

Angola Weekly | 17/02

Market Information

After 14 months of increases, annual inflation decelerated in January to 24.43%, a decrease of 0.67pp compared to December. Between December and January, prices increased by 1.5%, the lowest value since October 2019.

In the foreign exchange market, the Kwanza appreciated slightly against the Dollar last week, trading at an average of USD/AOA 647.9 on Friday. Since the beginning of the year, the Kwanza appreciated around 0.3% against the Dollar, having appreciated 1.8% against the Euro in the same period. In the parallel market, the Kwanza remained unchanged, trading around USD/AOA 777, according to the average of sources consulted by BFA. Thus, the interval between the formal and informal market is 19.9%. Taking into account the positive evolution of the price of oil (and provided it continues during the rest of 2021), the Kwanza is expected to see some stability this year, with even some room for appreciation if the oil market improves further.

Sonangol launched a public tender for the completion of the Barra do Dande ocean terminal project, located in the Bengo province. According to the oil company's statement, the tender is being carried out by invitation to 45 national and international specialized entities.

Tomorrow, final votes will take place in Parliament regarding amendments to the Private Investment Law, the Law on the Scope of Economic Activity, and the Law on the General Regime for the Activity of Financial Institutions. In the case of the first, these are minor changes that will allow greater flexibility to negotiate incentives for high value investments. Changes in the economic activities legislation are intended to ensure greater freedom of entry for private firms in certain sectors, while changes to the financial sector regime are linked with greater clarity in the framework of resolution measures for troubled banks, a measure within the IMF's performance criteria.

According to data collected independently by OPEC, Angola produced around 1.17 million barrels per day (mbd) in January, a year-on-year drop of 14.6%. This is an increase of 6 thousand barrels per day in production compared to December. OPEC has revised 2021 demand for oil upwards by 0.14 mbd to 96.1 mbd, due to the increase in demand for oil products (especially industrial fuels) in the USA. **In international markets, Brent closed the week just above USD 61.5, the highest value since January 2020.**

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-5.6	1.6	5.3
Average Inflation (%)	22.3	19.4	19.4
Current Account (% GDP)	0.9	8.3	9.2

*GDP, Inflation - INE; Current Account - BNA with BFA calc.
** Average of forecasts from Bloomberg

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*

	12/02/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	5.38%	-0.07	-4.87	-14.81
USD/AOA	647.9	-0.07%	-0.31%	30.96%
AOA/USD	0.00154	0.07%	0.31%	-23.64%
EUR/AOA	784.1	0.58%	-1.59%	45.59%
EUR/USD	1.212	0.61%	-0.79%	11.80%
USD/ZAR	14.55	-2.00%	-1.00%	-2.73%

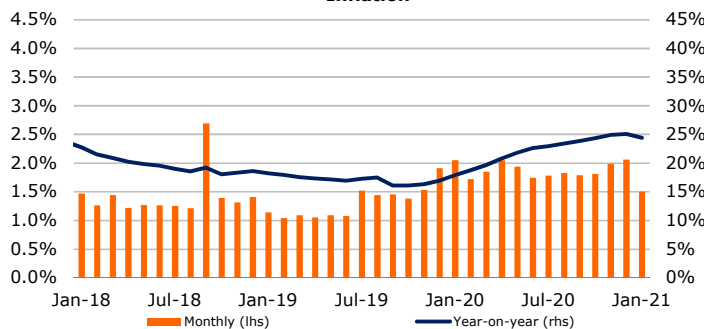
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

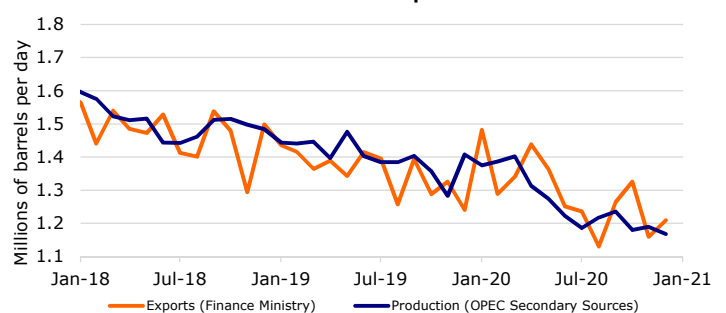
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	19.4%	10,000	32,379	32,379
BT (6 months)	20.5%	25,000	17,015	17,015
BT (12 months)	21.0%	23,552	6,409	6,409
OT (1,5 years)	23.8%	13,780	2,664	2,664
OT (4 years)	24.8%	19,983	2,342	2,342
OT (5 years)	24.0%	20,000	1,487	1,487

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

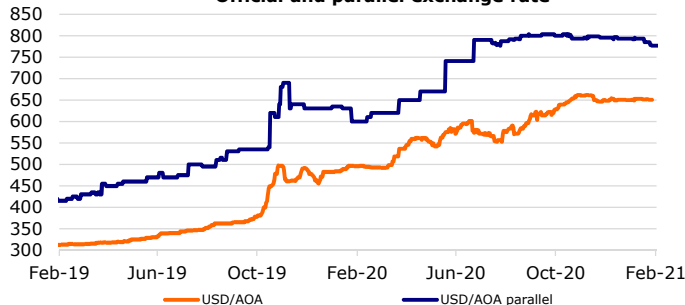
Inflation



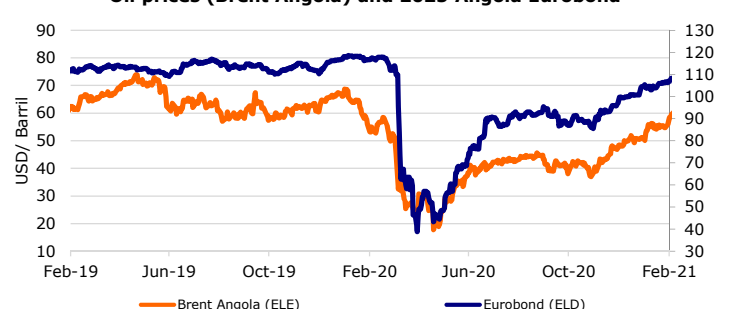
Oil Production and Exports



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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