

## Angola Weekly | 22/06

### Market Information

**Year-on-year inflation edged up to 21.8% in May, the 7th consecutive month of increase and the largest annual price rise since January 2018.** Between April and May, prices rose 1.94%, a decrease of 11b.p. relative to monthly inflation in April (2.05%); the monthly price increase came at a lower than expected rate, given the continued impact of the growing Kwana depreciation. Food Products, Alcoholic Drinks & Tobacco, and Health continue to post the highest monthly price rises: 2.59%, 1.98% and 1.96%, respectively. We expect to see continued growth in inflation in the coming months, with annual inflation expected to be around 23% in June.

**According to OPEC secondary sources data, Angola produced around 1.28 million barrels per day (mbd) in May (-13.3% yoy).** In the first 5 months of 2020, monthly oil production averaged 1.35mbd (-6.2% yoy). In June, July and August, Angola should also present lower output numbers, data shows, in compliance with the OPEC+ agreement Angolan quota. According to Reuters, Angola is scheduled to ship out 38 crude oil cargoes in August, corresponding 1.23mbd in exports - the output quota for that month is 1.25mbd. **In international markets, Brent gained ground, having closed the week above USD 42.** This increase comes as reports hint that OPEC+ will comply with the previously announced supply cuts; also, there are some visible recovery signs in demand for the commodity.

**In Q1 2020, the Government disbursed around AOA 63.7 billion (Bn) to settle arrears.** In the Q1 2020 Report on the implementation of the arrears settlement strategy, the Ministry of Finance announced that this amount corresponded to 21 debt settlement agreements registered in the State's Integrated Financial Management System (SIGFE). These settlements were made via three different payment methods: Treasury Bonds (63.5%), cash payments (33.3%) and tax compensation schemes (3.2%). **Minfin announced that due to its current liquidity issues this year, it has suspended cash payments and will slow down the pace of this programme.**

**Last week, the President authorized beginning of the process to sell Sonangol's 25% stake in Banco Caixa Geral Angola.** This measure comes after an authorization for the same purpose regarding the holdings held by Endiama and Sonangol in Banco BAI, under the privatization program (PROPRIV).

### Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-2.25	0.95
Average Inflation (%)	17.2	25.0	20.0
Current Account (% GDP)	5.8	-6.95	-5.2

\*GDP, 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	11/02/20

### Monetary and ForEx data\*

	19/06/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.36%	-0.07	-13.46	0.35
USD/AOA	601.3	1.05%	24.70%	76.72%
AOA/USD	0.00166	-1.04%	-19.81%	-43.41%
EUR/AOA	674.6	0.19%	24.74%	75.39%
EUR/USD	1.118	-0.69%	-0.31%	-1.02%
USD/ZAR	17.33	1.48%	23.80%	20.90%

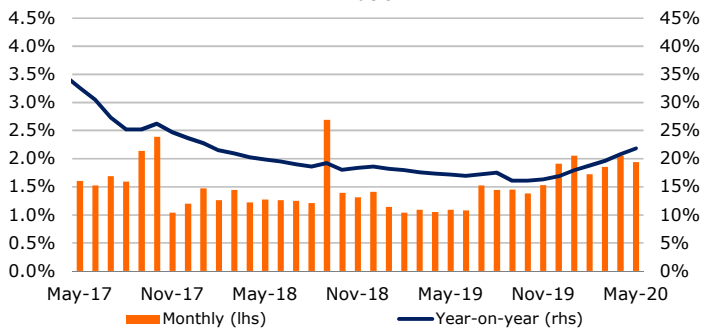
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

### Auctions of Treasury bonds and bills last week

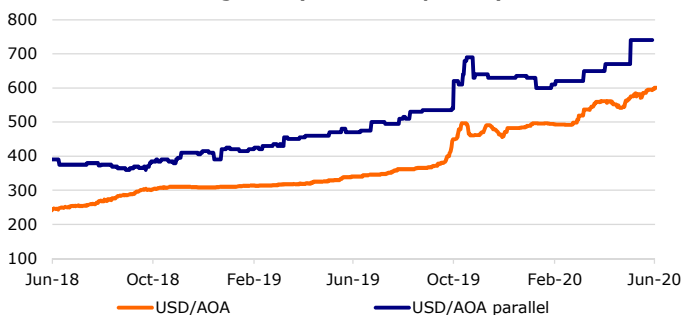
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	16.00%	8,499	3,130	3,130
BT (6 months)	17.50%	7,425	4	4
BT (12 months)	18.50%	9,192	600	600
OT (2 years)	23.75%	19,000	17,639	17,639
OT (3 years)	23.50%	8,300	3,025	3,025
OT (4 years)	24.50%	10,000	177	177

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

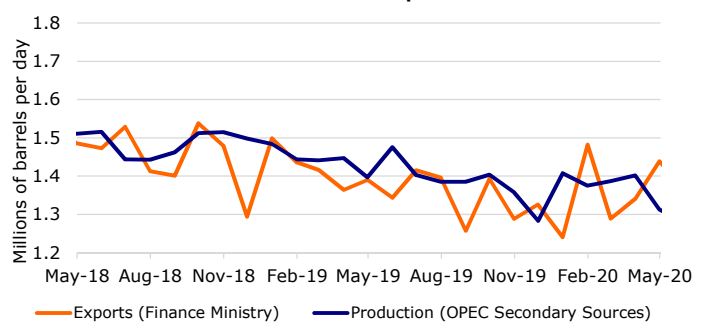
Inflation



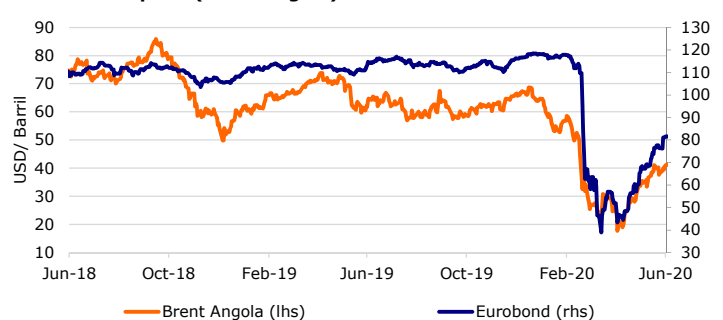
Exchange rate (Official and parallel)



Oil Production and Exports



Oil price (Brent Angola) and Eurobond 2025



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