

Angola Weekly | 24/01

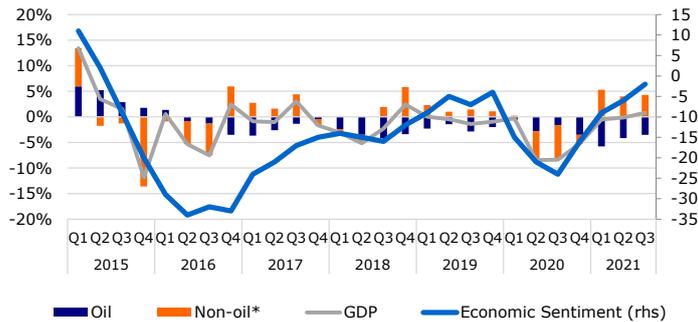
Market Information

In the 3rd Quarter of 2021, Angolan GDP expanded by 0.8% year-on-year – growth after 9 consecutive quarters of year-on-year decline. This is the 1st expansion of the economy since the 1st quarter of 2019. The non-oil economy grew by 6.8%, recovering what it lost in the pandemic: activity is 0.5% above the same period in 2019. The Retail sector recorded 2-digit year-on-year growth for the 3rd time in 4 quarters, up 18.4% yoy. At the same time, the Construction sector grew by 7.5%, the first quarter of year-on-year growth since Q1 2020, after an accumulated decline of almost 50%. The agricultural sector posted an expansion for the 10th consecutive quarter, growing 5.5% yoy, and the fisheries sector registered the highest year-on-year growth since the beginning of the statistical series at around 53%. On the other hand, the oil economy continued to fall: -11.1% year-on-year, slightly less severe than the -12.1% yoy in Q2 and the 18.7% drop in Q1. In 2021, we estimate that the economy will have grown between 0.8-1.3%, supported by the non-oil economy. In 2022, we expect this non-oil growth to slow down a bit, but the oil economy is also expected to grow, so we expect activity to increase by between 3.7-4.2%.

Fitch Ratings upgraded Angola's rating by two notches to B-, due to "significant improvements in fiscal and external metrics, supported by a return to economic growth, prudent fiscal policy and higher oil prices". Fitch estimates that Central Government debt has fallen to 78.5% in 2021, compared to 123.8% in 2020, due to a much higher nominal GDP (+32.4% in 2021), reflecting the appreciation of the Kwanza and higher oil prices. Even so, the agency notes the concern about a possible sharp drop in oil prices, which could put pressure on external finances, given the increase in external public debt service from USD 5.6 billion (Bn) in 2022 to USD 6.9Bn in 2023 and USD 6.5Bn in 2024. Fitch estimates a current account surplus of 8.1% of GDP in 2021, decreasing to 7.4% in 2022 and 2.8% in 2023. Fitch also estimates an increase in GDP of 0.1% in 2021, 2.1% in 2022 and 3.1% in 2023, assuming a Brent price of USD 70 this year and USD 60 the next.

Angola agreed 4 financing deals in the global amount of around USD 428 million, according to several decrees published last Wednesday. Included in this amount USD 141M from a consortium between Standard Chartered Bank and Exim Bank of Hungary (for an electronic passport development project), USD 137M from another consortium led by Standard Chartered Bank (for the construction of a bio-veterinary centre), USD 92M by another consortium led by the same bank (for the rehabilitation of a national road), and USD 57M from the European Investment Bank (to support the purchase of health products).

GDP yoy growth and economic sentiment



*Statistical proxy

Official and parallel exchange rate



Macroeconomic Forecasts

Indicator	2021*	2022*	2023*
GDP change (%)	1.3	3.9	2.7
Average Inflation (%)	25.8	21.0	14.8
Current Account (% GDP)	10.4	3.8	1.9

*BFA forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/22
Moody's	B3	Stable	13/09/21
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

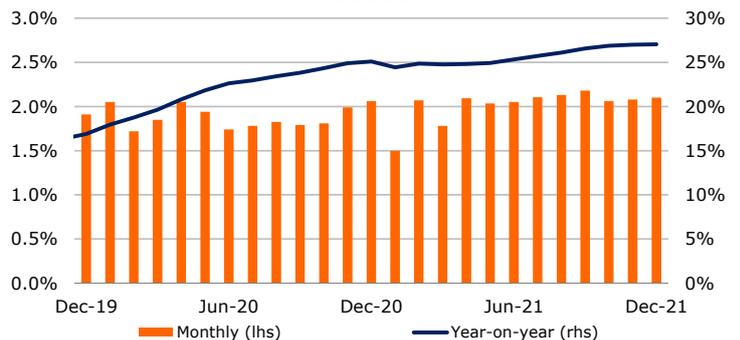
	21/01/2022	Change		
		7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18.96%	0.00	8.71	8.71
USD/AOA	529.9	-1.05%	-4.52%	-18.63%
AOA/USD	0.00189	1.06%	4.73%	22.90%
EUR/AOA	600.2	-2.12%	-4.58%	-24.09%
EUR/USD	1.134	-0.59%	-0.23%	-6.74%
USD/ZAR	15.10	-1.86%	-5.23%	1.08%

*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.

Reference rate and interbank rate



Inflation



Oil price (Brent Angola) and Eurobond 2025

