

Market Information

From Oct 1 until the end of last week, the Kwanza depreciated 15.8% against the USD at AOA 449.0. Year-on-year, the depreciation in 2019 is already 31.3%. Since the end of 2017, Kwanza has lost about 2/3 of its value against the USD. Conversely, each USD is now worth 2.7 times more when expressed in Angolan currency. In the parallel market, according to Kinguila Hoje, Kwanza remained stable at USD/AOA 540; thus, the difference between the parallel and official exchange rates shrank to 20.3% - the lowest since the start of the depreciation in 2017.

This Wednesday, the BNA will hold an extraordinary session of the Monetary Policy Committee, citing as "necessary the adequacy of monetary and exchange rate policy measures and instruments". According to information on the MinFin website, in a meeting with the IMF, the central bank governor highlighted the flexibilization of the exchange rate, in view of its full liberalization. The easing of the official exchange rate should, in the medium term, reduce the supply of Kwanzas in the market, definitely bringing the official and parallel market closer.

According to data published by the National Institute of Statistics (INE), Angolan Gross Domestic Product (GDP) posted a year-on-year drop of 0.1% in the second quarter of 2019. In year-on-year terms, Construction (the 3rd largest sector of GDP) and Real Estate Services & Rentals had the best performance with growth of 3.5% and 3%, respectively. Similarly, Fishing and Financial Intermediation & Insurance had the largest decreases compared to the same period of last year (19.3% and 17.3% respectively). The economy thus fell by 0.2% yoy in the first half of 2019. For the whole of 2019 we expect GDP to fall by around 1%. For a more detailed analysis, please check the Flash Note at www.bfa.ao.

The International Monetary Fund (IMF) has revised Angola's growth outlook for 2019 down from 0.4% growth to a 0.3% contraction in 2019. The IMF also estimates Angolan public debt to rise 6pp to 95% GDP by 2019. Next year, growth of 1.2% of GDP is expected.

According to Finance Ministry data, in the first 9 months of the year, Angola exported 6.42 million carats in diamonds, down 6.1% yoy. On the other hand, the average selling price rose from USD 136 to USD 143 per carat (+5.2% yoy). Thus, export revenue fell by only 1.2% yoy. In terms of tax revenues, the State raised USD 68.3 million (+7.1% yoy).

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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*

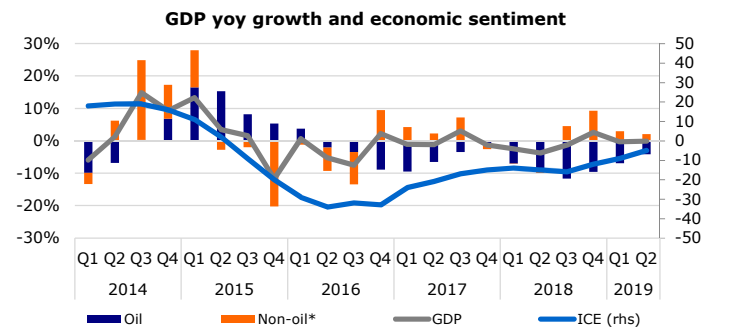
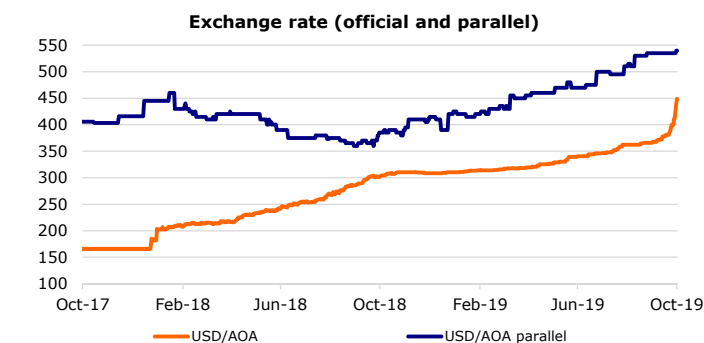
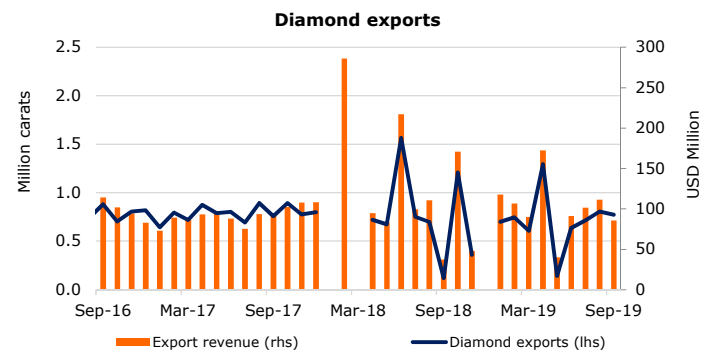
	18/10/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.87%	0.10	-1.88	-1.88
USD/AOA	449.0	12.38%	45.50%	48.47%
AOA/USD	0.00223	-11.01%	-31.27%	-32.65%
EUR/AOA	500.4	13.51%	41.74%	43.37%
EUR/USD	0.000	-100.00%	-100.00%	-100.00%
USD/ZAR	0.00	-100.00%	-100.00%	-100.00%

*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.

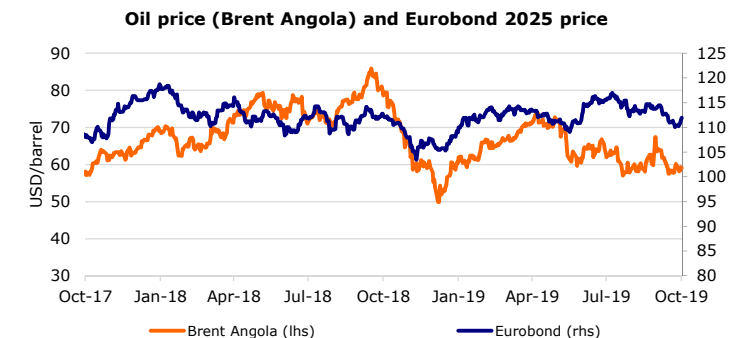
Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (6 months)	12.00%	19,000	2,000	2,000
BT (1 year)	14.68%	19,997	11	11

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills



*Statistical proxy



Sources: Bloomberg, BNA, INE, Finance Ministry