

## Angola Weekly | 20/07

### Market Information

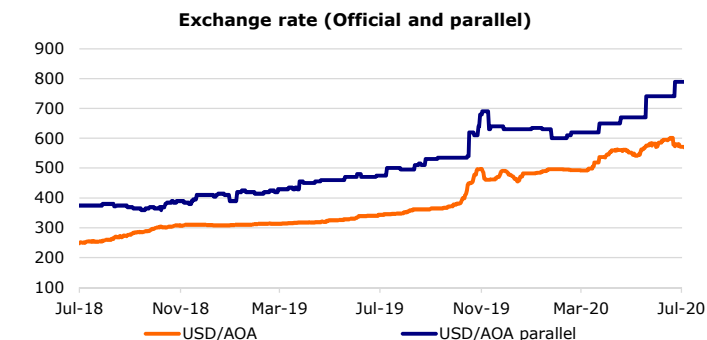
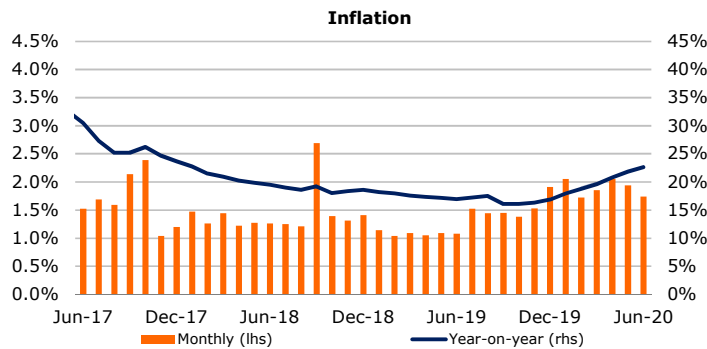
**Annual inflation rose to 22.6% in June, the 8th consecutive monthly increase.** Between May and June, prices rose 1.74%, a 20 basis points decrease relative to the increase recorded in May (1.94%). A larger price rise was observed in the prices of Food, up 2.28% compared to May.

**According to INE, Angolan GDP dropped 1.8% yoy in Q1 2020.** The harshest decreases were felt on the non-oil economy side, with Retail Trade shrinking 11.6% yoy. The Agriculture, Diamond and Financial sectors also posted significant decreases of 7.9%, 5.2% and 5.1%, respectively. On the other hand, the oil economy posted a milder drop, 1.7%, corresponding to the slight reduction in the volume of oil produced, which was observed in the first 3 months of 2020. The impact of the pandemic on oil prices, and compliance with the new OPEC+ agreement quotas, are expected to lead to a sharper decline in the economy for the rest of the year; the Revised State Budget for 2020 forecasts a 3.6% decrease in GDP.

**According to data from the Ministry of Finance, in the first half of this year, crude exports decreased by 2.4% compared to the same period last year, averaging 1.36 million barrels per day (mbd).** On the other hand, the average export price saw a very significant drop, which led to a 33.7% drop in export earnings compared to the same period in 2019. In June, around 1.25 mbd (-11.6% yoy) were exported, while the average export price was USD 24.4 (-65.1% yoy).

**Also in the first half of 2020, Angola exported 3.51 million carats in diamonds, a 14.9% yoy decrease.** The drop in production (accompanied by a drop in prices) was also due to the consequences of the pandemic, and resulted in a 23.0% yoy contraction of revenue (USD 141.7 million less than in the same period in the previous year). In June, around 799 thousand carats (an increase of 25.6% yoy) were exported, at an average price of USD 102.9, amounting to USD 82.2 million in revenue.

**According to BNA data, USD 2.68 billion in foreign currency were sold to retail banks in the first half of the year, a drop of 37.7% yoy.** On average, USD 412.7 million were sold monthly, USD 322.4 million less than in the same period last year. Adding the sales made by oil companies to banks during the period, the total amount increases to USD 3.97 billion. **In the foreign exchange market, the week saw an appreciation of the Kwanza against the Dollar (+0.43%).**



### 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	06/03/20
Moody's	B3 *-	-	31/03/20
Standard & Poor's	CCC+	Stable	26/03/20

### Monetary and ForEx data\*

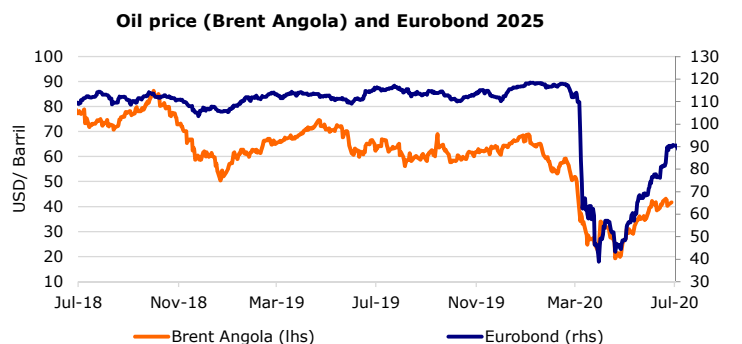
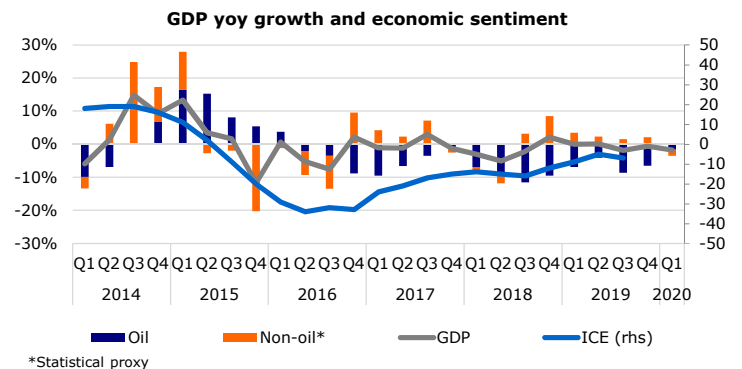
	17/07/20	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.39%	0.01	-13.43	1.57
USD/AOA	565.8	-0.43%	17.32%	63.25%
AOA/USD	0.00177	0.43%	-14.76%	-38.74%
EUR/AOA	646.5	0.69%	19.54%	66.38%
EUR/USD	1.143	1.13%	1.92%	1.34%
USD/ZAR	16.69	-0.55%	19.25%	20.62%

\*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)	17.0%	11,341	4,983	3,938
BT (6 months)	17.6%	19,500	17,004	17,004
BT (12 months)	18.6%	13,738	131	131
OT (1,5 years)	23.5%	19,428	1,057	1,057
OT (2 years)	23.8%	19,500	2,300	2,300
OT (3 years)	24.5%	25,387	5,496	5,496

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