

## Market Information

The central bank raised the foreign currency mandatory reserves rate from 15% to 17%, with the additional reserves to be met with local currency funds. The decision, taken at the Monetary Policy Committee last Monday, goes in the opposite direction of the BNA's latest measures, thus tightening liquidity, so as to tame inflationary pressures. In particular, local currency liquidity will be constrained in banks which have higher foreign currency deposits. In addition, the MPC decided to defer the constitution of public debt impairments in the banks' balance sheets by a maximum of 3 years - in particular, this refers to a need for impairments given the recent downgrades in Angola's credit ratings by Fitch and Moody's. The MPC is scheduled to meet again on November 27th, 2020.

According to the Angolan statistics office, exports of goods in Q2 2020 fell to less than half the value in Q2 2019 (-62.1%), when valued in Dollars. In the first half of the year, the drop was 43.9% yoy, for a total of USD 10.1Bn. On the other hand, imports of goods decreased by 34.2% yoy in Q2 2020: USD 2.1Bn were imported between April and June this year - a 14.4% quarterly decrease. In the semester, imports amounted to USD 4.5Bn, a year-on-year drop of 42.7%. As a result, the trade balance of goods was positive at USD 1.4Bn in Q2 2020 - a drop of USD 2.7Bn compared to the same period last year. By our own estimates, the current account will show a moderate deficit in Q2, between USD 1.0-1.5Bn, conditioned by the deficit the services trade balance and the primary income account. With regard to the group of exported products, fuels represented 93.7%, with exports of agricultural products at 1.2% of the total and other products (including diamonds) with 3.8%.

In the foreign exchange market, the Kwanza depreciated 0.9% against the Dollar last week and 1.6% against the Euro, with the reference exchange rate trading at 627.7 and 735.6, respectively. In the parallel market, the Dollar is trading near AOA 800, which corresponds to about little over 27% against the reference exchange rate.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-4	0.9
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	Caa1	Stable	08/09/20
Standard & Poor's	CCC+	Stable	26/03/20

## Monetary and ForEx data\*

	02/10/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	12.48%	-0.08	-16.34	-2.05
USD/AOA	627.7	0.95%	30.17%	66.05%
AOA/USD	0.00159	-0.94%	-23.18%	-39.78%
EUR/AOA	735.6	1.66%	36.01%	77.64%
EUR/USD	1.172	0.73%	4.49%	6.85%
USD/ZAR	16.53	-3.52%	18.06%	9.11%

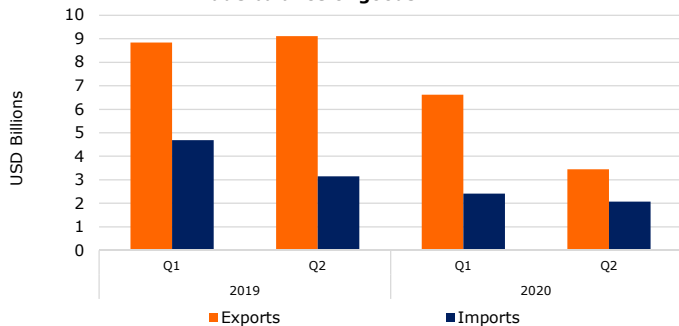
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

## Auctions of Treasury bonds and bills last week

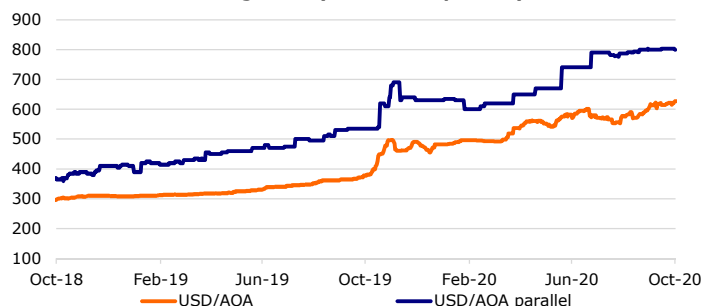
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	5,000	19,092	19,092
BT (6 months)	18.0%	9,071	3,221	3,221
BT (12 months)	19.0%	10,000	5,007	5,007
OT (2 years)	23.5%	15,000	465	465

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

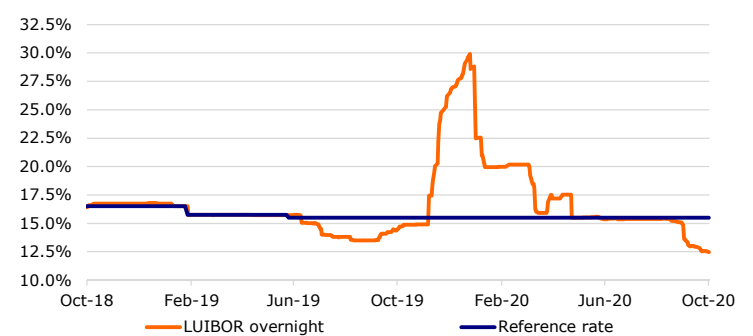
Trade balance of goods



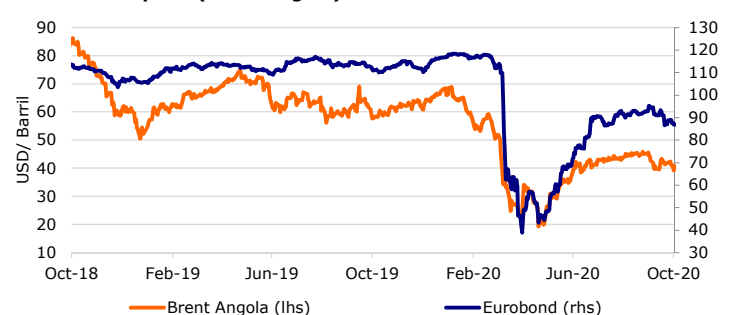
Exchange rate (Official and parallel)



Reference rate and interbank rate



Oil price (Brent Angola) and Eurobond 2025



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