

Market Information

In January, national year-on-year inflation rose to 27.66%, the 10th consecutive month of rise and the highest value since July 2017.

According to INE data, in monthly terms, the first month of the year was marked by a deceleration in price rises to 2.00%: 10 basis points (bp) below December. The prices of food and non-alcoholic beverages rose 2.29%, compared to the increase of 2.46% in December. The class that registered the highest monthly variation was alcoholic beverages and tobacco, with an increase of 2.33% (+0.13 p.p compared to the increase in December). Our forecast is for inflation to ease to 18.6% at the end of the period, influenced by the stronger Kwana and an easing of logistical pressures.

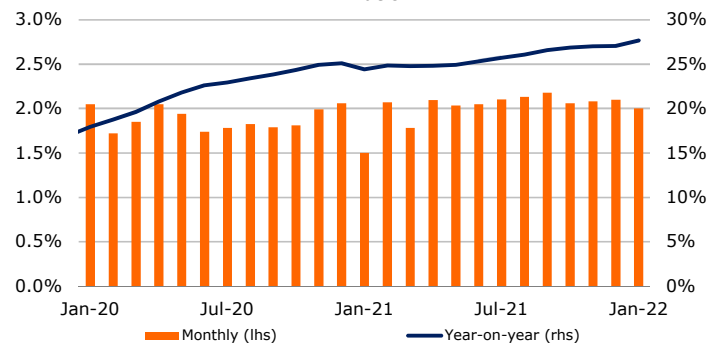
Net International Reserves (NIR) closed January 2022 at USD 10.8 billion (bn), representing an increase of USD 767 million compared to the last month of 2021, and the highest value since May 2020.

At a time when the price of oil continues to rise in international markets - with Brent priced above USD 93 today - reserves recorded a growth of around 20% year-on-year (USD 10.6bn vs. USD 8.8bn). According to our calculations, the current net reserves represent approximately 7 months of imports of goods and services. Looking at Gross International Reserves, these stood at USD 16.2bn, compared to USD 15.5bn at the end of December 2021.

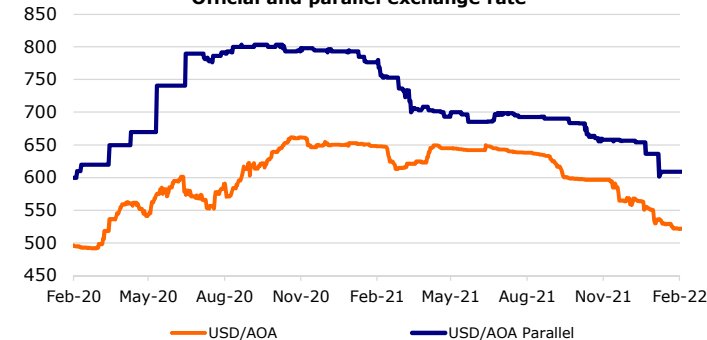
According to BNA data and BFA calculations, the trade balance in goods likely closed 2021 with a surplus of USD 21.3bn, an improvement of USD 9.9bn. In particular, exports recovered by around 57%, to USD 32.8bn, with crude oil exports up 50% yoy; overseas diamond sales rose 45% yoy, and other exports rose 139% yoy. In particular, exports of liquefied natural gas (LNG) likely had a very significant impact, due to the very high price in the 2nd half of the year. On the import side, there was a growth of 20% yoy, with emphasis on the import of non-food goods, since purchases of foodstuffs abroad decreased by 8% last year, being below USD 2bn - this was the 4th consecutive year of decline, and shows the beginning of a process of import substitution in foodstuffs. Fuel imports grew 107% yoy (due to the effect of higher oil prices), and other imports rose 17% yoy.

The Government expects to take on AOA 6.88 Trillion (Tn) in debt this year – AOA 3.83Tn in external debt and AOA 3.05Tn in domestic debt. According to the Annual Debt Plan, the Executive foresees that 30% of the internal debt will be through the issuance of Treasury Bills, 63% through Treasury Bonds and 7% through loan agreements. On the external debt side, the government expects that 47% will be disbursed through the issuance of Eurobonds in the amount of 1.8Tn (close to USD 2.75bn).

Inflation



Official and parallel exchange rate



Macroeconomic Forecasts

Indicator	2021*	2022*	2023*
GDP change (%)	1.3	3.9	2.6
Average Inflation (%)	25.8	21.0	14.8
Current Account (% GDP)	10.4	3.8	1.9

*BFA forecasts

Sovereign Rating

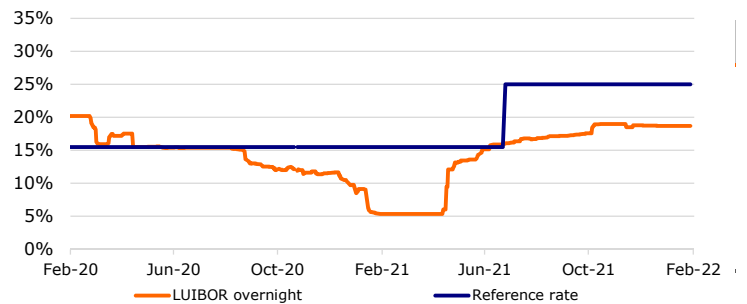
Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/22
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/22

Monetary and ForEx data*

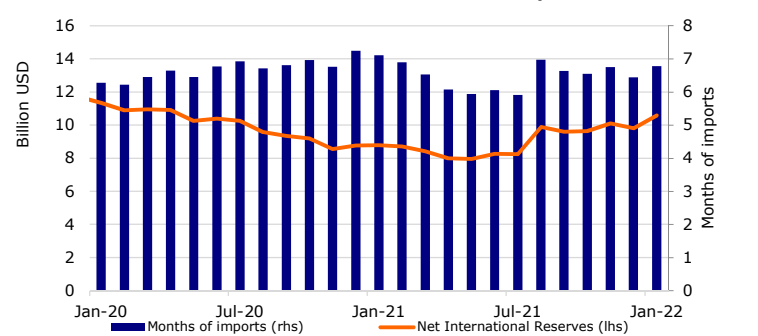
	11/02/22	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	0.00	13.32
USD/AOA	521.7	-0.11%	-6.00%	-19.48%
AOA/USD	0.00192	0.11%	6.38%	24.20%
EUR/AOA	594.3	0.76%	-5.52%	-24.34%
EUR/USD	1.135	-0.86%	-0.18%	-6.43%
USD/ZAR	15.21	-1.62%	-4.55%	4.00%

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

Reference rate and interbank rate



International Reserves and months of imports



Oil price (Brent Angola) and Eurobond 2025

