

Market Information

According to data collected independently by OPEC, Angola produced around 1.39 million barrels per day (mbd) in February (-3.5% yoy); compared to January, this translates to a slight increase of 1.1%. In the first 2 months of the year, production averaged 1.38mbd, a decrease of 2% compared to the average seen in 2019 (1.40mbd). This reduction is broadly in line with our forecasts for 2020, although slightly more pessimistic: we anticipate that new investments in Blocks 32 and 15/06 will lead to a significantly mitigated production drop, around 1%, much lower than the 6.9% yoy tumble recorded in 2019 (according to OPEC data). **In international markets, Brent lost more than 25% of its value, and is now trading around USD 32, having closed the week at USD 34.** The continued decrease in economic activity due to COVID-19, together with the increase in production in Saudi Arabia, are keeping the price under severe pressure. In particular, the ban on flights between the US and European countries has led to a further drop in prices. Markets are expected to remain quite volatile, as a significant degree of uncertainty remains over the duration and impact of the pandemic.

In February, the Angolan central bank sold USD 464 million in foreign currency to commercial banks, less USD 349 million compared to January. In the first two months of the year, BNA sold USD 1.28Bn (-10.3% yoy); at the same time, oil operators sold USD 0.56Bn to the banking system. In total, retail banks bought USD 1.84Bn in foreign currency, an increase of 28.8% yoy. In fact, this is the highest amount in a two-month period since January 2019. **Last week, the Kwanza depreciated 1.25% against the Dollar; against the Euro, the Kwanza was relatively stable, as a result of a fall in the European currency.** In the parallel market, the Kwanza remained stable, being traded at USD/AOA 620, according to Kinguila Hoje; thus, the gap between the parallel and the reference rate is 24.5%.

The Angolan Government submitted changes to the Income Tax to Parliament. According to the document available on the Angolan parliament's website, the ceiling for exemption from the personal income tax (IRT) will be raised from a AOA 35k monthly wage (USD 70) to AOA 70k, likewise, exemptions for transportation and food allowances are to be enlarged to a total of AOA 60k (30 each), whereas previously the limit was for a total of AOA 30k for both components. At the same time, the tax burden on higher wages will be significantly increased, with highest rate increasing from 17% to 27%. There is also a proposal to enlarge the scope of the Urban Property Tax (IPU) to include unused land and buildings.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.6	0.9	1.8
Average Inflation (%)	17.5	19.9	14.6
Current Account (% GDP)	0.8	-0.5	-0.7

*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-	Stable	09/03/20
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Negative	08/02/19

Monetary and ForEx data*

	13/03/20	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.03%	-3.22	-12.79	0.27
USD/AOA	498.1	1.26%	3.29%	57.82%
AOA/USD	0.00201	-1.25%	-3.19%	-36.64%
EUR/AOA	556.4	0.05%	2.88%	55.89%
EUR/USD	1.119	-0.80%	-0.17%	-0.97%
USD/ZAR	16.33	4.17%	16.66%	12.34%

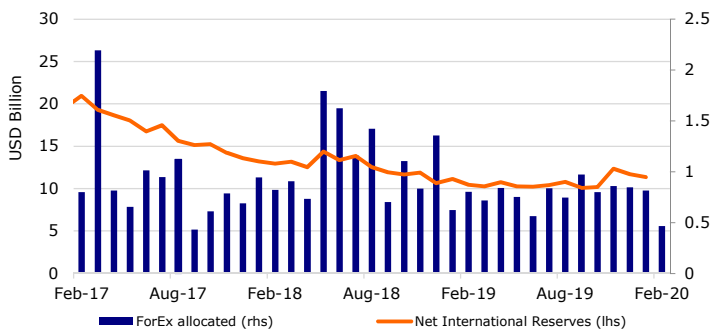
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

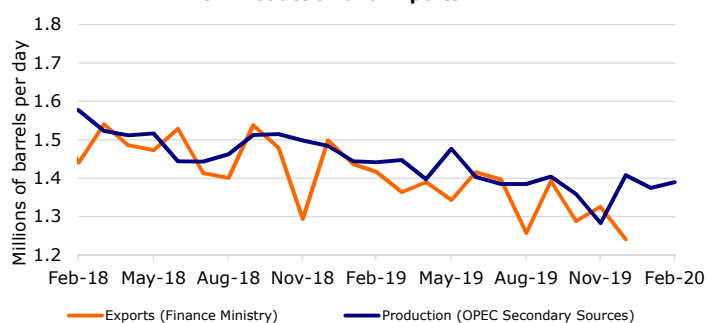
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	15.23%	20,641	20,641	20,641
BT (9 months)	16.50%	15,480	501	501
BT (12 months)	17.50%	14,381	1,637.0	1,637.0

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

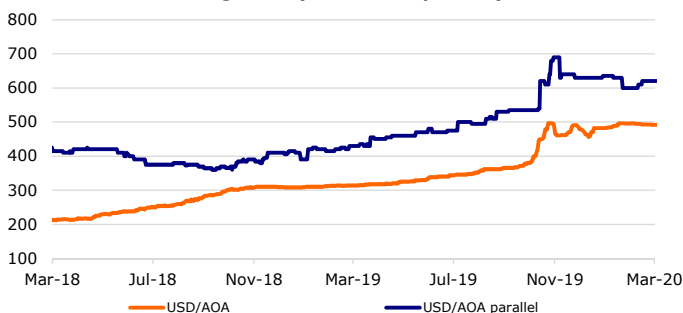
ForEx allocation and International Reserves



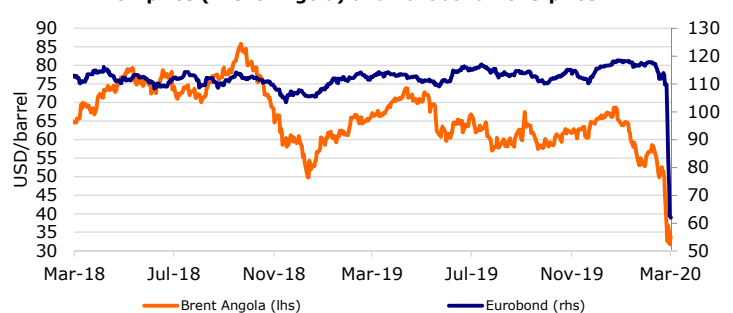
Oil Production and Exports



Exchange rate (Official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



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