

Angola Weekly | 12/07

Market Information

At the end of Q1 2021, Angola's Sovereign Wealth Fund (FSDEA) had USD 2.27 billion (Bn) in own funds, an increase of USD 0.03Bn compared to the end of 2020. Last year, the FSDEA posted a profit of USD 74.6 million, well below the USD 233.7 million in profits the year before. At the same time, the Fund was decapitalized by USD 1.5Bn in 2020, to meet Angola's fiscal financing needs. Together with the USD 1.0Bn withdrawal that took place in 2019, the Fund now has USD 2.5Bn in share capital. According to the Annual Report, the FSDEA's ROA was 2.53% in 2020 (compared to 5.09% in 2019); the ROE stood at 3.33 % in the same year (compared to 6.37% in 2019). In the first 3 months of this year, the Fund achieved a positive result of USD 23.6 million.

ANPG announced that it had signed production sharing agreement with ENI and Sonangol for Blocks 27 and 28 in the Namibe basin. The Angolan public oil company holds the entire production-sharing contract in Block 27. On the other hand, Eni will be the operator of Block 28, holding 60%, with Sonangol having a 20% share and Tiptop Energy also with a share of 20%. The agreements were signed on the 22nd June, becoming effective on July 1st. **Brent saw a significant decline over the past week, after peaking at around USD 77.5 - prices were pressured by the lack of agreement between OPEC and the countries associated with the cartel.** The lack of agreement is due to the UAE's insistence that a larger production base be considered to define its quotas; the price has gone down to below USD 73. In the beginning of this week, prices rebounded and is now between USD 74-75.

The IMF now expects a very slight downturn in economic activity this year, of 0.1%, due to a 7.0% decrease in the oil economy, and a 2.3% increase in the non-oil economy. Our expectation is in line with the IMF regarding the oil economy, whose fall solely reflects the decrease in the volume of production (the real change in GDP does not take into account the annual changes in prices). However, we expect a more robust performance of the non-oil economy, benefiting from the stability (and possible appreciation) of the exchange rate, and greater fiscal availability by the Government for investment spending during this year. In particular, the agricultural sector should continue to grow in a sustainable fashion. **In fiscal terms, the Fund expects a surplus of 2.2% of GDP this year, due to higher oil tax revenues.** The government expects a surplus of 2.6%, similar to our own expectations. Fiscal and exchange rate performance will allow the debt-to-GDP ratio to decline.

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*

	Change			
	09/07/21	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.05%	0.15	5.80	0.67
USD/AOA	643.1	-0.29%	-1.04%	12.33%
AOA/USD	0.00155	0.29%	1.06%	-10.98%
EUR/AOA	762.9	0.02%	-4.25%	17.57%
EUR/USD	1.186	0.31%	-2.90%	5.11%
USD/ZAR	14.41	-0.59%	-1.94%	-14.41%

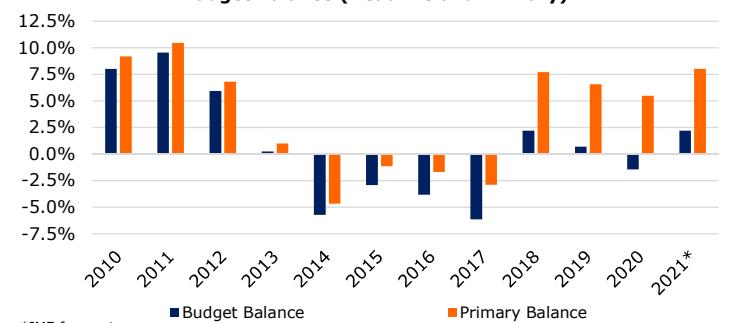
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.7%	5,000	3,829	3,829
OT 1.5 years	23.8%	20,000	9,997	9,997
OT 2 years	24.5%	20,000	3,249	3,249
OT 5 years	25.0%	20,000	224	224

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

Budget Balance (Headline and Primary)



*IMF forecast

Oil prices (Brent Angola) and 2025 Angola Eurobond



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