

FLASH NOTE
No. 15.2024 | 26 September 2024
Balance of Payments surplus once again
Crude oil exports and imports of goods recorded slight growth
A. DESCRIPTION

1 | The current account balance in the second quarter of 2024 registered a significant increase compared to the same period last year, from USD 122.7 Million (M) to USD 1.5 billion (B). This is, however, a reduction of 24% compared to Q1 2024, which registered, after a review by the BNA, a balance of USD 2.0B. The current account value corresponds to around 6.5% of GDP, 6.0 percentage points (pp) more than in the same period of the previous year and 3pp less than in Q1.

Balance of Payments USD Millions	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Var qoq	Var yoy
Current Account	424,6	122,7	2.365,6	1.272,1	2.040,4	1.545,0	1,6%	1159,4%
Goods	4.585,1	4.625,4	6.227,4	6.361,8	5.789	5.972,9	6,1%	29,1%
Exports	8.636,5	8.354,5	9.803,9	10.089,8	8.984	9.231,4	4,6%	10,5%
Oil Sector	8.074,2	7.904,3	9.306,3	9.385,8	8.424	8.750,1	5,9%	10,7%
Diamond Sector	428,5	283,2	311,6	548,5	410	296,3	-27,7%	4,6%
Other Sectors	133,7	167,0	186,0	155,6	150	185,0	23,6%	10,8%
Imports	4.051,3	3.729,1	3.576,4	3.728,0	3.195	3.258,5	2,0%	-12,6%
Current Consumer Goods	2.642,3	2.301,3	2.152,0	2.446,9	1.912	1.948,2	1,9%	-15,3%
Intermediate Consumer Goods	482,7	498,2	445,6	426,9	473	487,0	3,0%	-2,2%
Capital Goods	926,3	929,5	978,8	854,1	810	823,2	1,7%	-11,4%
Services	-2.342,2	-1.911,8	-1.786,3	-2.486,9	-2.363	-1.975,6	-20,0%	3,3%
Exports	17,8	14,9	19,5	23,7	21	15,5	-26,2%	4,3%
Imports	2.360,0	1.926,7	1.805,8	2.510,5	2.384	1.991,1	-20,1%	3,3%
Primary Income	-1.617,1	-2.452,4	-2.001,7	-2.531,4	-1.317	-2.391,7	52,3%	-2,5%
Inflows	133,1	143,5	134,2	172,9	147	165,4	12,1%	15,3%
Outflows	1.750,2	2.595,9	2.135,9	2.704,3	1.465	2.557,2	48,9%	-1,5%
Secondary Income	-201,3	-138,6	-73,9	-71,4	-68	-60,6	-8,9%	-56,3%
Inflows	4,3	1,9	4,5	5,0	3	4,7	36,3%	149,2%
Outflows	206	140	78	76	72	65,3	-6,7%	-53,5%

B. ANALYSIS

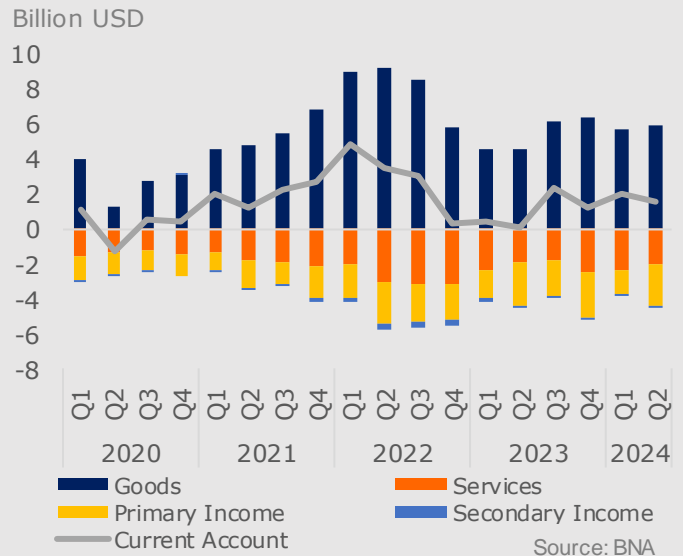
1| The goods account recorded a balance of USD 5.9B in Q2, an increase of 3% compared to the previous quarter, supported above all by the reduction in imports of services by 16% and the increase in oil exports by 3%. Oil exports totaled USD 8.7B, with an increase in all categories that comprise it: crude oil exports stood at USD 8.1B, an increase of USD 188.8M, stimulated by the increase in the price of black gold throughout Q2 (USD +1.5), since in terms of exported volume the difference was not very sharp - oil production remains around 1.1 M barrels per days (mbd), when evaluated in a 6-month moving average, according to ANPG data. Foreign sales of refined petroleum products increased by 20% and natural gas exports grew by 29% (USD +89.5M), after a sharp drop in the first months of the year.

On the other hand, non-oil exports recorded a decrease of 4% QoQ, due to diamond exports, which decreased by USD 113.7M (-28% QoQ), with a significant decrease in volume and stagnation in the export price. Exports of other products increased by 24%, with emphasis on the re-export of vehicles and their parts (by more than 100%), and exports of construction materials (+71%).

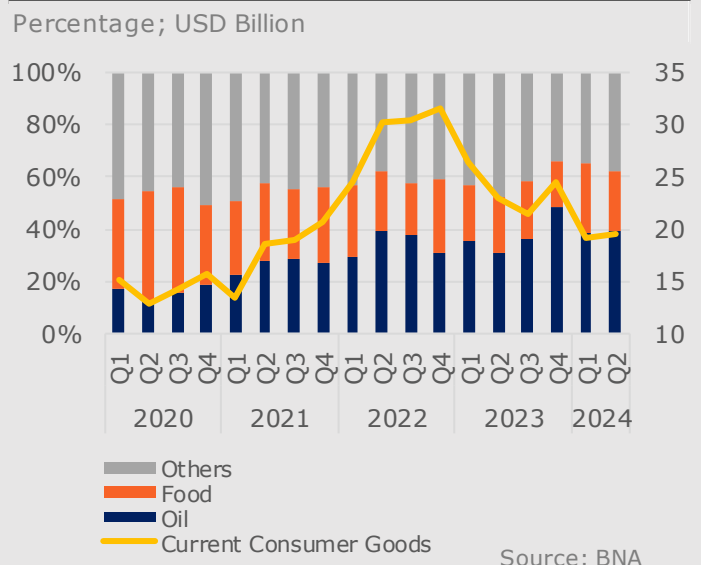
2| On the goods import side, there was a slight increase of USD 63.8M (+2% QoQ), to USD 3.2B. Imports of consumer goods, which constitute most purchases of goods abroad, increased by USD 36.1M, an increase of +2% QoQ. Similarly, imports of capital goods grew by USD 14.3M (+3% QoQ) and imports of intermediate consumer goods by USD 13M (+2% QoQ). **For current consumer goods, we find that fuel continues to be the most imported product, corresponding to about 39% of the total; imports of "Food", which correspond to 23% of the total, reduced by about 13% QoQ, to USD 445M, putting pressure on the availability of food products in the domestic market.** In fact, food imports have reduced for six consecutive quarters, excluding Q12023, and accumulate an average drop of 9%, which converges with the lower availability of these goods in the market and the growing increase in prices. On the other hand, imports of Beverages & Tobacco and Vehicles & parts thereof increased by 45% and 51% respectively quarter-to-quarter.

3| Regarding the commercial account for services, in the 2nd quarter of 2024 there was a deficit of USD 1.9B. This performance is justified by imports of services, around USD 1.9B – even so,

Current Account balance posts surplus of USD 1.5B



Fuel corresponds to just over 30% of imports

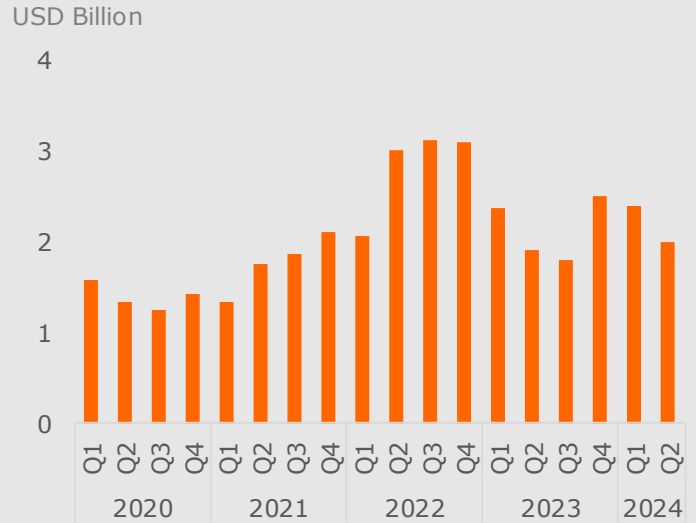


these imports recorded reductions in almost all types of services, except for "Maintenance and Repair Services", "Financial Services" and "Transport", with increases of 23%, 29% and 1%, respectively. Thus, this deficit was reduced by 16% compared to the previous quarter. Exports of services continue with an inexpressive value of USD 15.5 M (-25% QoQ).

4| In relation to the remaining current account balances, the primary income account (which includes transfers related to interest, profits, and wages) saw the deficit increase from USD 1.3B in the Q1 period to USD 2.4B. The worsening was due to the increase in interest outflows, from USD 404.3M in Q1 to USD 1.4B in Q2; the secondary income account (mainly remittances) registered a deficit of USD 60.6M.

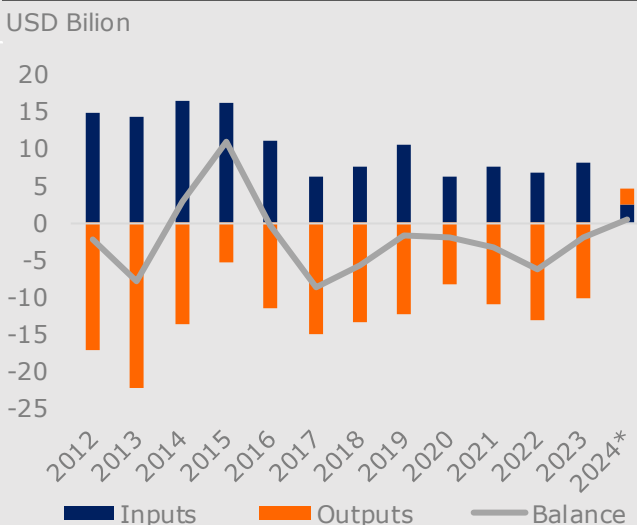
5|Regarding the Financial Account, Angola posted a deficit of around USD 1.2 M in Q2, which compares with a deficit of around USD 1.1M in the previous quarter. The balance of Foreign Direct Investment in Angola was positive at USD 491.2M, reversing the negative trend that has been observed since Q1 2019. FDI recorded USD 2.5B inflows, of which 98% are related to the oil sector; outflows stood at USD 2.0B. On the other hand, there was a slightly more negative deficit in "Other Investments", from USD -1.5B to USD -1.7B, justified by higher outflows in cash and deposits of USD 0.3B and by a further decrease in the country's external debt, which withdrew USD 0.8B from the country's financial crisis: when we analyze the history From the debt burdens, we note that the impact of external debt payments has been quite relevant, when we add the revenues from new external financing and subtract the charges with the payment of these financings, in capital and interest, we find that the balance has been very negative e in recent quarters. Since Q4 2022, this is an accumulated

Imports of services have been reducing in the last 3 quarters



Source: BNA

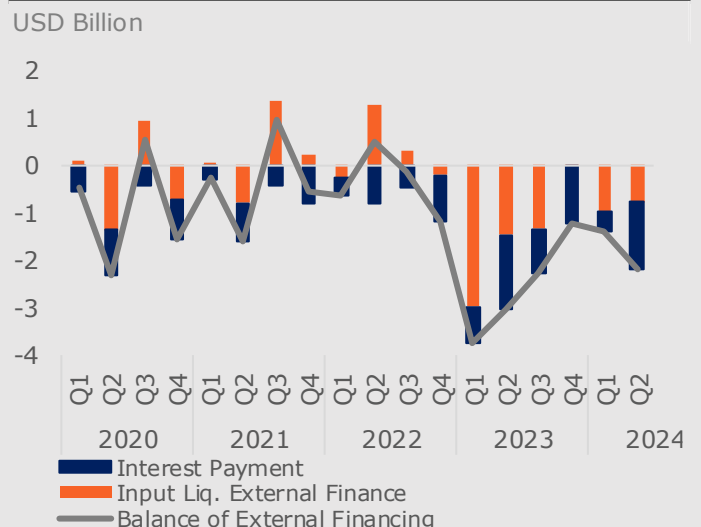
FDI balance is positive for the first time since 2019



*Accumulated so far

Source: BNA; BFA Calc.

Interest charges and debt payments have been quite high since Q42022



Source: BNA; BFA Calc

impact of USD 15.1B - that is, on average, the country must allocate around USD 700M per month to meet its external debt commitments.

The external public debt in Q2 stood at USD 47.9B, a reduction of 2% compared to Q1 - the external public debt decreased by 2% in the last five quarters and reached the lows of 2019. Debt to Chinese entities is now valued at USD 15.8B, a reduction of USD 743.5M QoQ.

6| In total, according to BNA figures, the Balance of Payments posted a surplus of around USD 323M in Q2, a reduction compared to the USD 431M recorded in the same period of the previous year. The Balance accumulates a balance of USD 842 M between January and June 2024. International bookings stood at USD 14.4B in June, a quarterly growth of around 1% and a year-on-year increase of 6%.

C. CONCLUSION

1| The Balance of Payments remains in surplus, now for the sixth consecutive quarter. While oil production remains at an average level of 1.1 mbd, oil exports have maintained a positive level, due, among other things, to geopolitical issues and supply uncertainty putting pressure on the price. On the other hand, imports have been volatile, the availability of foreign exchange remains evident, but purchasing needs mean that imports remain high. On the Financial Account side, the outflow of capital continues to be higher than the inflows; debt amortizations and the withdrawal of foreign investment are the main obstacles to the positive results of the Balance of Payments.

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