

Market Information

According to INE data, the Economic Climate Indicator (ICE) remained in negative territory in Q2 2019, although showing further improvement. ICE rose to -5 points (-9 in Q1 2019), the highest since Q2 2015 (2 points). With the exception of tourism (unchanged) and manufacturing (8 point drop), all economic sectors saw improvements in sentiment. Construction and Retail Trade (the most significant sectors in non-oil GDP) rose by 5 and 6 points, respectively. Both sectors still show negative indices (-30 and -21); however, Construction is already only slightly below its long-term average of sentiment. Our expectation is of another slight drop in GDP in Q2, following the 0.4% yoy decrease in the first three months of 2019.

The Angolan central bank sold USD 5.88 billion (Bn) in foreign currency to retail banks between January and August 2019, -37.5% yoy. When looking at the amount in Kwanzas, forex allocations were of AOA 1.93 trillion (-11.5% yoy). In August, USD 746 million were allocated, USD 90 million less than in July, but only USD 5 million below the average in 2019.

According to a report by the capital markets regulator, the State issued AOA 503 Bn in domestic debt securities, 25.9% below the previous six months, and 6% lower than planned. AOA 364.6 Bn were issued in Treasury bills (BT), 20.6% more than expected, and AOA 138.4 Bn in Treasury Bonds (OT), 40.7% less than planned. Regarding the secondary market, the volume of securities traded decreased by 1.82% compared to the last six months of 2018, standing at AOA 427.1MM. **According to available data, the State has issued so far more than AOA 756 Bn in domestic debt securities, which represents 72,58% of the forecast amount for 2019.**

In the international market, after hitting USD 69.0 (high since July 2019) at the beginning of last week, Brent price is now trading around USD 64-65.9. The decline was due to the emergence of more information from Saudi Arabia, which indicates that oil production will return to normal sooner than originally anticipated.

With VAT coming into force next week, the Angolan tax authority (AGT) opened a Taxpayer Support Center last week. The objective of this center is to modernize taxpayer services and increase non-oil revenue collection.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	-0.1	2.0
Average Inflation (%)	19.6	17.0	15.0
Current Account (% GDP)	7.0	0.8	-0.3

*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*

	20/09/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.11%	0.08	-2.64	-2.32
USD/AOA	367.4	0.48%	19.06%	28.08%
AOA/USD	0.00272	-0.47%	-16.01%	-21.92%
EUR/AOA	406.6	0.86%	15.18%	21.08%
EUR/USD	1.104	-0.22%	-3.72%	-5.41%
USD/ZAR	14.82	1.50%	3.29%	0.85%

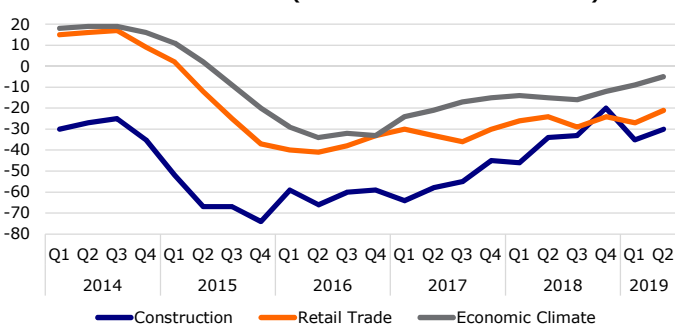
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

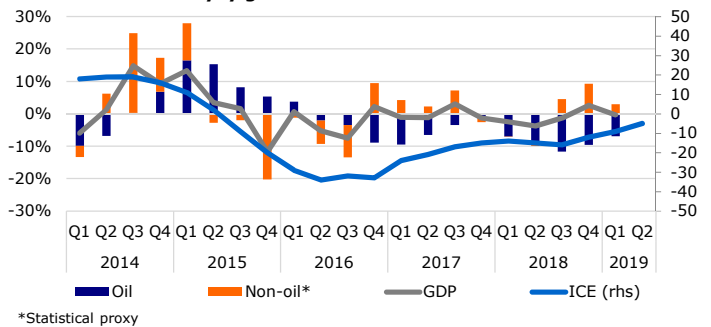
Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.68%	28,045	40	40

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

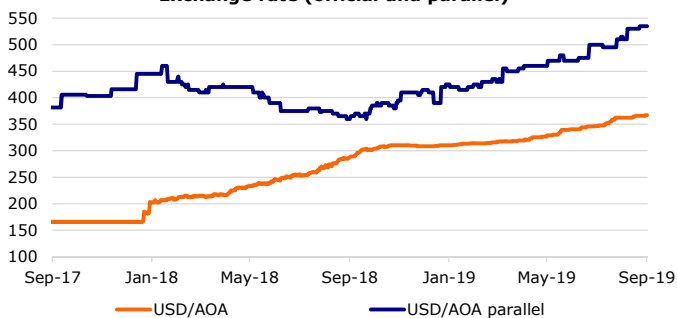
Economic Sentiment (Construction and Retail Trade)



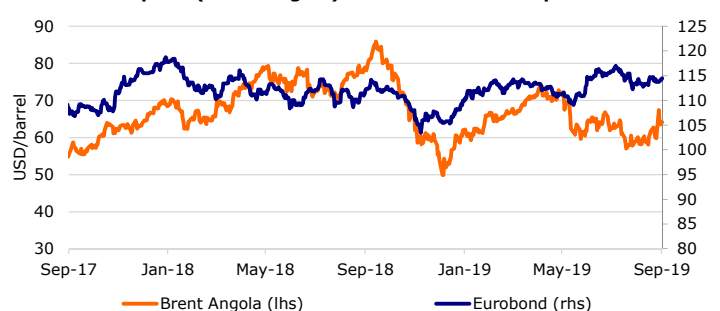
GDP yoy growth and economic sentiment



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry