

Market Information

The Privatization Program (PROPRIV) for the period 2019-2022 was published last week. The program foresees the sale of 195 companies or shares in companies, through initial public offering, public auction, or by tender (public tender or restricted tender by prior qualification). Among the SOEs to be partially or fully privatized are Sonangol, TAAG, UNITEL, ENSA, CUCA and ENDIAMA. Privatization processes for 81 participations in companies such as ENSA, CUCA and SGA (ex-ENANA) are expected to begin already in 2019 - 80 through a public tender and an initial public offering of ENSA shares.

The draft Law on the amendment of the Income Tax, which broadens the tax base, got a first approval in Parliament. The proposal will still be discussed in detail and subject to two votes (specialty and final), but the draft version eliminates the income tax exemption for workers over 60 years, and also ends the exemption in Christmas and vacation allowances. The amendments are in line with IMF recommendations.

Namibe Port was rehabilitated and expanded with USD 60 million financial support from Japan. According to the Minister of Transport, the pier can now handle 30-35 ships per hour, from a previous capacity of 8-10 movements per hour.

In the foreign exchange market, last week was marked by a significant depreciation of the Kwanza against the international currencies. Compared to the US Dollar, the currency lost 1.88% (2.81% against the Euro). In the parallel market, the Kwanza was stable at USD/AOA 495, thus narrowing the gap between both markets to 38%.

In the international market, the price of Brent closed last week at USD 58 - a 6% decrease from the previous week. This significant drop was due to escalating trade tensions between the US and China, while an unexpected increase in US oil inventories boosted this impact.

A new board of directors for Banco Económico has been appointed, whose chairman will be the former Economy Minister Pedro Fonseca. According to press reports, a capital increase of USD 1.2 billion was also decided at the general meeting. With the withdrawal of Lektron from the shareholder structure, Sonangol now has majority control. So far, it has not been possible to ascertain whether the other shareholders (Novo Banco and Geni) have followed this capital increase.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	0.6	2.0
Average Inflation (%)	19.6	16.8	14.6
Current Account (% GDP)	7.0	1.6	0.8

*GDP - IMF forecast; Inflation - INE; Current Account - BNA with BFA calc.
** Average of forecasts from Bloomberg

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B	Negative	12/07/19
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Negative	08/02/19

Monetary and ForEx data*

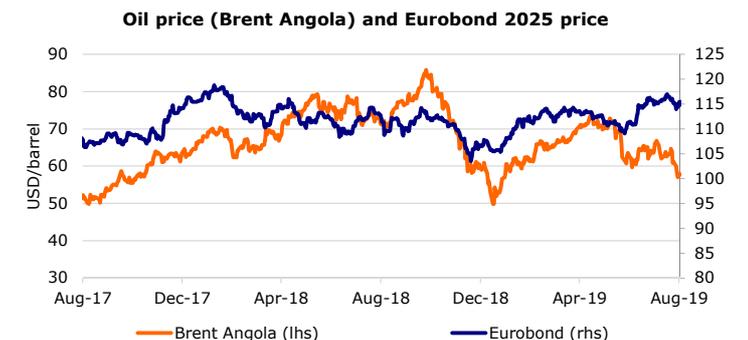
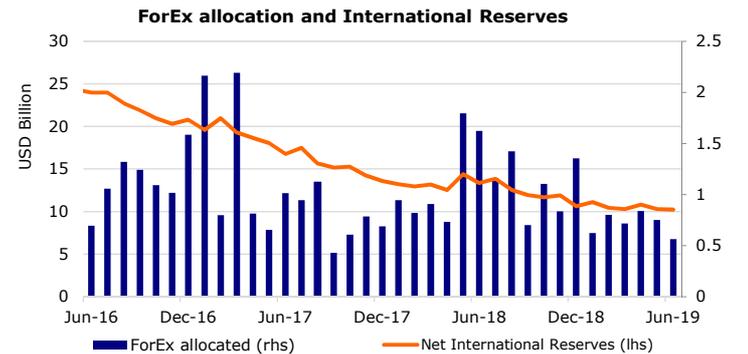
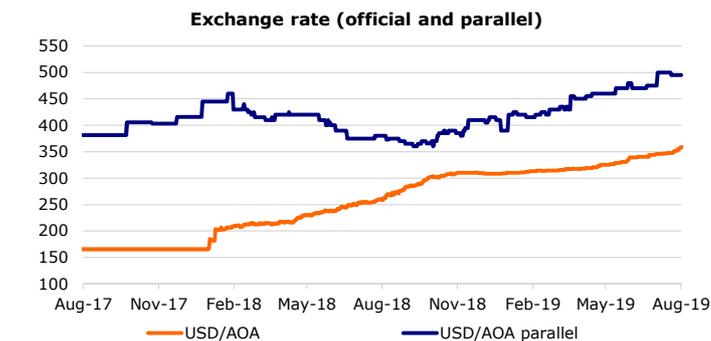
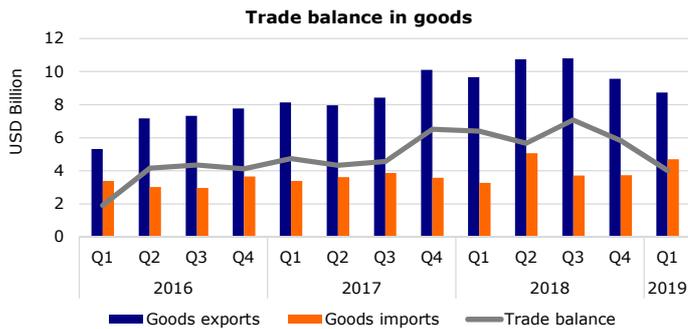
	09/08/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.80%	0.00	-2.95	-2.49
USD/AOA	358.6	1.92%	16.21%	38.14%
AOA/USD	0.00279	-1.88%	-13.95%	-27.61%
EUR/AOA	401.7	2.89%	13.81%	33.47%
EUR/USD	1.120	0.86%	-2.30%	-2.81%
USD/ZAR	15.17	2.59%	5.72%	10.65%

*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
BT (1 year)	14.70%	40,000	434	434

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



Sources: Bloomberg, BNA, INE, Finance Ministry