

Angola Weekly | 27/09

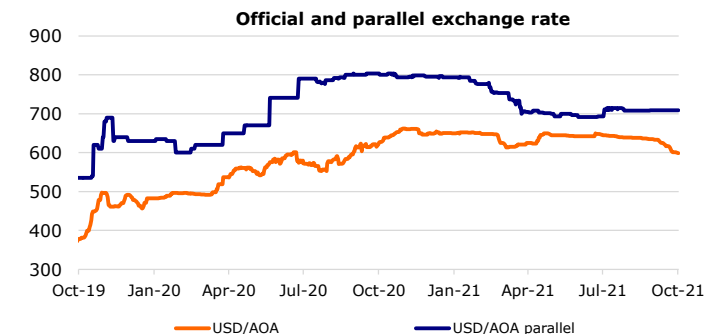
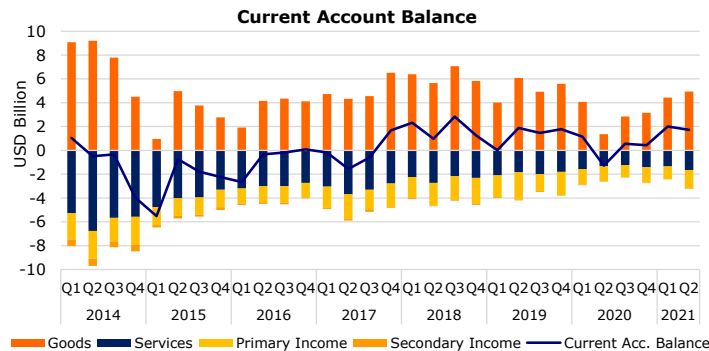
Market Information

The Angolan economy grew 1.2% year-on-year in Q2 2021 - economic activity increased for the first time since Q2 2019. The period compares to the worst period of the pandemic for the global economy, when activity had dropped 8.5% compared to the same period in 2019; thus, the Angolan economy is still 7.4% below Q2 2019. The non-oil economy accelerated, growing 7.6% yoy (+1.6% yoy in Q1); it is now only 1.4% below the same period in 2019. The oil sector continues to decline: it dropped by 12.3% year-on-year, and has been declining for more than 5 years in a row. Retail increased 14.5% yoy (5th quarter of increase), while Construction slowed down the fall to -1.6% yoy. On the other hand, Fishing doubled its activity (+104.1% yoy), while Agriculture recorded the 10th consecutive quarter of growth (+8.5% yoy). **In Q3 the non-oil economy is expected to grow at a similar or slightly slower pace, accelerating again in Q4;** the oil sector will see a somewhat milder decrease. For the full year, we expect GDP to rise above 1%.

In 1H2021, the current account posted a USD 3.7Bn surplus, a harbinger of the recovery of economic activity; in 1H2020, the deficit amounted to USD 123 million. In particular, in the 2nd quarter there was a recovery in exports and imports, compared to the same period of the previous year. Imports increased 35% yoy, from USD 2.1Bn to USD 2.8Bn. On the other hand, exports of goods grew significantly (+125% yoy), due to the very significant recovery in the price of Brent. **We expect the current account balance to total USD 6-7Bn in surplus this year, representing around 9% of GDP.**

At the meeting of the Monetary Policy Committee held last Monday, the BNA decided to keep the various monetary policy instruments unchanged. The Central Bank considers that the measures are favorably influencing the level of monetary aggregates, with an adequate contribution to containing the pace of price growth. The institution revised its inflation expectations for year-end upwards to 27%.

Net International Reserves (NIR) closed September at USD 9.6Bn, representing a decrease of USD 306.6 million compared to August; the amount covers about 6.3 months of imports. This represents an increase of USD 850 million compared to the end of 2020. Looking at the Gross International Reserves, these stood at USD 16.4Bn against the USD 16.7Bn registered at the end of August.



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*

	01/10/2021	Change		
		7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	17,32%	0,11	7,07	4,76
USD/AOA	599,0	-0,31%	-7,83%	-4,24%
AOA/USD	0,00167	0,31%	8,50%	4,43%
EUR/AOA	694,2	-1,40%	-12,87%	-5,49%
EUR/USD	1,161	-0,97%	-4,99%	-1,21%
USD/ZAR	14,96	0,08%	1,84%	-9,90%

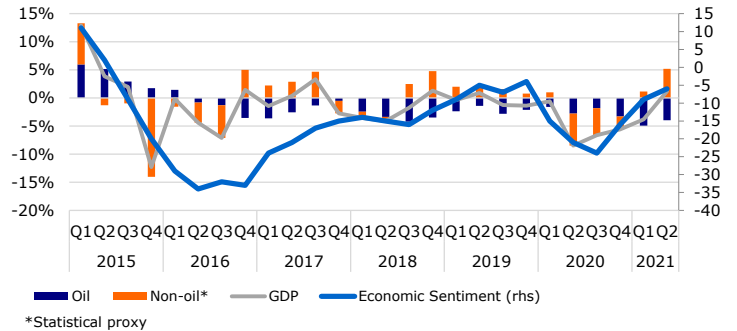
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

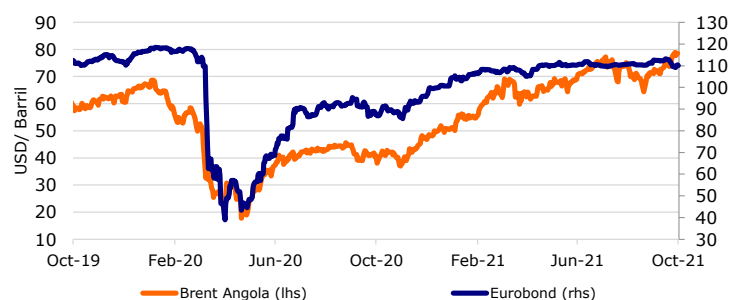
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17,5%	5 000	1 751	1 751
OT 2 years	24,5%	5 000	6 500	6 500
OT 4 years	24,8%	10 000	5 130	5 130
OT 5 years	25,0%	10 000	5 258	5 258
OT USD 2 years	3,7%	1,00	1,01	1,01
OT USD 3 years	4,5%	1,00	0,10	0,10

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

GDP yoy growth and economic sentiment



Oil prices (Brent Angola) and 2025 Angola Eurobond



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