

Angola Weekly | 11/10

Market Information

The Government has revised the borrowing limits for this year, now expecting to incur AOA 3.73 trillion (Tn) in domestic debt (2.18Tn before) and AOA 2.42Tn in external debt (3.99Tn before) - in total, new debt will be slightly lower than expected (AOA 6.15Tn versus 6.17Tn before). In public debt securities alone, the Government already issued AOA 1.92Tn in domestic debt, more than 11% above the AOA 1.73Tn forecast at the beginning of the year. Finance Minister Vera Daves indicated that this change was due to lower external debt being incurred, compared to the initial plan. Despite a possible nominal increase in Kwanzas, our expectation is that the public debt will end the year below 100% of GDP, compared to 135.1% estimated by the IMF for the end of 2020.

The economy is expected to grow 2.4% in 2022, the Government expects. According to the Secretary of State for Planning, Milton Reis, 2022 forecasts indicate a return of growth in the oil sector (+1.3%), and continued growth in the non-oil sector (+3.1%). For 2021, the expectation is now for a slight increase of 0.2%, with a 5.9% rise in the non-oil economy and an 11.6% drop in the oil economy. From our perspective, the recovery of the non-oil economy will be somewhat better this year (close to 7%), maintaining a similar pace in 2022; on the other hand, we expect a drop in oil GDP similar to what is forecasted by the Government for this year, and we anticipate a slight decrease for 2022; for the whole economy, our expectation is higher for both years, pointing to an increase in GDP between 1-1.5% this year and 4-5% in 2022.

Sonangol announced that it has received 35 proposals from 19 companies (5 joint ventures and 7 individual firms) for the partial sale of stakes in 7 oil blocks. These blocks together accounted for a 19% share of all oil exported in Angola in the first half of 2021, at an average of 0.42 million barrels per day, with emphasis on Block 15/06, which accounted for around 14% of exports in the period. There are 2 blocks, 23 and 27, currently without production.

A regulation for reviewing the prices of public contracts was approved by the Council of Ministers. The Government intends to provide the contracting public entities and economic operators with objective and transparent mechanisms for the revision of prices during the execution of contracts.

The multinational Rio Tinto agreed to enter into a consortium with Endiama for the exploration of diamonds in Chiri, in Lunda Norte. Rio Tinto will own 75% of the company, and exploration is expected to start soon and last for 4 years.

Market Information

Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	1.3	4.8
Average Inflation (%)	22.3	24.3	24.3
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	B3	Stable	13/09/21
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

	08/10/2021	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	17.42%	0.10	7.17	4.94
USD/AOA	598.4	-0.10%	-7.93%	-6.40%
AOA/USD	0.00167	0.10%	8.61%	6.84%
EUR/AOA	691.7	-0.36%	-13.18%	-7.98%
EUR/USD	1.157	-0.22%	-5.29%	-1.61%
USD/ZAR	14.92	0.26%	1.56%	-10.05%

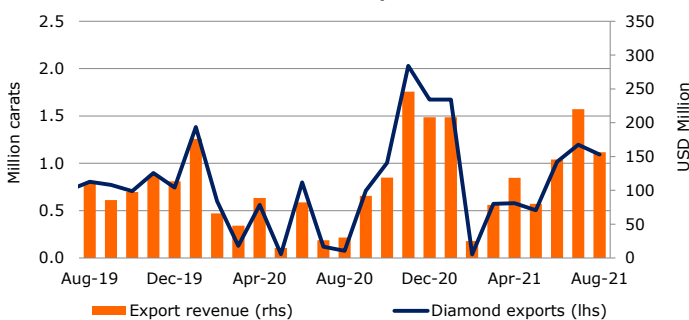
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

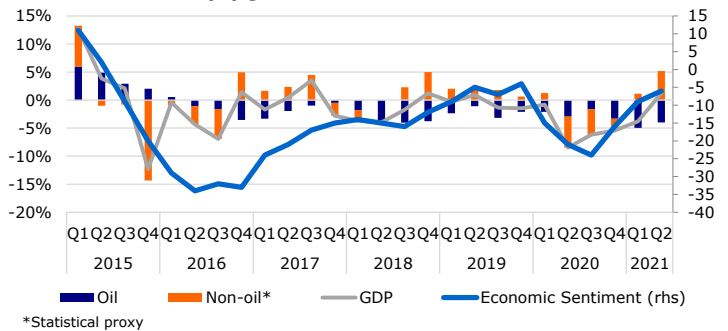
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17.5%	10,000	19,713	145,500
OT 2 years	24.5%	5,000	5,000	5,000
OT 3 years	24.7%	5,000	1,000	1,000
OT USD 2 years	3.7%	1.0	25.1	25.1
OT USD 3 years	4.5%	1.00	15.89	15.89
OT USD 5 years	5.9%	1.00	0.04	0.04

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

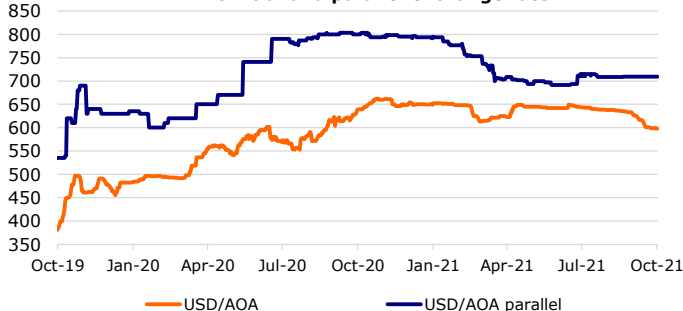
Diamond Exports



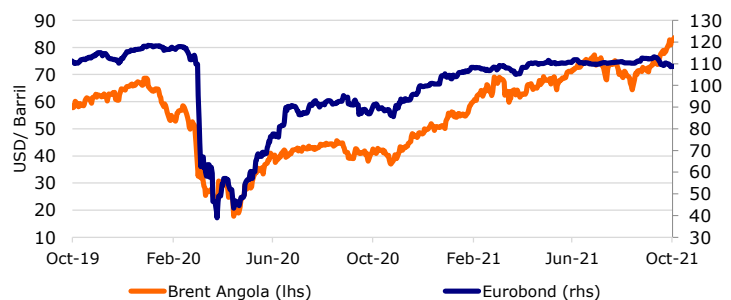
GDP yoy growth and economic sentiment



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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