

Market Information

According to data from National Statistics Institute (INE), the unemployment rate stood at 30.7% in Q3 2019, 1.7 percentage points (p.p.) above the previous quarter. The working population is estimated at 13.5 million, which represents an activity rate of 86.6%: that translates to 44.6% of the population, as 48.5% of them are under 15 years old. The unemployment rate is higher among women 32.2% (29.2% among men), and the urban unemployment rate is higher than the rural - 41.1% compared to 16.1%. Among young people aged between 15 and 24, the unemployment rate increased by 2.3 pp to 56.1%.

The draft State Budget for 2020 was submitted to parliament last Wednesday, forecasting a GDP growth of 1.8%. The proposal assumes an increase of 1.5% in oil GDP and 1.9% in non-oil GDP. Moreover, the government estimates inflation at 25% due to the gradual adjustment of fuel prices. The Budget uses a benchmark oil price of USD 55, a reasonably conservative forecast. On the production side, the Government expects oil production (including LNG) to increase towards 1.44 million barrels per day; in our perspective, this seems a somewhat optimistic forecast given the current level of production (below 1.40 mbd) and the short-term outlook. **Fiscal revenue is estimated to total AOA 8,611 billion while expenditure should amount to AOA 8,092 billion, translating into an expected surplus of AOA 519 Billion, about 1.3% of GDP.** On the financing side, the surplus will reflect in negative financing needs of the same amount, AOA -519 billion: the State will thus repay more debt than expected issues. In particular, the Executive estimates a net domestic financing of AOA -2,243 billion and a net external financing of AOA 1,724 billion. **For 2019, the Revised State Budget forecasted a growth rate of 0.3%, but most recent projections indicate a 1.2% drop.** On the other hand, the Government expects to achieve a surplus again this year, after a positive balance of 2.2% of GDP in 2018. In the oil sector, production is expected to deviate by -3% from the initial forecast, with an average production level of 1.39 mbd, down 6.1% compared to 2018. Finally, the State Budget estimates a non-oil GDP growth of 0.6% in 2019.

An agreement has been signed between major oil operators in Angola for the exploration and development of natural gas. This project, valued at USD 2 billion, will be carried out in blocks 1, 2, 3, 14 and 15 and intends to counter the decline in gas supply to the Angola LNG plant, which is expected to start from 2022. In the international market, Brent traded at USD 59.78 on Friday.

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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*

	01/11/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.91%	0.02	-1.84	-1.84
USD/AOA	496.7	3.87%	60.96%	60.58%
AOA/USD	0.00201	-3.73%	-37.87%	-37.72%
EUR/AOA	553.9	4.21%	56.90%	58.16%
EUR/USD	1.115	0.64%	-2.76%	-2.25%
USD/ZAR	15.12	3.37%	5.39%	4.94%

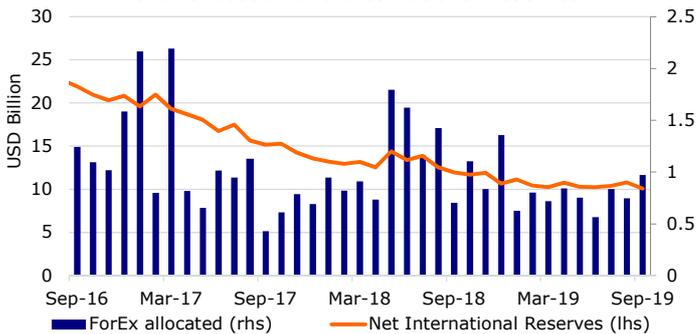
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (6 months)	12.00%	16,252	157	157
BT (1 year)	14.68%	19,486	30	30
OT (1,5 year)	21.25%	10,000	2,500	2,500

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

ForEx allocation and International Reserves



External public debt



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry