

Angola Weekly | 21/09

Market Information

The IMF the EFF Program's 3rd review las Wednesday, six months past the original deadline, releasing a USD 1.0Bn disbursement. USD 0.37Bn in the tranche correspond to additional financing; in the whole Program, the extra amount agreed totals USD 0.77Bn. **According to the IMF, Angola "secured a debt reprofiling agreements from several large creditors".** The Finance Minister Vera Daves stated that she estimated the various debt rescheduling savings to translate into savings of USD 6MM by 2023 - the main relief comes from the postponement of debt service with Chinese entities, in particular the China Development Bank and China Exim Bank, which concentrate just over 1/4 of Angolan public debt. The Fund recognizes the severe economic shock caused by the pandemic (in particular, the impact on the oil market), stressing the rapid response by the authorities, in both fiscal (with expenditure cuts) and monetary policy, with several BNA measures to foster liquidity. Regarding the forex market, the Fund again recommended efforts to remove restrictions on the formation of a free market exchange rate. **This approval is deeply significant, serving as a catalyst for disbursements other than the IMF, such as that of the World Bank, which is expected to lend USD 0.75Bn in the near future (0.25Bn of these in extra financing).** It is thus likely that, in the medium term, pressure for depreciation is lower, possibly reversing.

Oil exports recorded a historical low in August, at 1.13 million barrels per day (mbd). Between January and August, data from the Ministry of Finance points to an average export volume of 1.32mbd, a 4.4% drop compared to the same period last year. On the other hand, the average export price was USD 42.8 in the period up to August (-32.7% yoy). Consequently, export revenues fell by 35.4% yoy in the period. In tax revenue, USD 5.0Bn (-37.5% yoy) were collected - in Kwanzas, it translates to 2.65 trillion: the 2.95 trillion estimated in the Revised Budget will be surpassed - we expect an amount closer to AOA 3.8 trillion.

There will be an international tender for the Lobitor Corridor freight railway operation and transport infrastructure. The tender will be under the responsibility of the Ministry of Transport: the Minister, Ricardo Abreu, mentioned in a conference the ambition to make Angolan ports into regional logistics platforms.

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-3.95	0.65
Average Inflation (%)	17.2	22.6	20.0
Current Account (% GDP)	5.8	-6.6	-5.55

*GDP, Inflation - INE; Current Account - BNA with BFA calc.
** Average of forecasts from Bloomberg

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	Caa1	Stable	08/09/20
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

	18/09/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	12.95%	-0.06	-15.87	-1.14
USD/AOA	613.9	-1.45%	27.31%	67.89%
AOA/USD	0.00163	1.47%	-21.45%	-40.44%
EUR/AOA	728.6	-0.70%	34.73%	79.44%
EUR/USD	1.182	0.11%	5.38%	6.71%
USD/ZAR	16.25	-2.15%	16.09%	10.47%

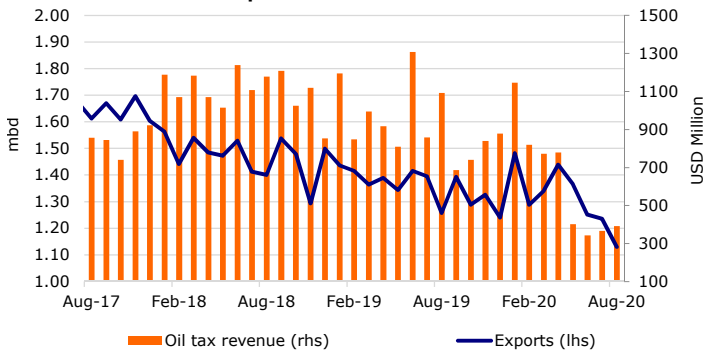
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

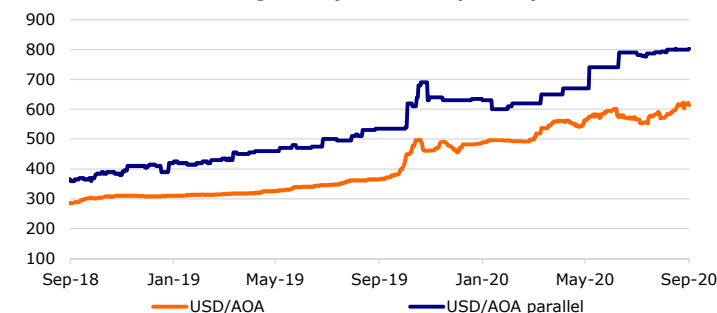
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	5,000	6,345	5,000
BT (6 months)	18.0%	6,708	2,161	2,161
BT (12 months)	19.0%	5,000	4,000	4,000
OT (2 years)	23.8%	6,400	1,467	1,467
OT (3 years)	24.0%	15,000	1,530	1,530
OT (4 years)	24.8%	14,875	621	621

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

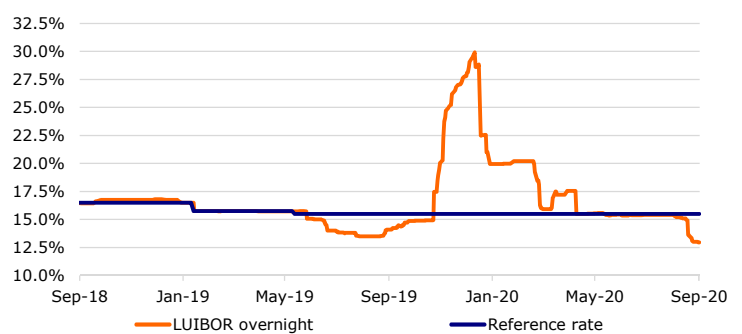
Oil exports and oil tax revenue



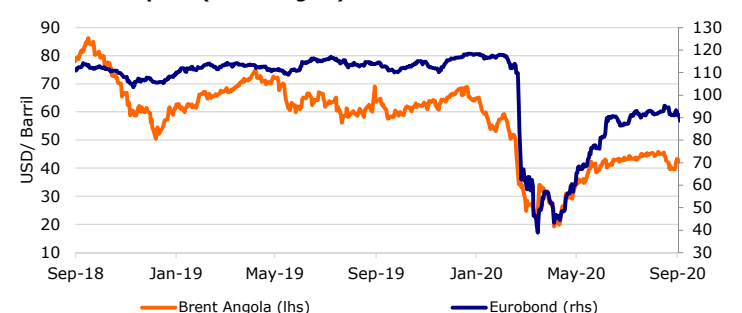
Exchange rate (Official and parallel)



Reference rate and interbank rate



Oil price (Brent Angola) and Eurobond 2025



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