

## Angola Weekly | 03/11

### Market Information

**Last Friday, after the approval in the Council of Ministers of the 2021 State Budget (OGE) 2021, the Minister of Finance submitted the OGE proposal to Parliament for approval.** According to the Minister, the reference oil price for the preparation of the OGE 2021 is conservative, at 39 dollars per barrel, with an oil production forecast of 1.22 million barrels per day. Regarding the weight of gross financing needs over GDP, the forecast is 15% for 2021, 8% less compared to 2020 (23%). For 2021, the OGE prioritizes again the social sector, which benefits with 15.9% of total expenditure, the economic sector in turn will have a weight of 7.5%, education with 6% and healthcare benefits with 6,1%. For 2021, the Minister foresees improvements in inflation, forecasting that it will remain at 18%, with a slight economic stagnation, in contrast to the negative growth that has been registered in recent years in GDP.

**In the international market, Brent maintained the downward trend, due to expectations regarding measures to fight the pandemic in Europe, where demand is expected to fall.** Similarly, the uncertainties surrounding the US presidential election have created pressure on the price of the commodity. **Brent traded on Friday for USD 37.46, a drop of around 10% compared to the close of the previous week. Today Brent trades around USD 40.1.**

**Correction: on last week's Angola Weekly, we erroneously reported on budget execution data in the first half. The correction follows: in the first half of 2020, the Government recorded a positive budget balance of AOA 0.6 trillion, equivalent to about 3.6 % of GDP.** Data from the Ministry of Finance also points to a primary balance of AOA 1.6 trillion - about 9.6% of GDP; in comparison, the primary balance reached in 2019 was 6.9% of GDP, which demonstrates the persistence of fiscal consolidation by the Executive. Fiscal revenue grew 29.4% yoy in the period, above inflation, while budgetary expenditure increased 40.2% compared to the first half of 2019. The main growth derives from the 40.8% increase in interest expenses; spending on personnel, goods, services and transfers all rose at or below inflation - spending on goods & services decreased by about 2%.

### Market Information

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\*

	31/10/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	12.16%	-0.25	-16.66	-2.75
USD/AOA	661.9	1.31%	37.25%	33.24%
AOA/USD	0.00151	-1.29%	-27.14%	-24.95%
EUR/AOA	773.1	-0.18%	42.95%	39.58%
EUR/USD	1.165	-1.80%	3.87%	4.31%
USD/ZAR	16.24	0.39%	16.03%	8.02%

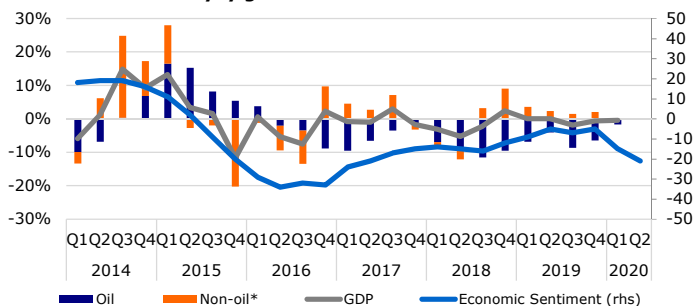
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

### Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	10,000	14,885	14,885
BT (6 months)	18.0%	4,915	11,572	11,572
BT (12 months)	3.7%	2	2	2
OT (2 years)	4.5%	2	2	2
OT (4 years)	5.2%	2	2	2

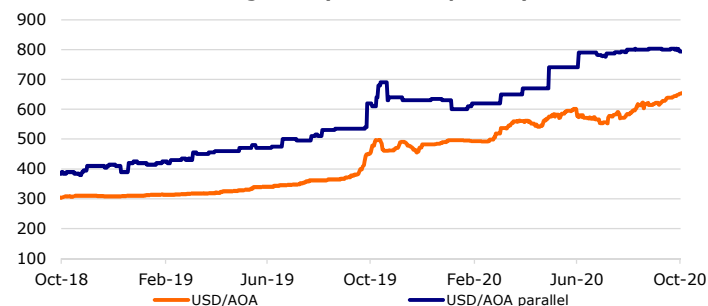
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars \* Bond linked to the exchange rate \*\* Bond linked to treasury bills

GDP yoy growth and economic sentiment

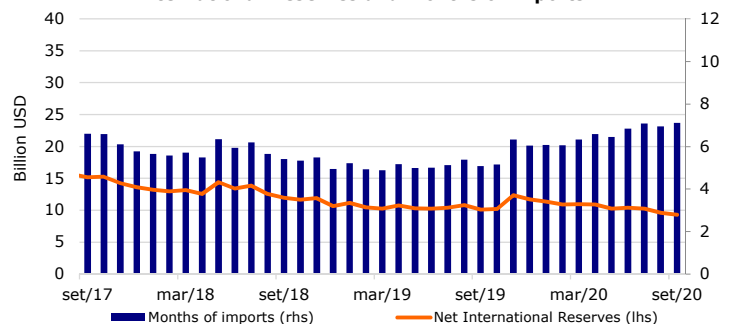


\*Statistical proxy

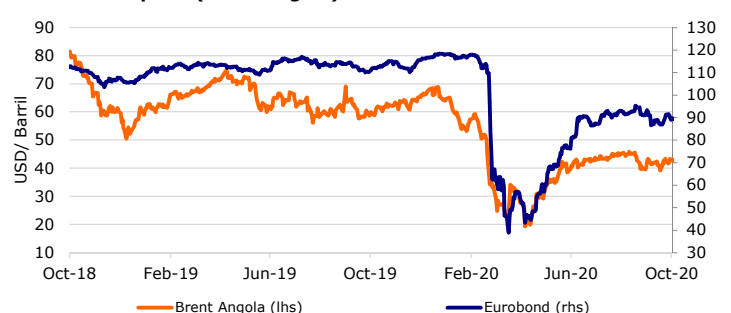
Exchange rate (Official and parallel)



International Reserves and months of imports



Oil price (Brent Angola) and Eurobond 2025



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