

Angola Weekly | 08/11

Market Information

The proposal for the General State Budget (OGE) for 2022 entered Parliament last week. The document once again assumes a conservative bias, which is reflected in the assumption of an average Brent price of USD 59 per barrel. **On the oil sector side, the Government forecasts a growth of 1.6% and tax revenues of AOA 6.1 trillion (+51% compared to the previous State Budget).** This increase in oil tax revenue is justified by the expected increase in production in blocks 18, 2/05, 15/06 and in particular in block 0, where new production wells are expected to be drilled. With this, the Executive foresees for 2022 an increase of 18 thousand barrels in daily production to 1.147 million daily barrels (mbd). **Regarding the non-oil economy, the document assumes a growth of 3.1% and tax revenues estimated at AOA 4.6 trillion (+34.5% compared to the previous OGE).** On the manufacturing industry side, growth of 5% is expected as a result of the increased production of sugar (+27%), table water (20%) and animal feed (+17%). The Agriculture sector is expected to grow 4.3%, driven by the increase in production in all sectors, with emphasis on bananas (+6%), cassava (+5%), maize (+3.5%) and rice (+3.2%). Additionally, a 2.4% growth in the construction sector (3rd largest component of the Angolan GDP) is forecasted for 2022, which will be influenced by the number of projects under the Integrated Plan for Intervention in Municipalities (PIIM). **On the financing needs side, the Executive anticipates financing needs around AOA 7.1 trillion (13% of GDP).** Of this amount, 54% corresponds to external financing, 43% to internal financing and 3% to the sale of assets.

Last Thursday, OPEC+ members decided to maintain the plan to gradually increase oil production by 0.4 mbd in December. Despite pressure from major world powers, the cartel decided to maintain the plan of a monthly increase of 0.4 mbd until September 2022. Even with this increase, the level of production will remain 4 mbd lower than that registered before the pandemic.

The total quantity of fuels distributed in Angola in Q2 2021 decreased by around 10.6% compared to Q1 2021. According to data from the *Instituto de Gestão de Activos e Participações do Estado (IGAPE)* in Q2 2021, around 709 thousand metric tons of fuel were made available, costing the State around AOA 315 billion (Bn), with subsidies in the amount of AOA 215 Bn. For the first 6 months of the year, the State provided 1 341 thousand metric tons, having cost the public coffers AOA 616 Bn, of which AOA 428 Bn were subsidized.

Macroeconomic Forecasts

Indicator	2020*	2021**	2022**
GDP change (%)	-5,4	1,3	5,3
Average Inflation (%)	22,3	25,1	25,1
Current Account (% GDP)	1,5	8,4	4,3

*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*

	29/10/2021	Change		
		7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	18,96%	1,39	8,71	6,96
USD/AOA	597,0	0,00%	-8,14%	-9,56%
AOA/USD	0,00168	0,00%	8,86%	10,57%
EUR/AOA	688,1	-1,09%	-13,63%	-11,63%
EUR/USD	1,157	0,08%	-5,31%	-2,19%
USD/ZAR	15,05	-1,24%	2,44%	-4,04%

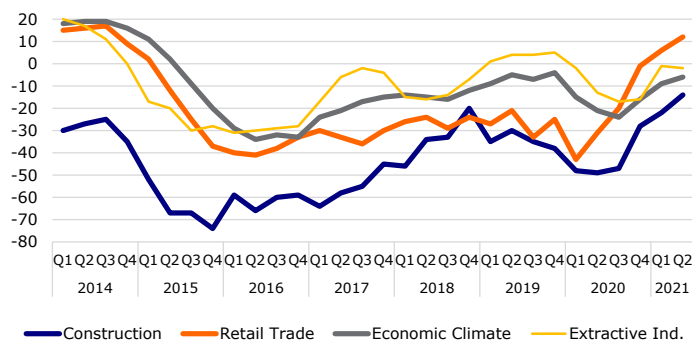
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

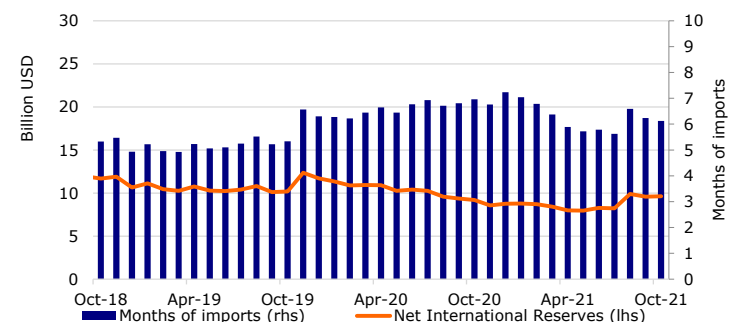
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17,5%	6 500	3 013	3 013
OT 1.5 years	23,8%	6 500	5 000	5 000
OT 2 years	24,5%	6 500	4 845	4 845
OT 3 years	24,7%	6 500	4 962	4 962
OT 5 years	25,0%	7 000	28 075	16 477
OT USD 3 years	4,5%	1,0	1,0	1,0

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

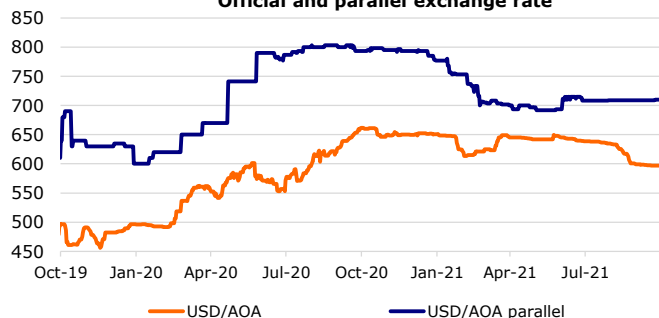
Economic Sentiment



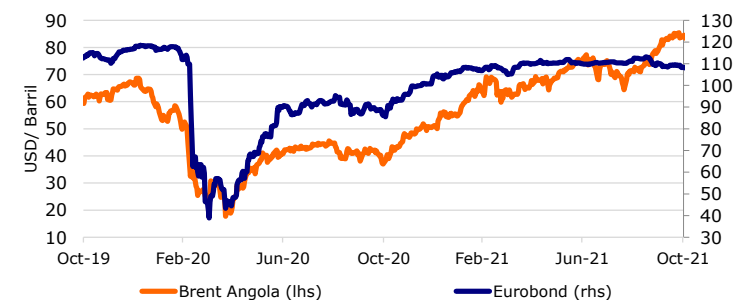
International Reserves and months of imports



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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