

Angola Weekly | 25/07

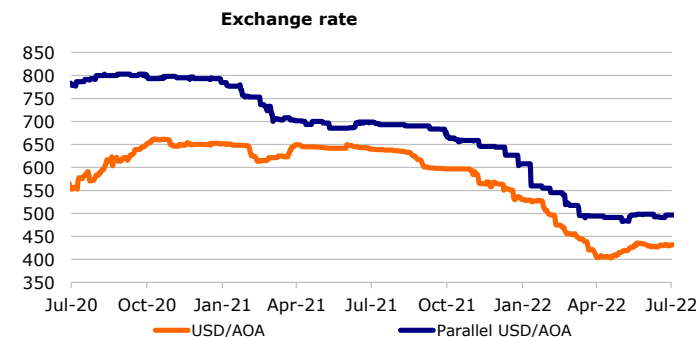
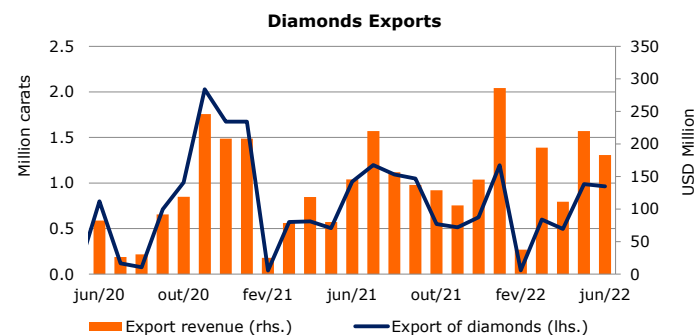
Market Information

In the second quarter of 2022, Angola exported a total of 2.45 million carats in diamonds, representing an increase of 16.6% compared to the same period in 2021. Consequently, the average price in Dollars increased 7.8% to USD 405.3 from April to June of the current of the year, which led to growth in export revenues by 49.3% yoy, amounting to USD 513.9 million, with the Government collecting USD 38.3 million in tax revenue (+47.2% yoy).

Financial rating agency Fitch Ratings last week revised the outlook for Angola's rating to evolve from Stable to Positive, anticipating a rise in ratings, possibly in early 2023. According to the institution, the increase in oil prices and the expectation of a continuation of the fiscal consolidation are pointed out as the variables that will lead to an improvement in the country's fiscal outlook. Fitch forecasts a budget surplus of 4.3% of GDP this year; on the other hand, the agency also forecasts Angola's debt to fall to 56.5% of GDP in 2022, a sharp drop from 79.7% in 2021 and 123.8% in 2020. Thus, this decline in the ratio is expected to be driven by a significant appreciation of the Kwanza as the debt denominated in foreign currency represents 70% of total public debt. To this end, substantially higher nominal GDP and continued commitment to fiscal consolidation ensure a fall in the ratio.

Last week, the Angolan Government attributed the management of the Lobito corridor to the consortium between Mota-Engil, Trafigura and Vecturis. According to a statement made public, the group will manage the operation and maintenance of rail transport for 30 years - the three companies that make up the consortium have differentiated specializations, in the provision of infrastructure construction services, in the commercialization of commodities, and rail transport, respectively.

The winning consortiums for the Lower Congo and Kwanza basin's tender, launched in 2020, received final approval. According to a statement from the National Agency for Oil, Gas and Biofuels (ANPG), of these eight blocks awarded, 50% will be operated by Angolan companies namely: Somoil, Mineral One, Grupo Simples and Alfort - Blocks CON1, Block CON6, Block KON6, and Block KON8, respectively. The remaining blocks (Block CON 5, Block KON 5, Block KON 17 and Block KON 20) will be operated by canadian company MTI Energy.



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-	Positive	15/07/2022
Moody's	B3	Stable	13/09/2021
Standard & Poor's	B-	Stable	04/02/2022

Monetary and ForEx data*

	22/07/2022	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.50%	0.00	-2.18	0.11
USD/AOA	431.0	0.57%	-22.35%	-32.99%
AOA/USD	0.00232	-0.56%	28.78%	49.23%
EUR/AOA	437.5	-1.83%	-30.44%	-42.65%
EUR/USD	1.019	-2.20%	-10.42%	-14.24%
USD/ZAR	16.9	2.79%	5.87%	18.67%

*Change of USD/AOA (or EUR/AOA) shows the appreciation 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 (12 months)	12.0%	10,000	4,743	4,743
OT AOA (4 years)	18.4%	5,000	3,773	3,773
OT USD (6 years)	19.5%	15,000	10,477	10,477
OT USD (3 years)	3.7%	1.00	0.59	0.59

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

