

FLASH NOTE

Nº 02.2025 | April 01, 2025

Balance of Payments accumulates surplus in 2024

Current account grows again, however, still below the 2022 peak.

A. DESCRIPTION

1| The current account ended 2024 at USD 6.3 Billion (B), an annual increase of around 50.0%, (+USD 2.1B). According to data from Angolan central bank, the value of the current account represents approximately 6.7% of the Gross Domestic Product (GDP).

Balance of Payments

USD Millions	2020	2021	2022	2023	2024	Var yoy
Current Account	872	8.399	11.763	4.185	6.277	50,0%
Goods	11.394	21.787	32.771	21.800	22.605	3,7%
Exports	20.937	33.581	50.038	36.885	36.795	-0,2%
Oil Sector	19.584	31.838	47.490	34.671	34.645	-0,1%
Diamond Sector	1.070	1.550	1.946	1.572	1.536	-2,3%
Other Sectors	283	194	602	642	614	-4,3%
Imports	9.543	11.795	17.267	15.085	14.190	-5,9%
Current Consumer Goods	5.866	7.343	11.814	9.543	8.317	-12,8%
Intermediate Consumer Goods	1.294	1.523	1.956	1.854	2.269	22,4%
Capital Goods	2.383	2.929	3.498	3.689	3.605	-2,3%
Services	-5.536	-6.957	-11.215	-8.527	-8.399	-1,5%
Exports	67	94	82	76	91	19,8%
Imports	5.603	7.050	11.297	8.603	8.490	-1,3%
Primary Income	-4.924	-5.784	-8.696	-8.603	-7.640	-11,2%
Inflows	536	355	177	584	634	8,7%
Outflows	5.460	6.139	8.873	9.186	8.274	-9,9%
Secondary Income	-63	-646	-1.097	-485	-288	-40,5%
Inflows	57	29	28	16	21	36,6%
Outflows	120	676	1.125	501	310	-38,1%

B. ANALYSIS

1| The goods account continues to support the positive results of the current balance. In 2024, the goods account recorded a balance of USD 22.6B, which represents a growth of 3.7% compared to 2023, influenced by a decrease in imports of around 5.9% yoy. Oil exports (which include crude oil, refined oil and gas) stood at USD 34.6 billion, representing a drop of 0.1% yoy: more specifically, crude oil exports totaled USD 31.4 billion, with the price falling by 1.7% yoy, while exports of refined products stood at USD 402 million, slightly below the USD 430 million in the same period last year.

In turn, gas exports recorded a decline of 4.4%, strongly affected by a price reduction of around 7.1% yoy.

According to data from ANPG, oil production in 2024 was, on average, 1.12 million barrels per day (mbd), representing a growth of 2.0% compared to 2023. This increase in production was greatly influenced by the increase in production in blocks 15, 3.05, 2.05 and 17.

Regarding non-oil exports, there was a decrease of 2.9% yoy: the diamond and minerals sector showed a reduction of 2.3%, with exports falling from USD 1.6B to USD 1.5B, mainly affected by a drop in the price of around 7.8%. However, there was a 2.5% increase in terms of volume, which reflects the good performance of the sector in 2024, with emphasis on the Luele mine, according to INE data. Exports of products from other sectors also fell, from USD 642 million to USD 615 million, down 4.3% yoy.

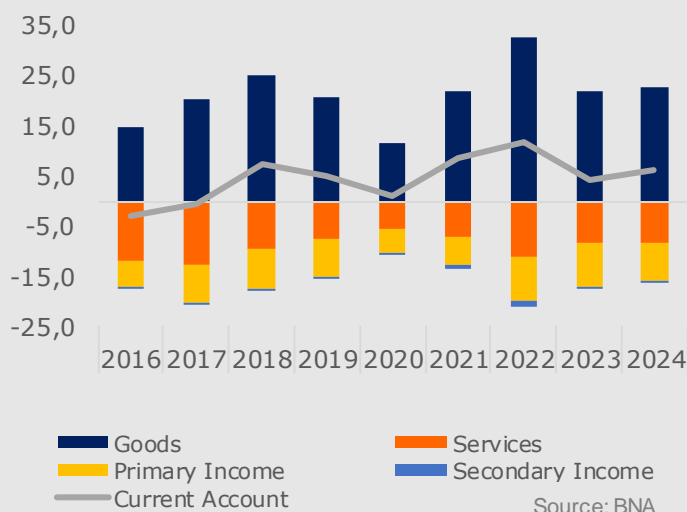
2| Imports of goods reduced to USD 14.2B, -5.9% yoy. Imports of current consumer goods and capital imports decreased to USD 8.3B and USD 3.6B (-12.8% yoy and -2.3% yoy) respectively. Meanwhile, imports of intermediate consumer goods grew 22.4% yoy to USD 2.3B.

3| Regarding the services account, in 2024, the deficit reduced to USD 8.4B. Imports of services amounted to USD 8.5B, a reduction of 1.3% yoy. On the export side, although they still represent a reduced share, they registered growth in relation to the previous year, with an increase of USD 15 million.

4| Regarding the other categories that contribute to the current account balance, the primary income (which includes transfers related to interest, profits, and wages) recorded a reduction in the deficit of 11.2%, going from USD 8.6B to USD 7.6B. This improvement was mainly due to reduction in outflows associated with interest and profits. Interest payments fell from USD 4.5B in 2023 to USD 3.8B, which represents a 15.6% drop compared to the previous year. Note the context of accumulated amortizations and very high international interest rates; this reduction occurs in comparison with a historical maximum value in the previous year, remaining, nevertheless, as the second highest annual value. On the other hand, profits recorded a decrease of 6.0% in yoy terms. The secondary income, in turn, recorded a deficit of USD 288 million, significantly below the USD 485 million of the previous year.

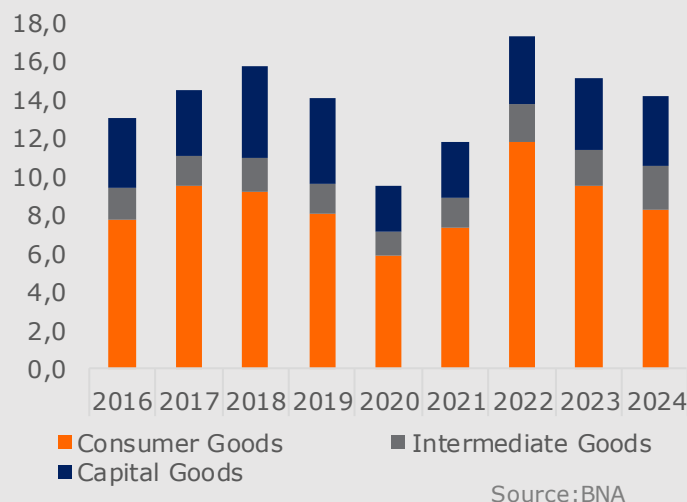
Current account balance grows again, but still below 2022 peak

Billion USD



Intermediate consumer goods to grow to USD 2.3 B in 2024

Billion USD



5| The financial account deficit stood at 4.2B, slightly less negative than the 4.5B in 2023.

There was an improvement in Foreign Direct Investment flows. In recent years there have always been FDI outflows in Angola, that is, capital repatriations. In 2024, the balance between new FDI inflows and outflows remained negative, at USD -136 million, but it was the closest to balance since 2016, with several positive quarters. One of the items that has seen particularly negative flows in recent years is outflows due to loans, which reflect the huge repayments of external debt that have been paid by the State over the last 2 years. In 2024, the balance of this item was negative by USD 4.2B. The net international investment position has been improving, with the deficit narrowing to USD 16.3B, the lowest value since 2015.

Also, as a result of these amortizations, in 2024 the stock of Angolan external public debt was USD 46.8B, 2.8B less than in 2023. China remains the largest creditor, with a share of around 30.7%, followed by the United Kingdom, with around 29.0% (which also includes Eurobonds), and International Organizations, with 10.7%.

Considering the improvement in the current account balance and the very slight improvement in the financial account deficit, some accumulation of international reserves would be expected. Indeed, this was visible: International reserves were around USD 14B for much of the year and reached USD 15B in December.

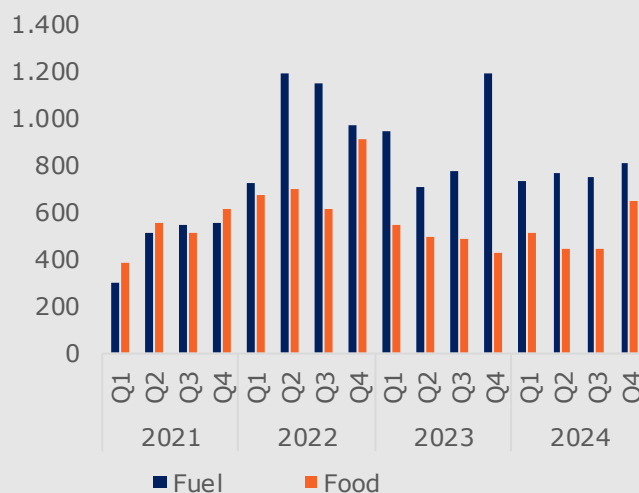
C. CONCLUSION

1| The current account continues to record significant positive balances, having recorded a significant increase in this balance in 2024. These surpluses have continued to support financial account deficits, which have been gradually decreasing. In our view, the current macroeconomic scenario will continue to be consistent with the same course as in recent years. A positive, though possibly narrowing, current account balance underpinning a gradually improving financial account deficit as net FDI inflows turn positive and amortizations become less heavy, as is expected to occur very gradually from 2025 onwards. In 2024, the significant improvement in the current account balance and a slightly improved financial account deficit have allowed some visible accumulation of International Reserves, which further contributes to an improvement in the external sustainability of the Angolan economy.

2| On the other hand, exports, which support the current account, face risks: the oil market has been stable, although geopolitical tensions, which tend to affect prices, are currently more intense, and the outlook indicates a possible fall in the prices of this commodity. The diamond market is now going through a remarkable moment, especially with the increase in production resulting from the entry into operation of the Luele mine. Still, there are concerns about the price of diamonds in international markets. In addition, there will likely be a downward movement in imports, caused by the relatively modest depreciation that we expect to occur throughout 2025.

Imports of food and fuel below previous levels

Billion USD



Source: BNA

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