

## Angola Weekly | 06/09

### Market Information

**Last week, Fitch held Angola credit rating unchanged at CCC, predicting real GDP growth of 0.1% in 2021.** According to the rating agency, Angola's rating reflects the risks to the government's medium term debt sustainability and uncertainty around available external financing sources in 2022 and 2023 as the current IMF programme ends and external debt service needs increase significantly in 2023. On the debt side, Fitch expects debt to fall below 100% of GDP by end-2021 (vs 124% of GDP at the end of 2020) in part due to higher oil prices. Among the factors that could lead to positive rating upgrade, the agency mentions, on the public finance side, a firm decline in government debt and, on the external finances side, the rebuilding of external reserves or the identification of additional external financing sources. From our perspective, both the decline in debt and the increase in reserves are clearly taking place this year; however, the conservative behavior of the rating agencies should not allow any rating increase this year.

**Last week, the President of the Republic appointed Mário Augusto Caetano João as the Minister of Economy and Planning (MEP); the 4th Minister since the beginning of this legislature.** The outgoing minister Sérgio Sousa Santos has held the functions of Secretary of State at the MEP since 2017, having been appointed in January 2020 as Minister; During his tenure, 826 projects, accounting for AOA 729.4 billion (Bn) were approved under Prodesi.

**Last Wednesday, the National Assembly unanimously approved the Law Proposal of Angolas Central Bank.** The law will grant more independence and autonomy to the BNA and reduce the influence of the executive branch. The legislation was drafted on the basis of IMF recommendations and is one of the main objectives of the government's reform program and one of the structural benchmarks stipulated by the Fund. **Net international reserves (NIR) closed the month of August at USD 9.9 Bn, an increase of USD 1.67 Bn compared to July.** This strong increase is due, in part, to the issuance of new Special Drawing Rights to IMF member countries that took place on the 23rd of August.

**The Government decided last week to suspend the payment of customs duties on some food products, among other measures.** According to the Minister of Commerce Victor Fernandes, these measures are intended to lead to a drop in prices. Additionally, in the update of the Public Calamity Situation measures, the sanitary fence in Luanda province was raised (which could cause prices in the province to follow a decreasing trend).

### Market Information

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

\*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\*

	03/09/21	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	17,14%	0,23	6,89	2,04
USD/AOA	633,0	-0,31%	-2,60%	2,60%
AOA/USD	0,00158	0,32%	2,67%	-2,54%
EUR/AOA	751,6	0,64%	-5,66%	3,17%
EUR/USD	1,188	0,72%	-2,75%	0,24%
USD/ZAR	14,31	-2,79%	-2,60%	-14,45%

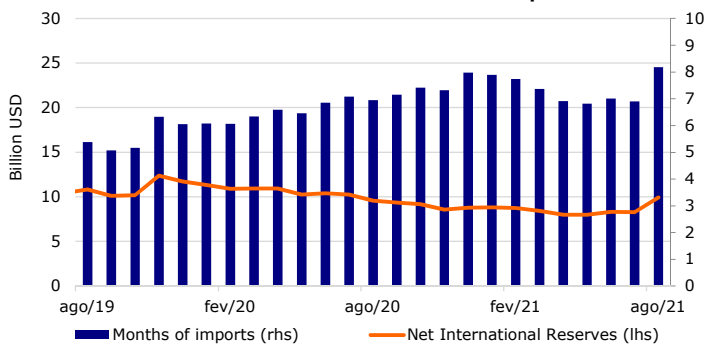
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

### Auctions of Treasury bonds and bills last week

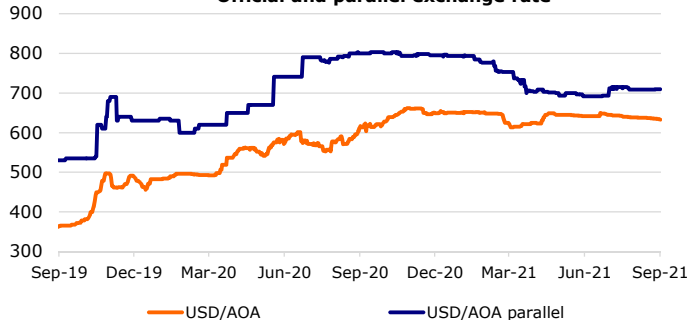
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17,5%	10.000	5.741	5.741
OT 1.5 years	23,8%	7.696	1.022	1.022

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

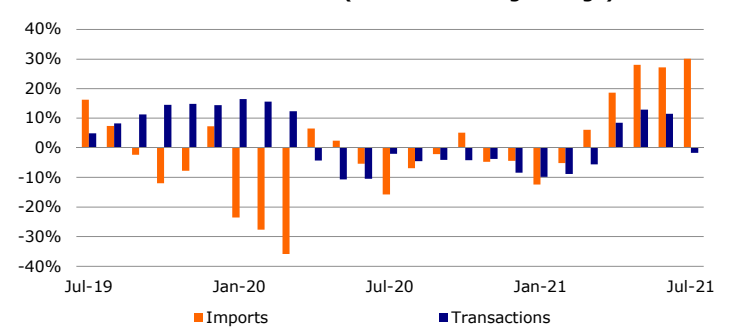
International Reserves and months of imports



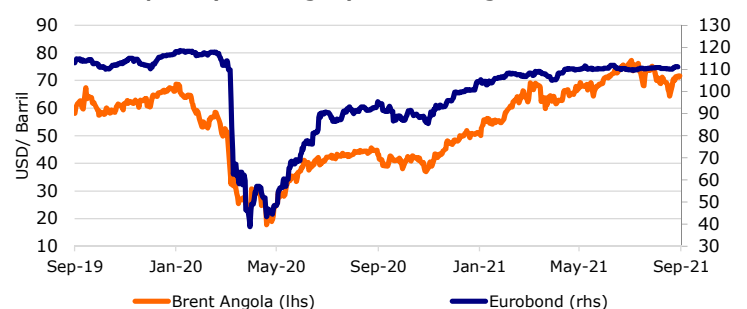
Official and parallel exchange rate



Economic Indicators (3 months moving average)



Oil prices (Brent Angola) and 2025 Angola Eurobond



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