

Angola Weekly | 09/11

Market Information

The 2021 State Budget will see its first parliament debate on November 17th - the document shows again a budget deficit, around 2.2% of GDP, assuming 1.22 million barrels a day in oil production, and Brent at USD 39. According to the Ministry of Finance, 2021 will again be a challenging year, with economic stagnation expected: the oil economy should continue to fall (-6.2%), due to the decrease in production volume, while the non-oil economy is expected to recover 2.1%. The document also reveals a better than expected budget execution in 2020, as the budget deficit should stay at 1.5% of GDP (the Executive forecast 4.0% in the Revised Budget): in particular, the Government now expects greater revenue in taxes, by around AOA 0.6 trillion, with expenditure just slightly below expectations - forecasts are now in line with those BFA previously estimated.

According to the Angolan statistics office, the unemployment rate rose again in Q3 2020, to 34%, 1.3 percentage points (pp) above the rate recorded in Q2 2020 and 4.4pp above the same period last year. This is the 5th consecutive quarter of with rising unemployment rates since the beginning of the statistical series in Q2 2019. In urban areas, unemployment decreased to 44.8% (-1.8pp) while in rural areas unemployment increased by 4.5pp to 19.2%. The working population in the country increased by 5.7% between Q2 2020 and Q3 2020, to 15.3 million.

The Angolan diamond trading SOE (Sodiam) announced last week that it will suspend diamond auctions this year. According to board member Fernando Amaral, the suspension of the auctions is due to the slowdown of the mining industry, which affected the production levels of companies in the sector.

French oil company Total intends to sell stakes in some oil fields in Angola. According to Reuters news agency, Total may raise about USD 300 million from the sale of its stake in Block 14. The sale of this stake will be part of an initiative by the French oil company to focus its efforts on the largest and most profitable oil fields in Angola, such as Block 17.

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-4.0	0.9
Average Inflation (%)	17.2	22.6	20.0
Current Account (% GDP)	5.8	-6.6	-5.6

*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*

	06/11/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	12.01%	-0.15	-16.81	-2.94
USD/AOA	660.1	-0.27%	36.89%	41.79%
AOA/USD	0.00151	0.27%	-26.95%	-29.47%
EUR/AOA	784.1	1.42%	44.98%	52.00%
EUR/USD	1.189	2.08%	6.03%	7.59%
USD/ZAR	15.73	-3.14%	12.38%	6.72%

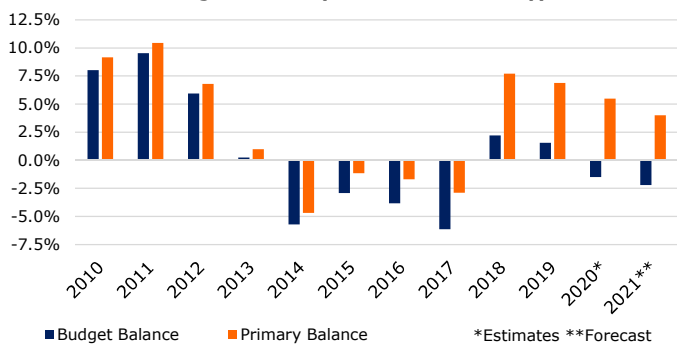
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

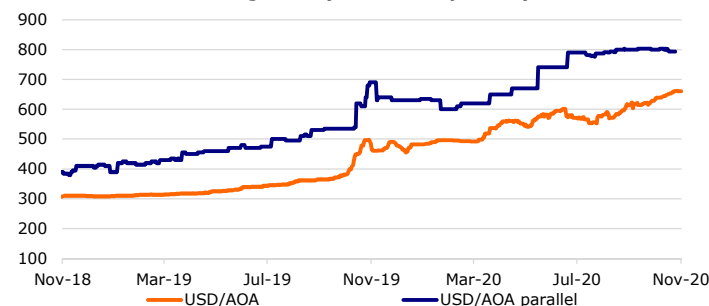
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	14,840	15,612	15,612
BT (6 months)	18.0%	15,656	15,552	15,552
BT (12 months)	18.0%	20,000	32,306	32,306
OT (1,5 years)	23.5%	15,000	8,116	8,116
OT (2 years)	24.0%	24,521	9,856	9,856
OT (5 years)	5.9%	2	0	0

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

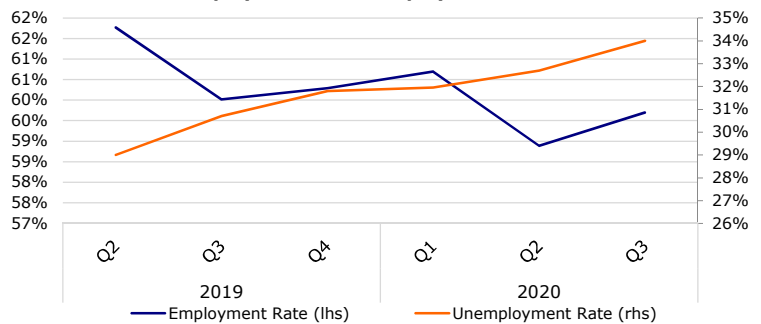
Budget Balance (Headline and Primary)



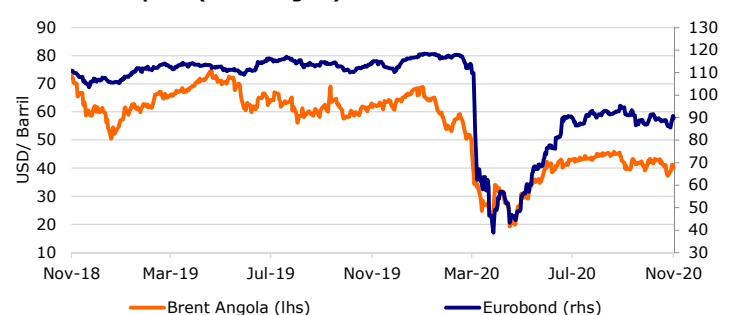
Exchange rate (Official and parallel)



Employment and unemployment rate



Oil price (Brent Angola) and Eurobond 2025



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