

Angola Weekly | 20/12

Market Information

In the 3rd quarter of 2021, the Economic Climate Indicator (ICE) recorded a quarterly improvement of 4 points to -2, the highest value since Q2 2015. All sectors saw increases compared to the previous quarter and the same period of the previous year. In particular, the Transport sector rose 14 points over the previous quarter; Retail (+1) and Construction (+3) saw slighter rises than in previous quarters. In year-on-year terms, the Manufacturing sector rose 41 points, while the Construction and Retail sectors rose, respectively, 36 and 33 points. Note that, for Retail, this is the highest value since Q3 2014 while for the Construction sector it is the highest since Q3 2012.

In November, the national annual inflation increased to 27%, the 8th consecutive month of increase and the highest value since July 2017. According to INE data, in November, prices increased by 2.08%, 2 basis points (bp) above the previous month. Food and non-alcoholic beverages posted an increase of 2.42%, 2 b.p. below the one registered in October and the lowest value since January 2021. **We expect a first decline in year-on-year inflation in this month of December, and forecast that it will continue to decline during 2021.**

Data collected independently by OPEC point to a reduction of 9.1% yoy in production in November, totaling 1.082 million barrels per day (mbd). According to the organization's monthly report, in the first 11 months of 2021, Angola produced an average of around 1.114 mbd, a drop of 12.4% compared to the same period of the previous year. We expect a slight increase in Angolan oil production in 2022, averaging around 1.14-1.15 mbd.

The Grupo Carrinho acquired 100% of the share capital of the Banco de Comércio e Indústria (BCI) through Angols' first stock auction held last Friday. According to data from Bodiva, two previously qualified candidates who made a total of 22 bids participated in the auction; the total shares sold for AOA 16.5 billion at a price per share of AOA 165 000.

Between January and November this year, Angola exported around 8.8 million carats of diamonds, an increase of 17.9% over the same period last year. The average selling price also increased, to USD 159.8 (+20.4% yoy); as a result of these rises, export earnings hiked 42% to USD 1.4 billion - the highest since 2011. In terms of fiscal revenue, the government collected USD 105 million, a year-on-year increase of 47.1%, the highest since 2012. Diamond production could increase significantly in the medium term, with the entry into operation of the Luaxe mine, operated by Sociedade Mineira de Catoca.

Macroeconomic Forecasts

Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	1.3	3.8
Average Inflation (%)	22.3	26.0	21.6
Current Account (% GDP)	1.5	10.0	3.8

*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*

	17/12/2021	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	8.71	7.45
USD/AOA	568.0	-0.05%	-12.60%	-12.51%
AOA/USD	0.00176	0.05%	14.42%	14.30%
EUR/AOA	642.9	0.40%	-19.31%	-19.08%
EUR/USD	1.133	0.18%	-7.23%	-7.62%
USD/ZAR	15.89	-0.52%	8.15%	8.55%

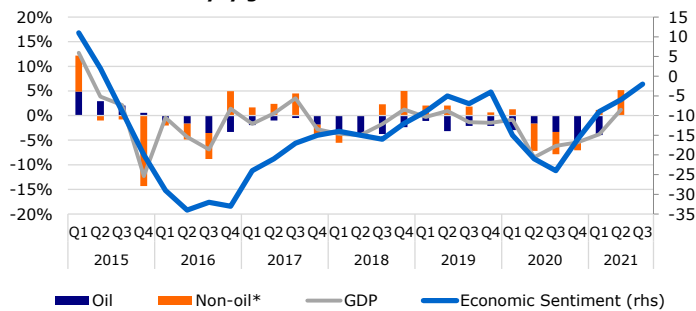
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT 6 months	15.0%	3,000	800	800
BT 12 months	17.2%	3,000	300	300
OT USD (2 years)	3.7%	1.00	2.73	1.24

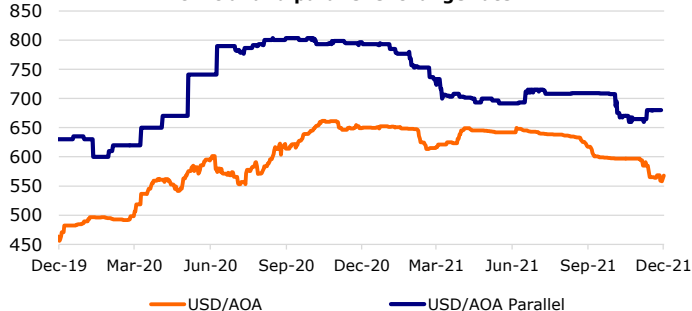
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

GDP yoy growth and economic sentiment

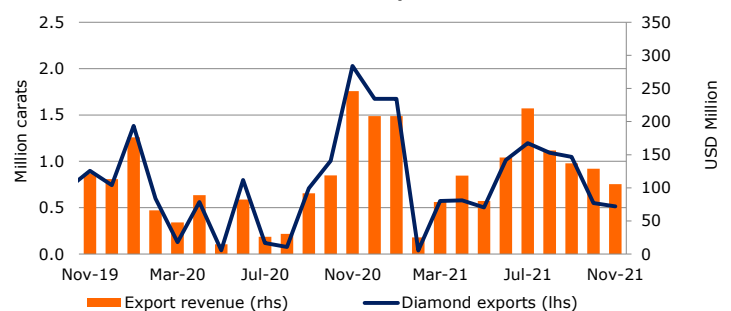


*Statistical proxy

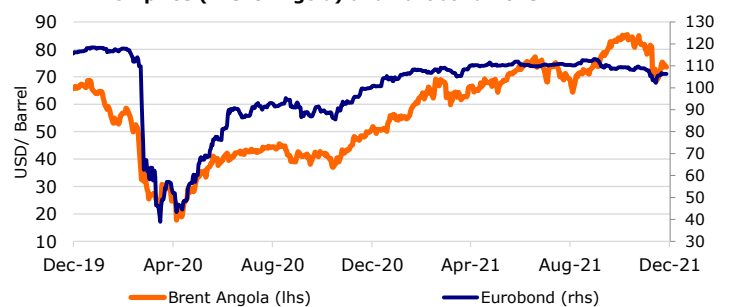
Official and parallel exchange rate



Diamond Exports



Oil price (Brent Angola) and Eurobond 2025



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