

Angola Weekly | 09/05

Market Information

The Trade balance in Goods likely closed Q1 2022 with a positive balance of USD 8.6 billion (Bn), representing a year-on-year growth of USD 4.0bn. Preliminary BNA data point to USD 11.8bn in exports, the highest level since Q3 2014. On the one hand, the price of oil played a very important role, with crude oil exports increasing 58.3%, measured in Dollars, up from USD 3.5bn compared to Q1 2021. At the same time, the price of liquefied natural gas (LNG) has also been on the rise: excluding crude and diamonds, exports increased 183.8% in the quarter, up from USD 1.1bn compared to the first 3 months of 2021. On the import side, there was a year-on-year increase of 34.5% (+USD 0.8bn), particularly in fuel imports, which increased by USD 0.4bn (+119.6% yoy). These data indicate a smaller than expected growth in imports, which may lead us to revise the expectation for the goods trade balance, and as a result, for the current account, which also includes the trade in services and primary and secondary incomes. At this point, we expect a goods trade surplus close to USD 23bn, and a current account balance between 6.3-6.8%.

Gross International Reserves (RIB) closed April at USD 15.3 bn, growing USD 2.1bn compared to the beginning of the year. This is the first month after the BNA changed the methodology for calculus of International Reserves, accounting only for the external assets of the BNA, excluding for this purpose the resources of the National Treasury and Commercial Banks in foreign currency with the BNA. The central bank only reviewed the series from 2022, so the data loses comparability with previous years; for reference, the adjustment between the value in the old and new series in the first months of this year ranged between USD 1.1-2.8bn. According to our calculations, the value represents about 8.6 months of imports.

Last Thursday, OPEC+ members decided to stick to the plan to gradually increase oil production by 432,000 barrels per day in June. Nevertheless, the level of production will remain below the cartel's capacity and production even before the Covid-19 pandemic. On the other hand, the possibility of a ban on European imports of oil from Russia has been pushing for an increase in the price of oil, after a slight drop in prices in recent weeks, mainly due to restrictions imposed in China to halt new cases of covid-19. Brent closed the week trading near USD 112. **Last week, Sonangol agreed to sell stakes in three oil blocks to the consortium between Somoil and British company Sirius Petroleum.** According to the statement of these companies, the consortium will acquire the 8.28% stakes in Block 18, 10% in Block 31 and 25% in Block 27. In Q1 2022, the global production of Blocks 18 and 31 represented about 11.0% of the country's global production, and Block 27 is not in production.

Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	5.5	4.0
Average Inflation (%)	25.8	18.7	8.5
Current Account (% GDP)	12.4	6.6	1.5

*GDP and inflation - INE; Current account - BNA
**Forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/22
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/22

Monetary and ForEx data*

	06/05/2022	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.54%	-0.75	-4.14	1.85
USD/AOA	405.7	0.01%	-26.91%	-37.11%
AOA/USD	0.00247	-0.01%	36.81%	59.00%
EUR/AOA	428.3	0.25%	-31.90%	-44.87%
EUR/USD	1.055	0.06%	-7.20%	-12.55%
USD/ZAR	16.00	1.31%	0.37%	12.57%

*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
OT AOA (2 years)	16.50%	11 000	6 500	6 500
OT AOA (4 years)	18.40%	8 500	11 396	11 396
OT AOA (6 years)	19.49%	11 000	11 344	11 344
OT AOA (10 years)	21.00%	5 000	4 000	4 000
OT USD (3 years)	3.70%	1.00	2.27	2.27
OT USD (4 years)	4.20%	1.00	2.08	2.08

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

