

Market Information

Data from the Ministry of Finance confirmed the slight drop in oil production in January and February. In the first two months of the year, an average of 1.39 million barrels per day (mbd) were exported, which represents a 2.8% yoy drop (1.43 mbd); this is a slightly more positive performance than expected by BFA. At the same time, sales in these two months still occurred at prices determined before the escalation of the global COVID-19 pandemic, averaging USD 66.7 per barrel, a yearly increase of 16.3%. In this sense, oil revenues amounted to around USD 5.6Bn, 10.7% above what was recorded during the same period in 2019. On the tax revenue side, it amounted to around USD 2.0Bn (-2.9% yoy). **In the financial markets, the economic impacts of the pandemic and confinement are being processed: for example, the March Eurozone PMI index posted the lowest level ever, at 31.4 points, which corresponds to "a drop in quarterly GDP close to 2%".** Despite the first signs of hope in Italy (with new infections decreasing for the second consecutive day), the total number of global cases is already above 380 thousand, with more than 40 thousand new cases yesterday. In Angola, there are already 3 confirmed cases, with air and land borders being closed last Friday, as a preventive measure. **In the oil market, Brent now trades close to USD 28.3.**

Inflation accelerated again in early 2020, with monthly price increases of 2.1% in January and 1.7% in February. In the second half of 2019, monthly inflation averaged 1.5%, already accelerating from 1.1% in the first 6 months of last year. In year-on-year terms, according to data from INE, prices increased 18.7% in February - the highest increase since September 2018. This acceleration is more modest than expected, given the large currency depreciation seen in October 2019, but should continue to occur, with inflation most likely to reach levels above 20%, already during the second quarter of the year.

In the foreign exchange market, there was a significant depreciation last week, with the Kwanza losing 4.0% against the Dollar; on Friday, the USD/AOA was trading at 518.6. Although March oil sales are likely to have already occurred at prices around USD 50, which points to smaller supply of foreign currency, market participants' expectations of a substantially lower supply of foreign currency from April onwards are leading to a significant downward pressure on the Kwanza - a pressure that is expected to increase in the coming months.

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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*

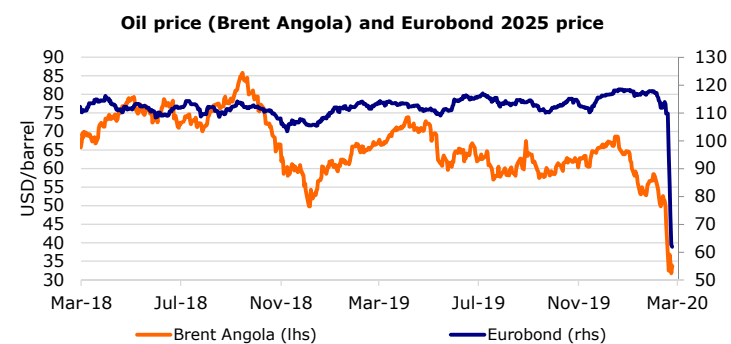
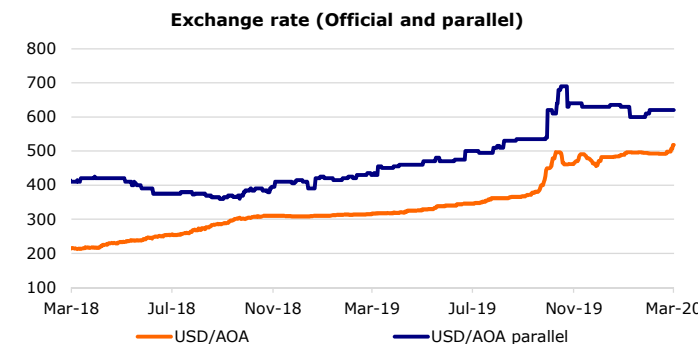
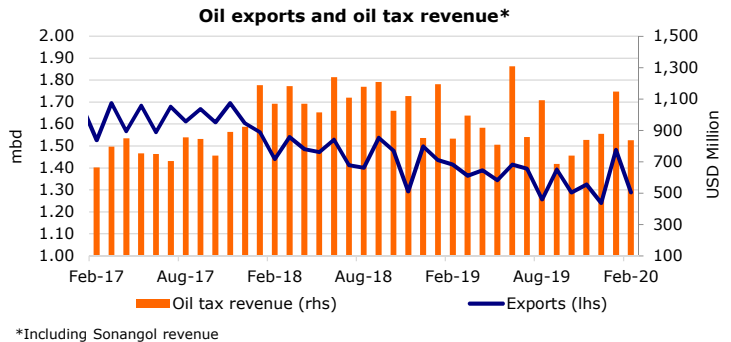
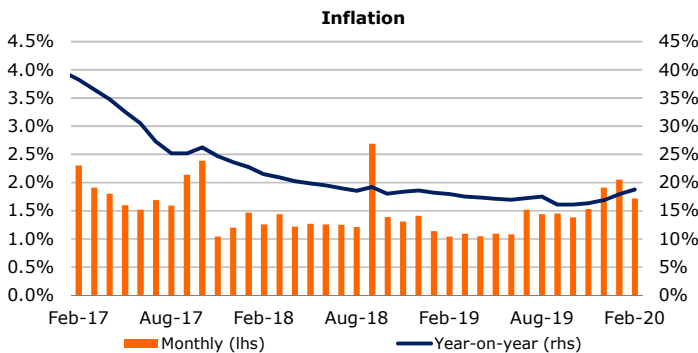
	21/03/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.03%	-3.22	-12.79	0.27
USD/AOA	518.6	4.12%	7.55%	63.68%
AOA/USD	0.00193	-3.96%	-7.02%	-38.90%
EUR/AOA	557.8	0.25%	3.14%	54.40%
EUR/USD	1.070	-3.71%	-4.62%	-5.97%
USD/ZAR	17.63	8.30%	25.91%	23.99%

*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)	15.45%	5,000	1,500	1,500
BT (9 months)	16.50%	7,489	1,750	1,750
BT (12 months)	17.50%	6,354	279.3	279.3

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



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