

Angola Weekly | 28/09

Market Information

The IMF considers that the Kwanza might now be somewhat undervalued compared to an equilibrium rate, by about 15%, pointing towards an equilibrium of USD/AOA 530. Also, the 3rd review report stresses that, given the drop in oil prices, the new net international reserves floor limit for end-2020 would be USD 8.0Bn, creating some room for the central bank to support the Kwanza. The Fund also hints at new tax measures in 2021, including: broadening the VAT customs and the personal income tax bases, removing VAT exemptions, introducing a minimum corporate income tax rate, and strengthening transfer pricing rules. The institution reports that fuel price reform should go forward during 2021, when a critical number of recipients are included in the social transfers programme (known as Kwenda).

According to the Finance Ministry, Angola has exported 2.7 million carats in diamonds, from January through August this year, -34% yoy. In August, about 75.5k carats were exported (-90.6% yoy). Up to that month, tax revenue amounted to USD 37.4 million (-39.8% yoy).

Tax authority data shows that a trade deficit remains on products like beans, onion, garlic, bottled water, carrot and tomato, which are included in the PRODESI programme and for which the Executive intends to restrict imports. From January through August, the deficits ranged from a very low one on tomato (USD 21.8k) to a much larger trade deficit on beans (USD 29.5 million). On the other hand, Angola's largest trade surplus (on PRODESI goods) is in beer trade (USD 3.2 million), followed by cement clinker (USD 2.3 million).

According to the Treasury Secretary, the Executive has raised AOA 64Bn (USD 102 million) already through the sale of 23 assets, since the beginning of the Privatization Programme. Deals amounting to a AOA 33Bn (USD 52 million) revenue were signed last week.

Sonangol reported profits worth USD 125 million in 2019. The oil company's EBITDA amounted to USD 4.8Bn, +10% compared to the previous year.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-4	0.9
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*

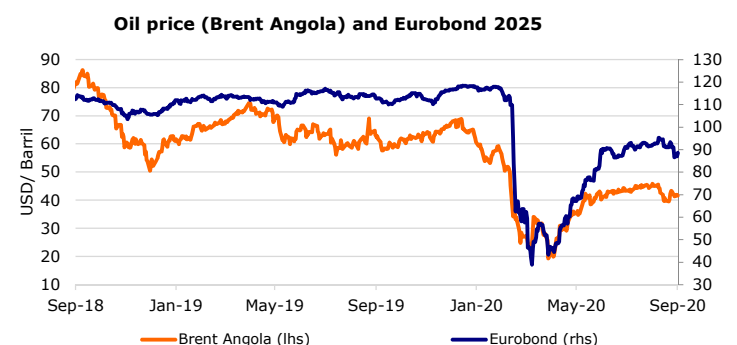
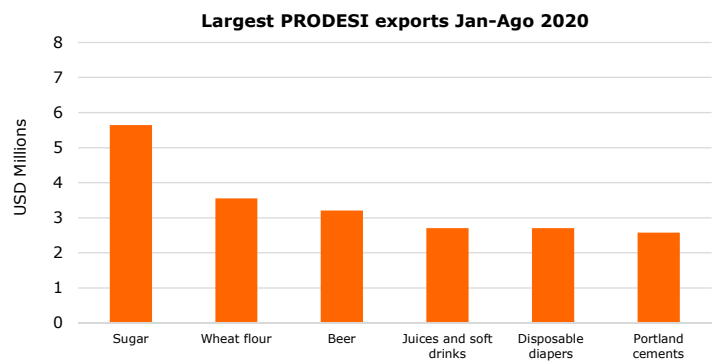
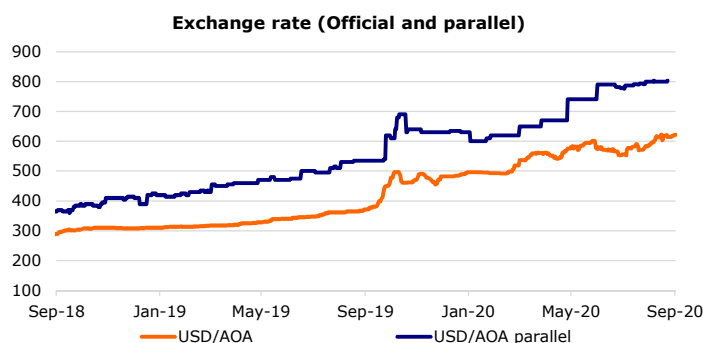
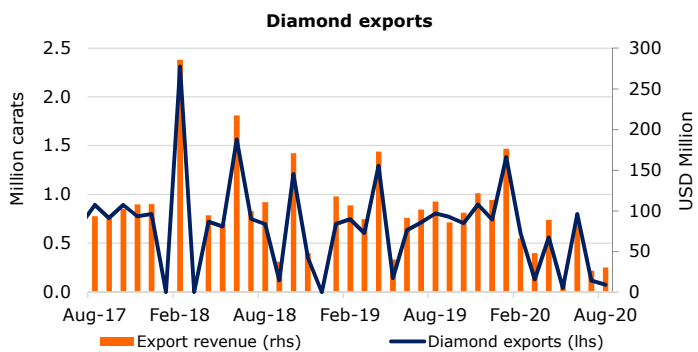
	25/09/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	12.56%	-0.39	-16.26	-1.83
USD/AOA	621.8	1.28%	28.94%	67.44%
AOA/USD	0.00161	-1.26%	-22.45%	-40.28%
EUR/AOA	723.6	-0.69%	33.80%	78.27%
EUR/USD	1.163	-1.77%	3.73%	6.50%
USD/ZAR	17.13	4.92%	22.37%	14.14%

*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%	6,370	5,671	5,671
BT (6 months)	18.0%	3,143	3,241	3,241
BT (12 months)	19.0%	4,536	14,291	14,291
OT (2 years)	23.5%	5,000	23,797	23,797
OT (3 years)	24.3%	13,470	2,976	2,976
OT (4 years)	0.0%	0	0	0

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanza. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills



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