

Angola Weekly | 22/02

Market Information

Last month, Angola exported around 1.19 million barrels per day (mbd) in oil, slightly below the Government's expectation for oil production this year (1.22 mbd). Exports were sold at an average price of USD 49.6, the highest since March 2020. Still, the price is 25.8% below the same period last year, before the pandemic impacted prices - as export prices are negotiated an average of 90 days in advance, the drop in export prices only started in April last year. Oil tax revenues stood at USD 455 million, in line with the approximately USD 460 million per month implied in the 2021 State Budget; still, these came lower than expected, even taking into account the low production. The first quarter of 2021 should also show a sharp decline in oil production compared to the same period last year, possibly a decrease around two digits. For the rest of the year, the comparison should be slightly more favorable, showing a milder decline, with stabilization or year-on-year growth in some months. **In international markets, Brent has remained above USD 62, being supported by a relatively optimistic economic outlook for 2021;** even so, several analysts warn of a possible correction period in view of the current gains.

In the informal foreign exchange market, the Kwanza has been gaining against the Dollar, and is now trading between USD/AOA 740-760, according to the various sources consulted by BFA. The gap against the reference exchange rate (USD/AOA 647.9) is at 16.4%, the lowest since April 2020. Compared to the median sell rate of retail banks, the gap stood at 13.5% last Friday. Since the beginning of the year, the Angolan currency has gained 5.3% against the Dollar in the parallel market. Recent developments are an indication of a broader fulfilment of demand by the banking system, and may also be a sign of future stabilization (or even appreciation) in the formal exchange rate.

The WHO approved emergency use listing of the Astra-Zeneca vaccine against Covid-19, paving the way for its distribution through the Covax initiative, from which Angola will benefit. According to preliminary planning, Angola should receive 2.5 million vaccines from AZ produced by the Serum Institute of India in the 1st semester, with first doses likely coming in the next month, depending on regulatory approval of the vaccine in Angola, along with other formalities. In total, Angola is expected to receive 12.8 million vaccines from the Covax initiative in 2021; the country also plans to buy an additional 20.7 million doses, with the intention of vaccinating 52% of the population, covering almost the entire population over 16 years of age.

Market Information

Indicator	2020*	2021**	2022**
GDP change (%)	-5,6	1,6	5,3
Average Inflation (%)	22,3	19,4	19,4
Current Account (% GDP)	0,9	8,3	9,2

*Inflation - INE; Current Account, GDP - BFA forecast
**BFA forecasts

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*

	17/02/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	5,38%	0,00	-4,87	-14,81
USD/AOA	647,5	-0,07%	-0,38%	31,33%
AOA/USD	0,00154	0,07%	0,38%	-23,86%
EUR/AOA	785,3	0,16%	-1,43%	47,57%
EUR/USD	1,212	-0,01%	-0,79%	12,37%
USD/ZAR	14,69	1,01%	0,00%	-2,87%

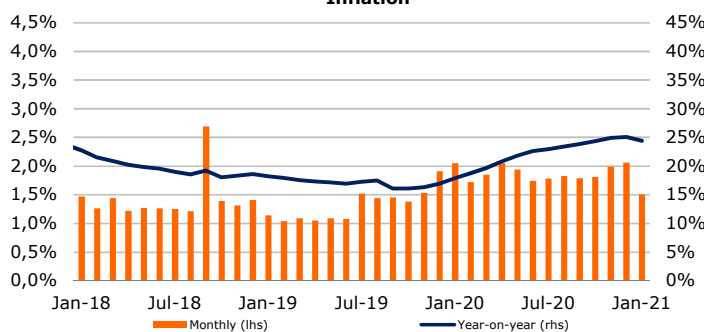
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

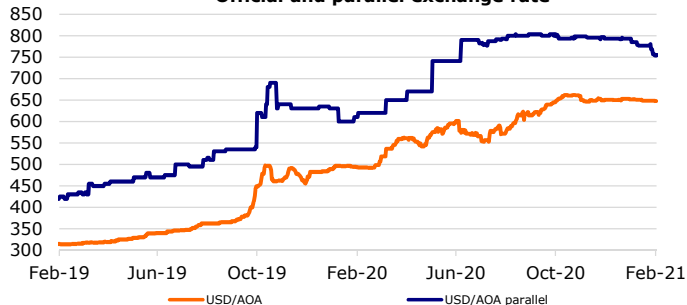
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	19,4%	10.000	1.995	1.995
BT (6 months)	20,5%	20.000	18.753	18.753
BT (12 months)	21,0%	20.000	1.553	1.553
OT (1,5 years)	23,8%	20.000	12.851	12.851
OT (2 years)	24,3%	20.000	3.000	3.000
OT (3 years)	24,7%	20.000	2.000	2.000

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

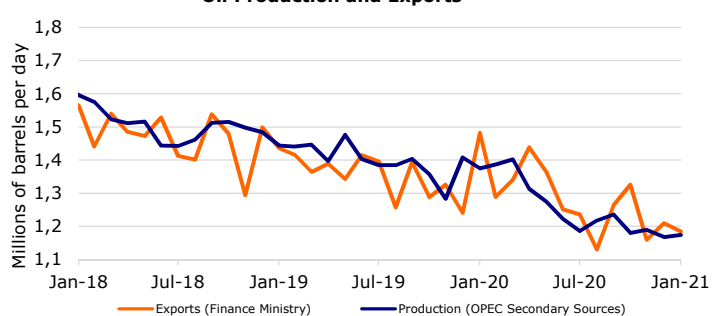
Inflation



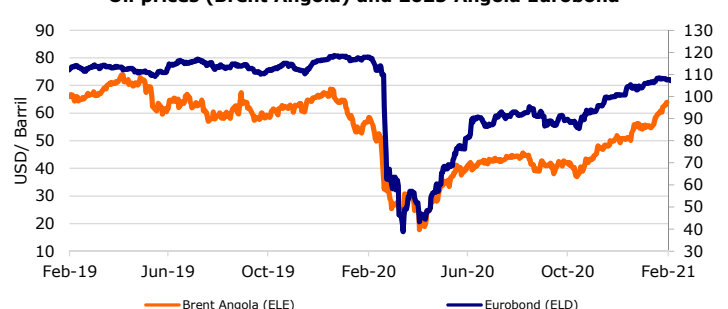
Official and parallel exchange rate



Oil Production and Exports



Oil prices (Brent Angola) and 2025 Angola Eurobond



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