

## Market Information

**In February, the national year-on-year inflation was 27.3%, a slight reduction of 0.4 basis points (bp) compared to January, the first fall in inflation since March 2021.** According to INE data, in monthly terms, in February, there was a deceleration in the rise in prices, to 1.77% (-0.23bp compared to January). The class that registered the highest monthly change was clothing and footwear, by 2.1%, surpassing the increase in the price of food and non-alcoholic beverages (1.94%) for the first time since September 2019. Despite inflationary pressures in international markets, our forecast is for national inflation to slow down to around 18.4-18.9% at the end of the period, influenced by the stronger Kwanza.

**This month, the Angola Treasury began public debt auctions for 2022, issuing at significantly lower rates so far.** 6-year Treasury Bonds (OT) were issued for the first time, at a rate of 19.49% (compared to 25.00% for 5 years in November 2021). At 4 years, the rate is now at 18.40% (24.75% in November), while at 2 years OTs are being issued at 16.50% (24.50% in November). 365-day Treasury Bills (BT) are being issued at 15.25% (16.99% in December). The drop in these rates takes place at the same time as the drop in the yields offered by the BNA's repo operations (which today offered 7.50% at 90 days and 10.50% at 180 days), both phenomena benefiting from some excess liquidity in bank balance sheets. In total issuances so far, which include OTs in Dollars (at 3, 5 and 7 years), the State has placed 5.2% of the amount expected this year.

**The Industrial Production Index (IPI) for the 4th Quarter of 2021 recorded an increase of 5.2% compared to the same period last year.** In the extractive industry (with the highest weight in the indicator, 87.2%), production rose 4.8% yoy, mainly due to the 3.7% yoy increase in oil extraction - this rise in particular points to a better performance of oil GDP in Q4 2021. **The Trade Balance ended the 4th Quarter of 2021 with a positive balance of around AOA 4.11 Trillion (Tn), doubling compared to AOA 2.09 Tn in Q4 2020.** According to INE, the growth was due to a huge increase in exports (+57.7% yoy), due to the rise in oil prices in international markets. At the same time, imports increased by 8.4% yoy: the increase was higher in the purchase of fuel (+77.9% yoy), followed by consumer goods (+21.3% yoy).

**Data independently collected by OPEC point to an increase in oil production of 5.3% yoy in the month of February, totaling 1.18 million barrels per day (mbd).** According to the organization's monthly report, in the first two months of 2022, Angola produced an average of around 1.17 mbd, a slight increase of 2.6% compared to the same period of the previous year. We maintain our outlook for a slight increase in Angolan oil production in 2022, which should be around a daily average of 1.14-1.15 mbd.

## Macroeconomic Forecasts

Indicator	2021*	2022*	2023*
GDP change (%)	0.8	5.5	4.0
Average Inflation (%)	25.8	18.7	8.5
Current Account (% GDP)	11.4	6.6	1.5

\*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\*

	18/03/22	Change		
		7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	0.00	13.32
USD/AOA	456.0	-2.96%	-17.84%	-26.05%
AOA/USD	0.00219	3.05%	21.71%	35.23%
EUR/AOA	503.1	-2.65%	-20.01%	-31.67%
EUR/USD	1.105	1.27%	-2.81%	-7.25%
USD/ZAR	14.97	-0.48%	-6.07%	1.49%

\*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)	15.3%	16,000	79,202	68,525
OT AOA (2 years)	16,5%	24,000	7,500	7,500
OT AOA (4 years)	18.4%	6,000	5,500	5,500
OT AOA (6 years)	19.5%	9,000.00	8,287.20	8,287.20
OT USD (3 years)	3.7%	2.00	0.71	0.71
OT USD (5 years)	4.7%	2.00	2.00	2.00

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

