

Market Information

Oil export from January through July 2020 fell by 3.7% yoy - on average, 1.34 million barrels per day (mbd) were exported. In July, exports amounted to 1.24mbd - the lowest level since December last year. Since the beginning of the year, Angolan crude has been sold at an average of USD 42.7 (USD 63.6 in the same period of 2019); tax revenue in the period stood at USD 4.6Bn, -33.3% yoy. Output is expected to continue below 1.30mbd, due to OPEC's production quotas. **In the diamond sector, 3.6 million carats were exported between January and July, a reduction of 25.0% yoy.** The coincident drop in the average export price (-6.9% yoy) pulled tax revenue down to USD 34.8 million, 35.1% below revenue in the same period of 2019. **In the economy as a whole, confidence declining sharply: the Economic Sentiment Indicator for Q2 2020 posted its lowest reading since Q2 2017, at -21 points.** The sharp drop reflects public concerns in the current situation. Particularly, the transport and manufacturing industry saw the sharpest contractions since the end of 2019: -26 and -25 points, respectively.

Fitch agency lowered Angola's sovereign rating by two notches, to CCC, just one level above default. The evaluation is currently the worst rating for Angola among the big 3, with S&P assigning CCC+ rating, one notch above. Fitch estimates debt to remain above 120% of GDP until 2022, even as debt moratorium agreements and additional funds from multilaterals are expected. **The Expansão weekly newspaper reported that the IMF's decision on the Angolan programme evaluation (and ensuing disbursements if positive) should take place on the 16th of September.** Details are still pending (or in discussion), regarding debt moratorium agreements with Chinese entities. However, according to statements by the Finance Minister Vera Daves and BFA calculations from the Revised State Budget, we assume that some form of deal with China Development Bank (creditor to about 1/5 of Angola's public debt) is already agreed upon. It is uncertain whether the IMF will give the go-ahead for the evaluation - immediately unlocking about USD 0.9Bn in funds.

Net International Reserves stood at USD 9.6Bn at the end of August, around USD 2.1Bn below December 2019. According to our calculations, the amount covers 7.0 months of imports of goods and services. In the foreign exchange market, the Kwanza depreciated 2.9%, trading at USD/AOA 613.6 on Friday.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-3.95	0.65
Average Inflation (%)	17.2	22.6	20.0
Current Account (% GDP)	5.8	-6.6	-5.55

*GDP, Inflation - INE; Current Account - BNA with BFA calc.
** Average of forecasts from Bloomberg

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	B3	Under Review	31/03/20
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

	04/09/20	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.56%	-1.54	-15.26	0.06
USD/AOA	613.6	3.00%	27.24%	67.92%
AOA/USD	0.00163	-2.92%	-21.41%	-40.45%
EUR/AOA	726.7	2.42%	34.38%	79.97%
EUR/USD	1.184	-0.55%	5.57%	7.28%
USD/ZAR	16.60	0.04%	18.58%	11.55%

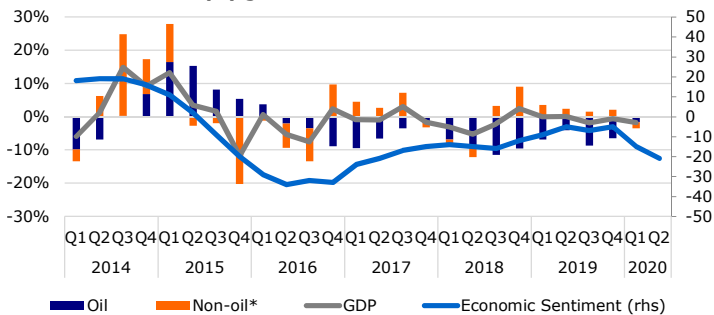
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

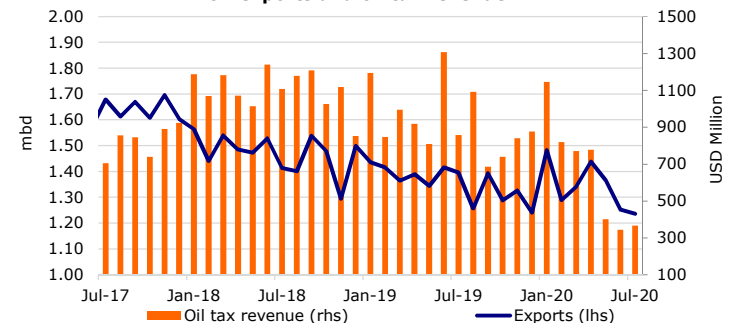
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	10,000	7,265	7,265
BT (6 months)	18.0%	10,000	1,818	1,818
BT (12 months)	19.0%	15,693	8,503	8,503
OT (2 years)	22.5%	23,100	9,438	9,438
OT (3 years)	23.5%	5,750	1,257	1,257
OT (4 years)	24.8%	15,000	125	125

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

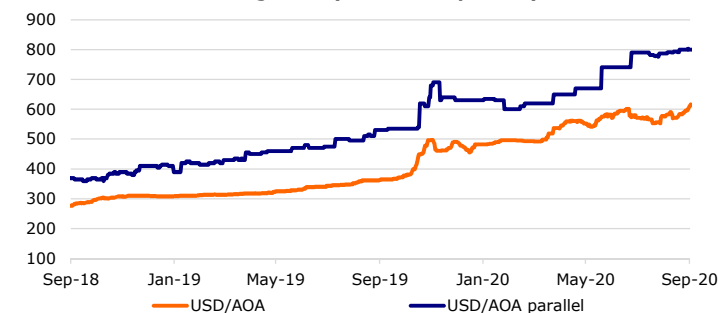
GDP yoy growth and economic sentiment



Oil exports and oil tax revenue



Exchange rate (Official and parallel)



Oil price (Brent Angola) and Eurobond 2025



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