

Market Information

According to Minfin Data, crude exports from January to August decreased 6,9% yoy. August exports were estimated at 1,26 million barrels per day (mbd), lowest in the last 10 years. With a 8,2% yoy decrease in prices, oil exports revenue declined 14,5% yoy until August. In another hand, fiscal revenue (in USD) declined 11,4%.

VAT comes into force tomorrow in Angola: in the first stage, it will be applied to about 1700 companies, large taxpayers (426), and companies that applied voluntarily (more than 1100). A special regime was approved last week for Cabinda province, which allows imports at a reduced rate of 2%. The Special Consumption Tax will also come into force, applicable to, among others, alcohol and tobacco.

According to a report from the Ministry of Finance, about AOA 3.4 billion in Angolan debt securities were issued, on the Investor Portal, in the first six months of 2019. These primary market issues available to individual investors correspond to about 0.7% of total securities issued in the first half, excluding special issues (BNA and BCP capitalization and to pay for corporate arrears). **Last Thursday, the State again issued Treasury Bonds, totalling AOA 1.8 billion, yielding 20-23%.** Excluding special issues, the government has already issued about 3/4 of planned domestic debt securities; on Treasury Bonds, the amount was already exceeded by 5%.

The BNA's Monetary Policy Committee is today - we do not expect a change in monetary policy at this meeting. The halt in the deceleration of inflation and the potential temporary impact of VAT and Special Consumption Tax should lead to a more cautious stance by the BNA until the end of the year. By 2020, we expect the deceleration of inflation to resume and the BNA should again ease monetary policy, dropping around 175-200 basis points in the BNA rate and also lowering the level of compulsory reserves. Speaking to Bloomberg, the BNA Governor said he expected single-digit inflation between the end of 2021 and the beginning of 2022, signaling that there is room for further interest rate declines.

According to a report by Control Risks and Oxford Economics, the potential for investment reward has increased in Angola while the risk has decreased. Still, Angola has a low reward index (3.18/10.00), ranking 21st among the 26 African countries analyzed - it was 23rd out of 25 countries. On the other hand, the risk is high (6.16/10.00), with Angola also in 21st - the same place as in the 2018 edition.

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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*

	27/09/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.23%	0.14	-2.52	-2.19
USD/AOA	372.4	1.37%	20.68%	27.39%
AOA/USD	0.00268	-1.35%	-17.14%	-21.50%
EUR/AOA	407.3	0.37%	15.37%	18.54%
EUR/USD	1.095	-0.65%	-4.55%	-5.98%
USD/ZAR	15.04	0.69%	4.82%	6.47%

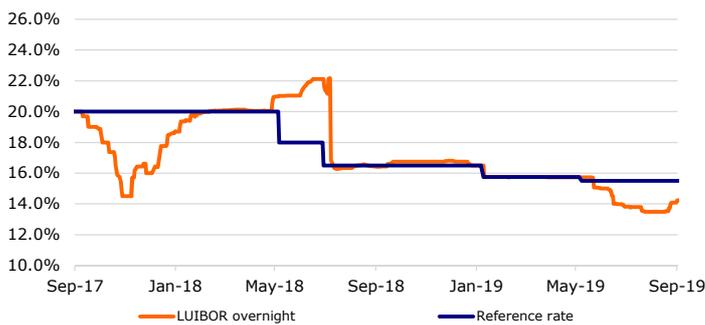
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

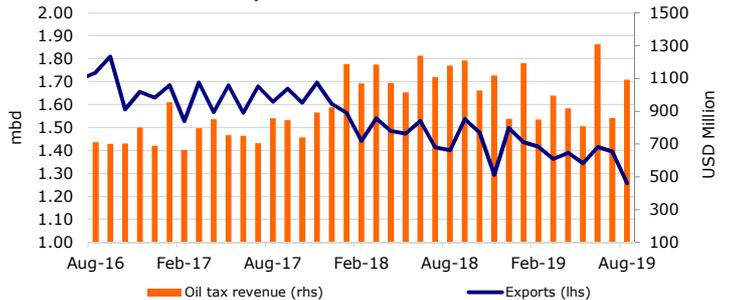
Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.68%	28,005	263	263
OT (1,5 years)	20.00%	15,000	524	524
OT (2 years)	22.00%	15,000	1,224	1,224
OT (4 years)	23.00%	15,000	7	7

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

Reference rate and interbank rate



Oil exports and oil tax revenue*



*Including Sonangol revenue

Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry