

Angola Weekly | 19/07

Market Information

In Q1 2021, the Angolan GDP contracted 3.4% compared to the same period of the previous year - its 7th consecutive quarter of decline. On the oil economy side, there was a significant contraction of around 18.6%, the biggest year-on-year drop since at least 2010. This decrease is essentially due to the decline in production volume, which dropped 18.7% yoy according to data from the National Oil and Gas Agency. Additionally, the weight of the oil sector in the Angolan real GDP is the lowest since at least 2010, standing at just 27.1% (48.1% in 1Q2010). It is important to mention that even with this sharp decline, the oil sector registered an increase in revenues due to the price effect, thus having a positive impact on the rest of the economy. **The non-oil economy likely expanded for the first time since Q42019, with our calculations pointing to a growth of around 3.8% (the highest since Q42018).** In particular, Retail (2nd largest sector in Angola's GDP) had a year-on-year growth of 29.6%, while the Fisheries and Diamonds & Other Minerals sectors also registered double-digit growth (29.3% and 27.9%, respectively). In the opposite direction, the Construction sector (4th with the most weight in GDP) continues to fall sharply, having contracted 31.5%yoy (4th consecutive quarter of double-digit decline). For the entire year, our expectation is for sustained growth in non-oil economic activity, which could lead to positive growth in GDP after 5 years of recession. You can read our Flash Note at www.bfa.ao within this week.

In the first half of 2021, oil exports saw a year-on-year decline of 16.94%, representing an average of 1.14 million barrels per day (mbd). According to data from the Ministry of Finance, in June, around 1.08 mbd were exported (a drop of 13.9% compared to the same period last year). Export earnings grew by 16% yoy to USD 12.47 billion. With regard to oil tax revenues, the Government collected just over USD 3.76Bn, a drop of 11.6% compared to the 1st half of 2020. Oil production for the rest of the year should continue to decline; however, due to the high price of Brent in international markets, export revenues and tax revenues are expected to grow against the previous year. Brent is trading today at a significant loss, reacting lower to news of an agreement between OPEC members and allies, together with Delta variant worries.

In June, inflation continued to accelerate, standing at 25.32% (the highest value since October 2017). This upward trend in prices continues to be due to the change in food and alcoholic beverage prices, which rose 2.57% in June (0.11 pp above the rise in May).

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Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	2.9	7.3
Average Inflation (%)	22.3	22.5	22.5
Current Account (% GDP)	1.5	9.1	6.0

*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*

	16/07/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.35%	0.28	6.10	0.96
USD/AOA	642.6	-0.09%	-1.13%	13.62%
AOA/USD	0.00156	0.09%	1.15%	-11.99%
EUR/AOA	758.3	-0.60%	-4.82%	17.60%
EUR/USD	1.181	-0.59%	-3.36%	3.71%
USD/ZAR	14.43	1.49%	-1.80%	-13.89%

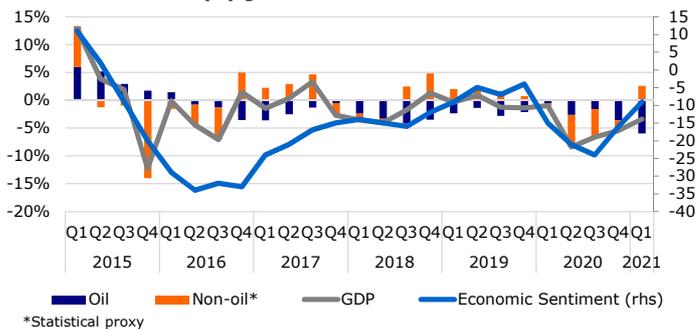
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

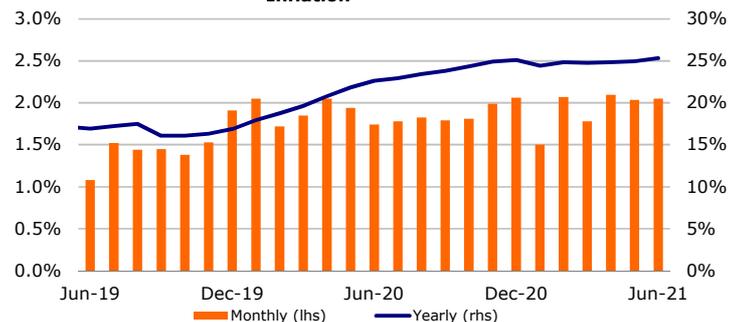
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.7%	7,578	4,146	4,026
OT 1.5 years	23.8%	10,003	5,700	5,700
OT 2 years	24.7%	20,000	3	3
OT 5 years	3.7%	1	0	0

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

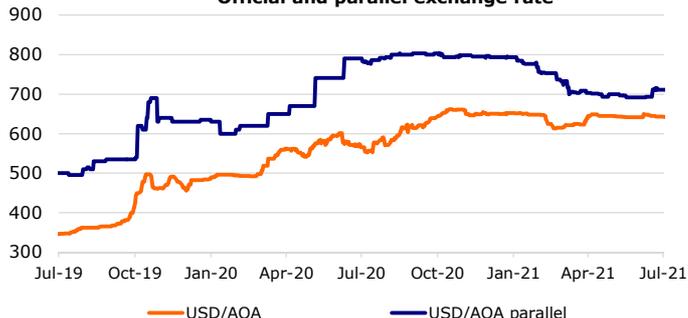
GDP yoy growth and economic sentiment



Inflation



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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