

Angola Weekly | 17/01

Market Information

Inflation ended 2021 on a high: prices rose 27.03% in the space of a year, nationwide, accelerating for the 9th consecutive month and the highest value since July 2017. According to INE data, in December, prices registered an increase to 2.10%, 2 basis points (b.p) above the previous month. The prices of food and non-alcoholic beverages continue to rise above those of other goods, having increased by 2.46%, 4 b.p. above that registered in November and contributing with 68.4% of monthly inflation. We expected a slowdown in year-on-year inflation in December, which did not happen; in 2022, our forecast is for inflation to slow down to less than 20% at the end of the period, with an average close to 21%.

The World Bank predicts that the Angolan economy will grow 3.1% this year and that it will slow down slightly to 2.8% in 2023. According to the data contained in the Global Economic Prospects Report, this institution expects that Angola will have emerged from recession in 2021 with a growth rate of 0.4%. Our estimate for last year is around 1-1.5%, and we are also slightly more optimistic for 2022, with growth between 3.5-4%; by 2023, our forecast is in line with the World Bank, between 2.5-3.0%.

Last Monday, IGAPE announced the conclusion of the privatization process of four agro-industrial enterprises. This is the 1st process completed in 2022, with the State selling the Agro-industrial complexes of Caxito and Namibe to SANEP Lda, the Agro-industrial complex of Dombe Grande to the company DOMBE, and the Modular Slaughterhouse in Malanje to Nós Global SA. In another tender, the consortium joining China International Trust Investment Corporation (CITIC) and Shandong Port Group (SPG) will manage the cargo terminal at Porto do Lobito, for a period of 20 years; the Philippine company ICTSI should contest the result of the contest, according to the Expansão newspaper.

The Industrial Production Index (IPI) for the 3rd Quarter 2021 recorded year-on-year growth of 1.1%, despite the 2.7% drop in oil production, which represents 85% of the index. Outside the oil sector, manufacturing grew by 10.6% yoy: in particular, Beverages & Tobacco are up 49.6% yoy, and food industries are up 11.0% yoy. On the other hand, metallurgical industries were down 20.6% yoy, wood production was down 3.6% yoy, and manufacturing of petroleum & chemical products was down 2.1% yoy. In another division of sectors, production of Energy Products (90% of the index) fell 0.9% yoy, while production of consumer goods (6.3% of the index) rose 17.9% yoy. Finally, the production of intermediate goods (4.2% of the index) also fell, -3.0% compared to the same quarter of 2020. The indexes of hours worked and personnel employed point to the same, having grown by 20.2% yoy and 17.3% in the production of consumer goods.

Macroeconomic Forecasts

Indicator	2021*	2022*	2023*
GDP change (%)	1.3	3.9	2.7
Average Inflation (%)	25.8	21.0	14.8
Current Account (% GDP)	10.4	3.8	1.9

*BFA forecasts

Sovereign Rating

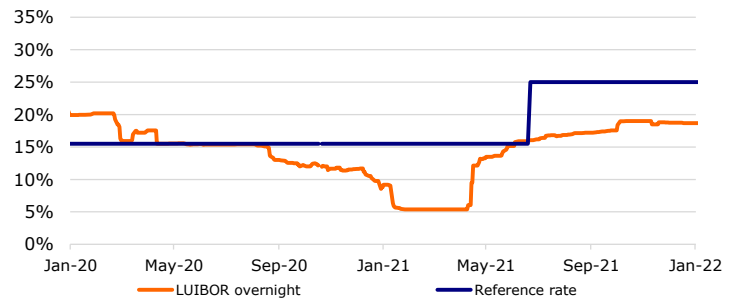
Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	B3	Stable	13/09/21
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

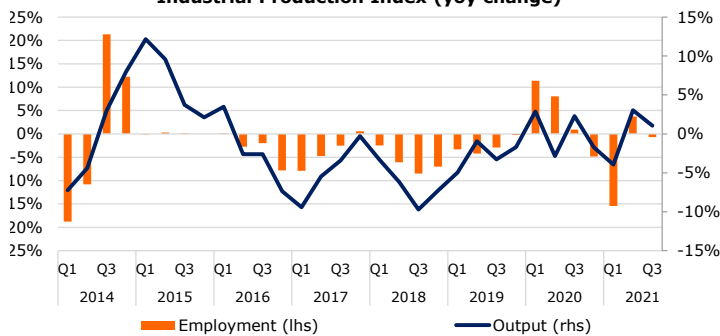
	14/01/2022	Change		
		7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	8.71	8.71
USD/AOA	535.5	-2.80%	-3.51%	-17.93%
AOA/USD	0.00187	2.88%	3.64%	21.85%
EUR/AOA	613.2	-1.55%	-2.52%	-22.61%
EUR/USD	1.141	0.45%	0.36%	-6.12%
USD/ZAR	15.39	-1.22%	-3.43%	1.97%

*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.

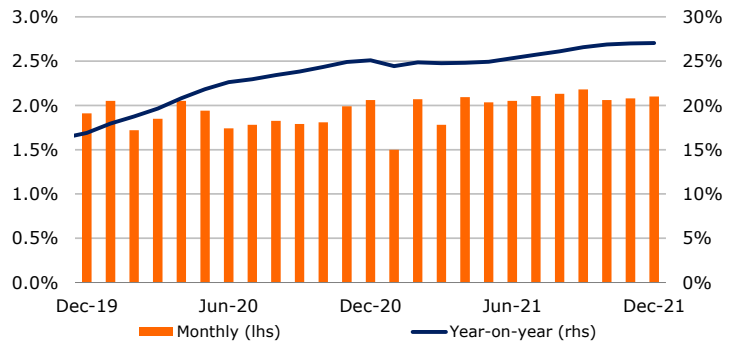
Reference rate and interbank rate



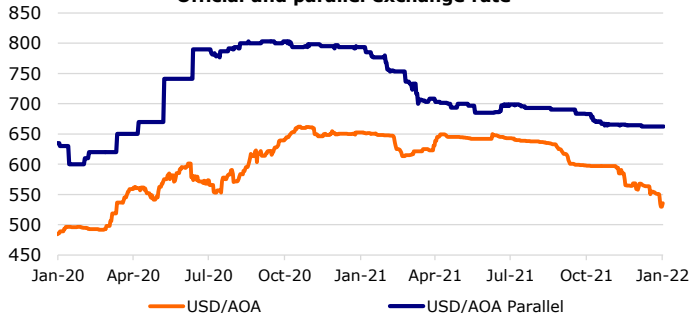
Industrial Production Index (yoy change)



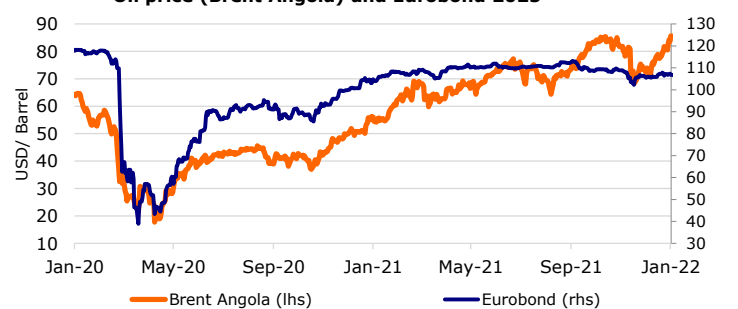
Inflation



Official and parallel exchange rate



Oil price (Brent Angola) and Eurobond 2025



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