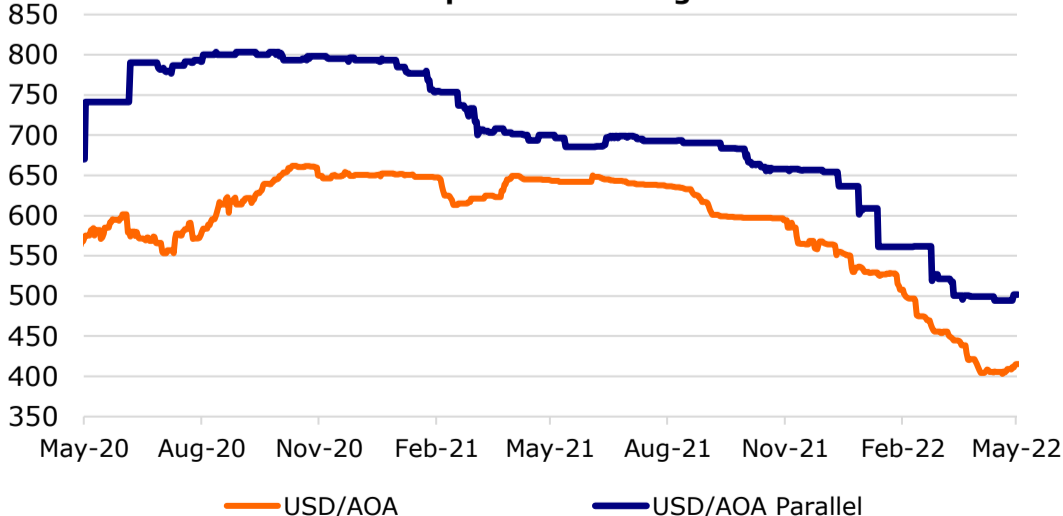
Employment and Unemployment rate



Budget Balance (Headline and Primary)



Official and parallel exchange rate



Oil price (Brent Angola) and Eurobond 2025

