

## Angola Weekly | 07/06

### Market Information

**In the 1st quarter of the year, the Economic Climate Indicator improved by 7 points to -9, still remaining in negative territory.** The extractive industry sector (which includes the oil sector) improved by 15 points and is now at -1. Retail and Construction sectors (which weigh the most in non-oil GDP) registered increases of 7 and 6 points, respectively. The first 3 months of the year posted positive evolution in all sectors for the 1st time since Q12017. This behavior could mean a smaller than initially expected drop in GDP for the first quarter of this year. For the rest of the year, the economy is expected to show a year-on-year improvement, also depending on the evolution of Brent, oil production, and future developments of the Covid-19 pandemic. **In 2020, the Industrial Production Index registered a negative average annual variation of 0.5% compared to 2019.** According to the annual report published by INE last week, this drop was influenced by the 6.5% decrease in production extractive industry and 3.4% in the production and distribution of electricity, gas and steam. In the opposite direction, the Manufacturing Industry registered an annual growth of 11.8%; this strong increase is due to the improvement in the manufacturing of petroleum and chemical products (+9.1% yoy) and the food, beverage and tobacco industries (+6.7% yoy).

**Last Tuesday, OPEC decided to continue to gradually reduce production cuts amid a recovery in the price of oil in international markets.** According to the press release, the cartel reconfirmed its intention to gradually recover 2 million barrels per day (mbd) of production that had been adjusted downwards, the pace being determined by market conditions. OPEC also reported that overall compliance with production adjustments was 114% in April. **In international markets, Brent closed the week at USD 71.6, the highest value in the last 2 years.**

**In 2020, the 5 biggest Angolan banks in terms of assets registered a negative accumulated net result of AOA 333 billion (Bn), influenced by the accumulated losses of AOA 524 Bn registered by BPC.** BFA was the bank that registered the smallest drop in its results, having closed the year with a profit of AOA 89.8 Bn (-33.5% yoy) while BAI saw the biggest contraction in its results, having fallen by more than 75% yoy to AOA 28.7 Bn.

### Market Information

Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	3.4	6.5
Average Inflation (%)	22.3	22.5	22.5
Current Account (% GDP)	1.5	11.3	6.9

\*Inflation, GDP - INE; Current Account - BNA;  
\*\*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\*

	05/06/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.37%	0.74	4.12	-1.03
USD/AOA	642.0	-0.03%	-1.22%	11.13%
AOA/USD	0.00156	0.03%	1.23%	-10.01%
EUR/AOA	777.8	-0.57%	-2.37%	20.22%
EUR/USD	1.212	-0.62%	-0.81%	6.87%
USD/ZAR	13.66	-0.74%	-7.02%	-19.20%

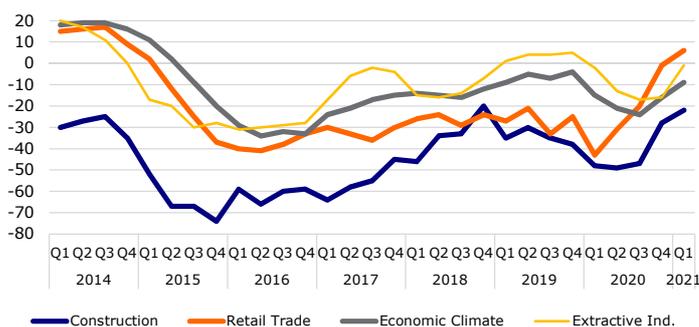
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

### Auctions of Treasury bonds and bills last week

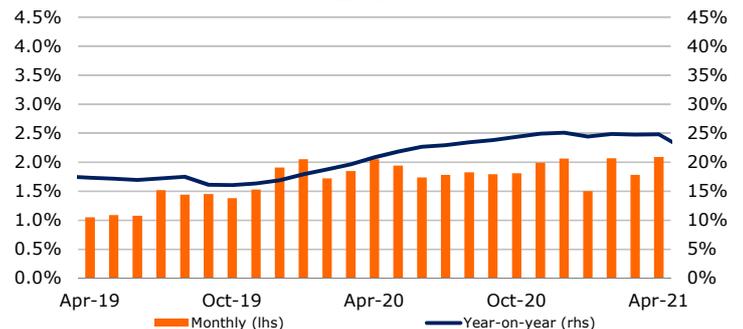
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.7%	18,735	1,600	1,600
OT 1.5 years	23.8%	18,735	1,600	1,600
OT 3 years	24.7%	15,000	1,103	1,103
OT 4 years	24.8%	10,170	2,787	2,787

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

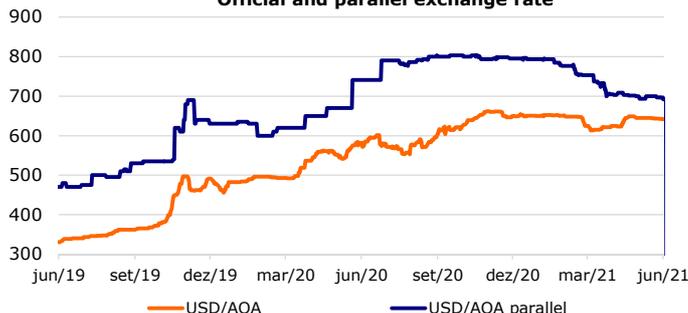
Economic Sentiment



Inflation



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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