

Angola Weekly | 04/07

Market Information

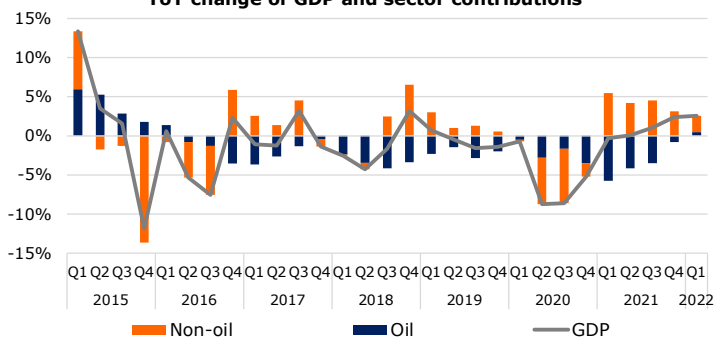
In the 1st Quarter of 2021, Angolan GDP grew 2.6%, compared to the same period last year – 3rd consecutive quarter of year-on-year increase and the highest value since Q4 2018. The non-oil economy slowed down again, growing 2.8% (compared to +4.3% in Q4 2021 and +6.6% in Q3 2021); at the same time, the oil economy grew by 1.9%, the first year-on-year increase since Q1 2016 – in the previous quarter, the drop had been 2.8% yoy. The Transport sector grew significantly, with moderate growth in all other sectors, with the exception of Retail, where activity rose by only 1.9% yoy, and the Mining and Financial Intermediation sectors, which recorded decreases, respectively, of 28.3% yoy and 14.7% yoy. The oil and construction sectors remain significantly below their pre-pandemic level in the same quarter of 2019. Likewise, the Mining and Financial Intermediation sectors are also below the pre-pandemic level – all other sectors are already above 2019 levels, in particular Fisheries, Transport and Retail. Despite the slowdown in the non-oil economy, we are quite confident of an acceleration in the next quarter, favored by the exchange rate, oil tax revenues, less pandemic restrictions, lower inflation, and the exceptional nature of the election year, with an impact on government spending. The above factors are confirmed by the evolution of the highest frequency economic indicators: our private transactions indicator, based on EMIS data, points to a real year-on-year decrease of 5.1% in Q2 2022, a smaller drop than the decreases 14.4% in 4Q 2021 and 15.4% in 1Q 2022 – in cash withdrawals, there was an actual year-on-year increase of 4.8% in Q2 2022, the largest increase since December 2017

International Reserves dropped to USD 14.3 billion in June, a decrease of USD 0.7Bn compared to May, but still USD 1.1Bn higher than the beginning of the year. The amount represents 7.7 months of imports, a decrease compared to previous months when it stood above 8 months.

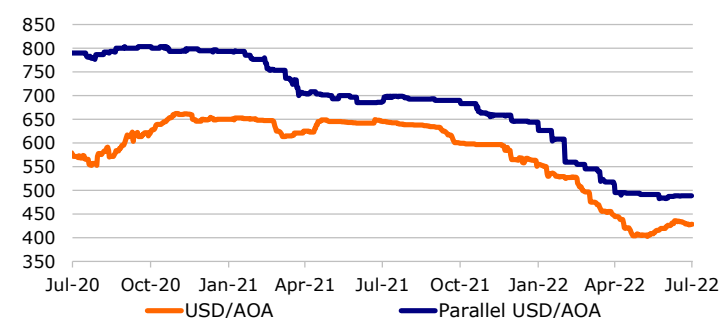
Non-performing loans stood at 21.2% in March this year, an increase of 0.9pp compared to the value in December 2021. Since the purchase by Recredit of a large number of problem loans to BPC, in June 2020, the system ratio has fluctuated between 17-24%, not showing a definite trend.

Last week, Angola approved 4 major financing agreements, totaling USD 2.6Bn. The largest of these, worth USD 1.6Bn, was contracted to Unicredit and Commerzbank for the construction of the Caculo Cabaça hydroelectric plant. The remaining agreements are aimed at the rehabilitation of the EN 230 road, the implementation of MOSAP 3 – a World Bank agricultural promotion plan -, and the expansion of water supply in Cunene province.

YoY change of GDP and sector contributions



Exchange rate



Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0,7	5,6	4,9
Average Inflation (%)	25,8	21,4	7,0
Current Account (% GDP)	10,7	3,1	1,9

*GDP and inflation - INE; Current account - BFA forecast

**Forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/2022
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	01/07/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15,11%	-0,04	-3,57	-0,80
USD/AOA	428,5	-0,15%	-22,78%	-33,57%
AOA/USD	0,00233	0,15%	29,51%	50,54%
EUR/AOA	445,7	-1,61%	-29,14%	-41,78%
EUR/USD	1,041	-1,32%	-8,41%	-12,12%
USD/ZAR	16,4	3,88%	3,00%	13,73%

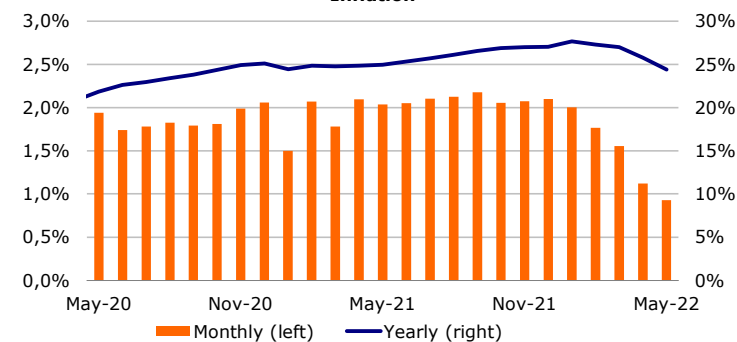
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
OT AOA (2 years)	16,5%	2 000	1 626	1 626
OT AOA (4 years)	18,4%	5 000	5 912	5 912
OT AOA (6 years)	19,5%	5 000	6 000	6 000
OT AOA (8 years)	20,0%	20 000	20 500	20 500
OT AOA (10 years)	21,0%	2 000,00	4 311,60	4 311,60
OT USD (3 years)	3,7%	1,00	0,14	0,14

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

Inflation



Oil price (Brent) and Eurobond 2025

