

Angola Weekly | 11/07

Market Information

Oil exports were close to 1.20 million barrels per day (mbd) in June, an increase of 11.3% compared to the same period in 2021.

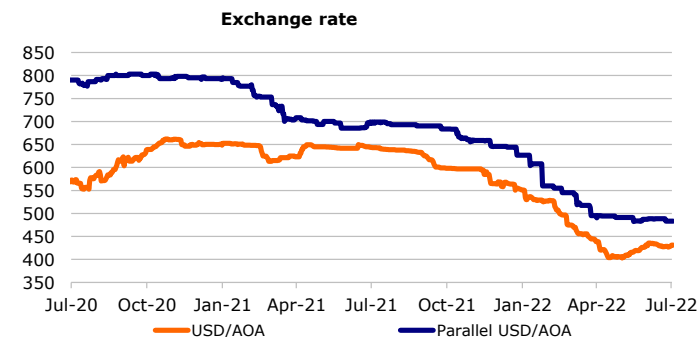
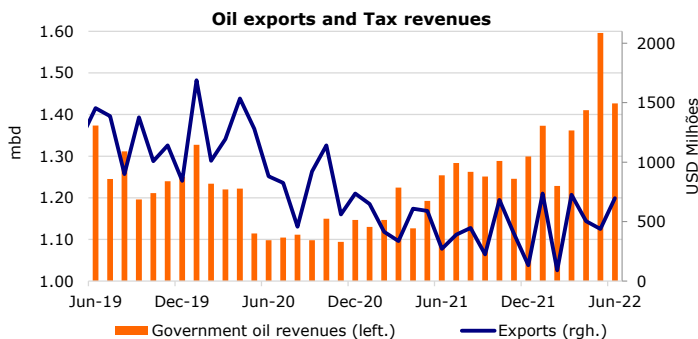
According to data published by the Ministry of Finance, there is clearly a sign of a recovery in oil production in Angola, given the sharp decline that has been seen over the last few years: in the first half of the year, exports recorded an average of 1.15mbd, an increase of 1.2% compared to the same period in 2021. The average export price in these 6 months was USD 99.5. In this sense, export revenues totaled USD 20.8 Billion (bn): +68.6% compared to the same period. For the State, revenues totaled USD 8.4bn, more than doubling from the USD 3.8bn achieved in the first half of 2021. This is the largest amount of oil tax revenues since 2014, but still well below that year, where USD 15.5bn in tax revenues was obtained in the first half of the year alone.

The new Luanda Refinery complex was inaugurated last Thursday.

According to the statement made public, in addition to improving the quality of gasoline, the new complex has a greater refining capacity compared to the previous one, with a significant increase in production from 395,000 to 1,580,000 liters per day, which will represent a reduction of about 15% in annual fuel imports. Fuel imports accounted for 16.2% of total imported goods in 2021, close to USD 1.91 billion; in 2022, this amount is growing a lot – in the first 5 months, imports accounted for 21.2% of total imports, amounting to USD 1.4bn. **Sonangol and Eni signed a memorandum last Thursday to study the construction of a biorefinery in Luanda.** According to the Angolan Minister of Mineral Resources, Oil and Gas, Diamantino Pedro Azevedo, this project should be implemented in the Luanda refinery facilities, considering that biorefinery is one of the key technologies for decarbonization, giving rise to a multisectoral value chain, with the integration of agriculture and other industries.

The price of Brent remains quite volatile, having closed the week at USD 107.0.

International markets have trembled again, in the face of new concerns on the demand side, the result of varying fears: a possible discovery of the first case of a highly transmissible Omicron sub-variant in China, a possible recession in Europe due to rising energy prices, increased sovereign debt risk in emerging countries. On the other hand, the supply-side constraints themselves, caused by the consequences of Russian oil sanctions, may also be impacting the price reduction. Brent opened today with a loss of USD 1.94 compared to last Friday, and is trading today at USD 105.1.



Macroeconomic Forecasts

Indicator	2021*	2022**	2023**
GDP change (%)	0.7	5.6	4.9
Average Inflation (%)	25.8	21.4	7.0
Current Account (% GDP)	10.7	3.1	1.9

*GDP and inflation - INE; Current account - BFA forecast
**Forecasts

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	-	21/01/2022
Moody's	B3	Stable	13/09/21
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	08/07/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.50%	1.39	-2.18	0.44
USD/AOA	431.0	0.57%	-22.35%	-33.04%
AOA/USD	0.00232	-0.56%	28.78%	49.34%
EUR/AOA	437.5	-1.83%	-30.44%	-42.57%
EUR/USD	1.019	-2.20%	-10.42%	-14.01%
USD/ZAR	16.9	2.79%	5.87%	17.67%

*Change of USD/AOA (or EUR/AOA) shows the appreciation 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
OT AOA (2 years)	16.5%	5,000	5,200	5,200
OT AOA (4 years)	18.4%	7,000	12,700	12,700
OT AOA (6 years)	19.5%	7,000	5,900	5,900
OT USD (3 years)	3.7%	1.00	2.55	2.55

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

