

## Market Information

**Last Thursday, the Council of Ministers approved the reduction of the Value Added Tax (VAT) from 14% to 7% from the beginning of 2022.** According to data provided by the Government, this measure is part of the macroeconomic stabilization process and its objective is to guarantee greater purchasing power to Angolan families. According to the Minister of Economy and Planning, Mário Caetano, the VAT reduction will be aimed at a set of 25 consumer goods, including fresh/frozen meat, rice, beans, cassava and will be in force during 2022. **At this session, the Council of Ministers approved the General State Budget (OGE) for 2022, which foresees revenues and expenses set at AOA 18.78 trillion (27% above the previous OGE).** According to Government information, 36.9% of the primary fiscal expenditure will be reserved for the Social Sector; compared to the 2021 State Budget, there's an increase in expenditure of 13.1% in the Education sector, 9.4% in Health and 6.8% on the Social Security side. **According to the finance minister, Vera Daves, the Executive foresees an economic growth of 2.4% in 2022.** On the oil sector side, the 2022 State Budget foresees an average production of 1.147 million barrels per day (-0.07 mbd vs. 2021 OGE and 2% above the average of the first 3 quarters of the year); in relation to the price, the Government foresees for 2022 that the barrel will be traded on average at USD 59 (much below the estimates in the international market, which foresees an average price of USD 70). With regard to price variation, the year-on-year inflation rate at the end of the period is expected to be around 18% (a 9 p.p. drop compared to BNA's expectations for the end of 2021).

**Last Thursday, the Instituto Gestão de Ativos e Participações do Estado (IGAPE) started the public tender for the privatization of the Nosso Super supermarket chain.** According to IGAPE statement, the privatization will be carried out through the transfer of exploration and management rights to a private company, in a 5-year contract, with a purchase option. The Nosso Super network consists of 24 stores located in 15 provinces. IGAPE informed that the tender is open to national investors and applications must be delivered by December 15, 2021.

**Net International Reserves (NIR) registered an increase of USD 40 million in October - to USD 9.6 billion (Bn).** According to our calculations, the current NIR represents approximately 6 months of imports of goods and services. Since the beginning of the year, NIR have increased by USD 863 million, which corresponds to an average increase of USD 86 million per month; in the same period in 2020, NIR saw an average monthly drop of USD 253 million.

## Market Information

Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	1.3	5.3
Average Inflation (%)	22.3	25.1	25.1
Current Account (% GDP)	1.5	8.4	4.3

\*Inflation, GDP - INE; Current Account - BNA;  
\*\*BFA forecasts

## Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	B3	Stable	13/09/21
Standard & Poor's	CCC+	Stable	26/03/20

## Monetary and ForEx data\*

	29/10/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	1.39	8.71	6.96
USD/AOA	597.0	-0.01%	-8.14%	-9.61%
AOA/USD	0.00168	0.01%	8.86%	10.64%
EUR/AOA	695.7	0.10%	-12.67%	-10.16%
EUR/USD	1.163	-0.09%	-4.78%	-0.36%
USD/ZAR	15.23	2.70%	3.63%	-7.14%

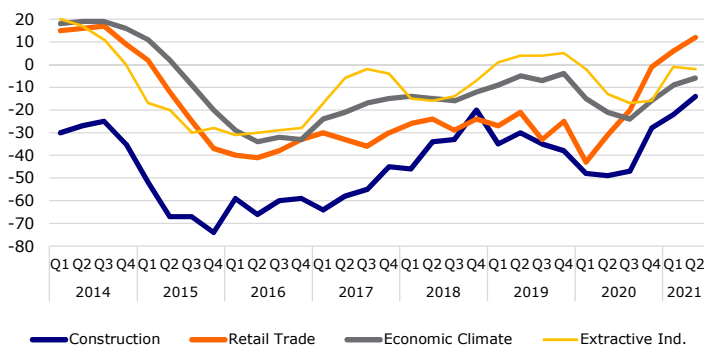
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

## Auctions of Treasury bonds and bills last week

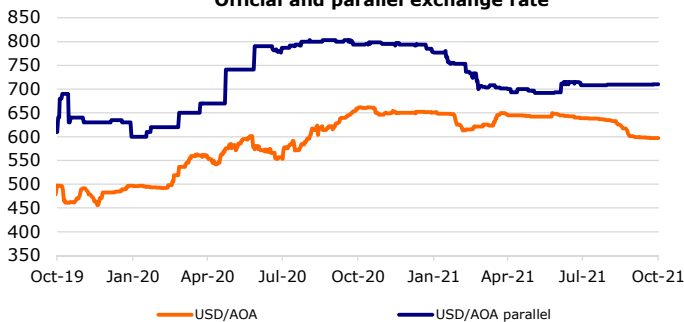
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17.5%	7,500	4,699	4,499
OT 1.5 years	23.8%	7,500	6,057	6,057
OT 2 years	24.5%	2,500	2,000	2,000
OT 3 years	24.7%	2,500	1,179	1,179
OT 5 years	25.0%	2,500	2,513	2,513
OT USD 2 years	3.7%	1.0	0.5	0.5

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

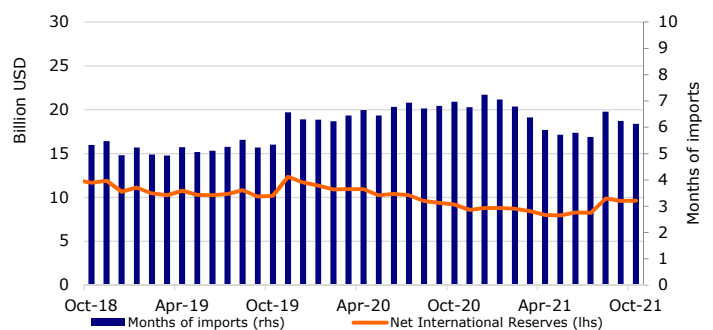
## Economic Sentiment



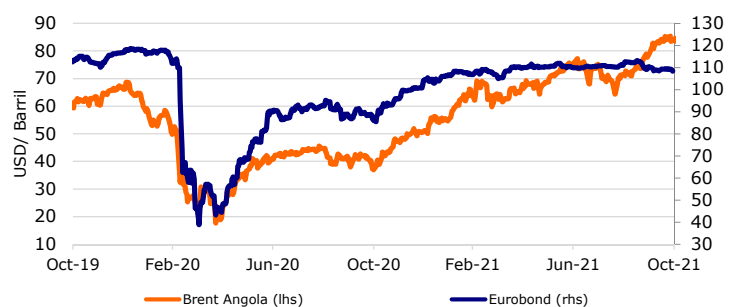
## Official and parallel exchange rate



## International Reserves and months of imports



## Oil prices (Brent Angola) and 2025 Angola Eurobond



Sources: Bloomberg, BNA, INE, Finance Ministry, OPEC