

Market Information

At the Monetary Policy Committee, held last Friday, the Angolan central bank decided to liberalize the purchase of foreign currency by retail banks directly from oil companies as of 2020. Given the larger flow of foreign currency expected by the regulator, it has also decided to reduce the banks' net open forex position to half - from 5% of own funds to 2.5%. On the other hand, the BNA maintained the reference rate (15.5%) and the mandatory reserve rates in local (22%) and foreign currency (15%) unchanged. Following the Committee, the Governor of BNA appointed 31 December as the deadline for the release of the Asset Quality Review results; banks will then have until June 2020 "to remedy shortfalls in equity", according to the official, quoted by Lusa news agency.

Net International Reserves (NIR) increased by USD 99 million in October - to USD 10.2 billion (Bn). Since the beginning of the year, NIRs have fallen by USD 445 million, which corresponds to an average drop of USD 44.5 million per month; in the same period in 2018, NIR saw a monthly average drop of USD 191 Million. Year-on-year reserves fell by USD 1.47 Bn. Notice that the minimum limit agreed with the IMF for the end of the year is USD 9.1 Bn.

In the foreign exchange market, the week was marked by a sharp depreciation of the Kwaza against international currencies - 4.31% against the US dollar and - 3.83% against the Euro - to USD/AOA 491.2 and EUR/AOA 540.6. We expect USD/AOA to end the year around 490/510. **Broad Money (M3) in October registered a positive monthly change of 17.4% - to AOA 10.3 trillion, the largest increase in this statistical series.** This variation was mainly due to the significant depreciation in the exchange rate recorded in October. Year-on-year, broad money increased by 31.4%.

According to the Public Debt Management Unit (UGD), the volume of funding of Treasury securities through the Investor Portal in the 3rd quarter of 2019 totalled AOA 1.68 Bn. AOA 1.08 Bn were purchased in Treasury Bonds and AOA 0.60 Bn in Treasury Bills.

According to the Minister of Mineral Resources and Oil, Diamantino de Azevedo, the National Oil and Gas Agency (ANPG) has taken 5% of the profit oil in 2019. He considered the value low, considering future needs, in studies and the development of future block auctions, believing the ratio to increase to 10% by 2020.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	-0.5	1.4
Average Inflation (%)	19.6	17.5	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*

	29/11/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	26.21%	1.48	9.46	9.46
USD/AOA	491.2	4.50%	59.18%	58.26%
AOA/USD	0.00204	-4.31%	-37.18%	-36.81%
EUR/AOA	540.6	3.98%	53.14%	54.41%
EUR/USD	1.102	-0.03%	-3.92%	-3.29%
USD/ZAR	14.67	-0.31%	2.26%	7.33%

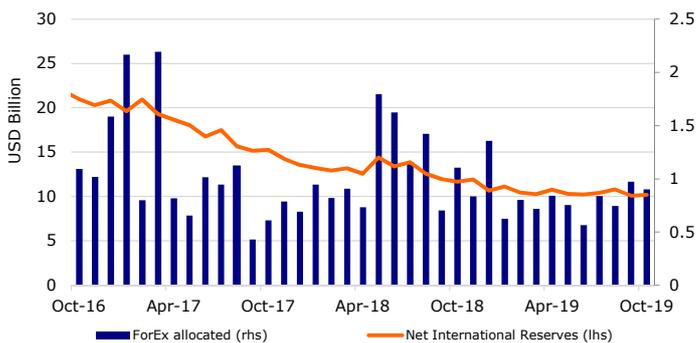
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwaza; the change of AOA/USD shows the appreciation/depreciation of the Kwaza against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.68%	9,843	1	1
T-Bills USD (2 years)	3.70%	16	16	16
T-Bills USD (3 years)	4.50%	15	12	12
T-Bills USD (4 years)	5.20%	15	6	6
T-Bills USD (5 years)	5.90%	15	6	6

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

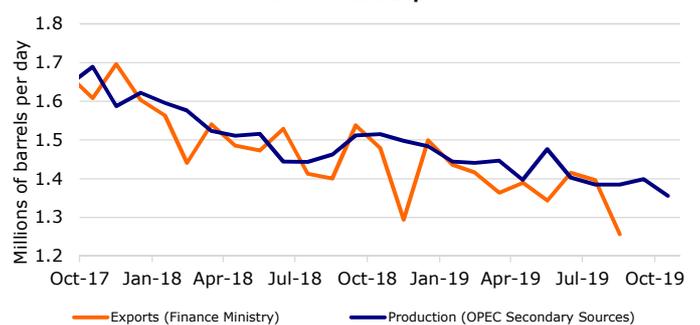
ForEx allocation and International Reserves



Exchange rate (official and parallel)



Oil Production and Exports



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry, OPEC