

Market Information

According to INE data, GDP fell 8.8% in the second quarter of this year, in year-on-year terms. In the first half as a whole, there was a 4.5% yoy decrease in economic activity. The construction sector contributed the most negatively to the performance of the economy, taking 3.2 pp. from the growth rate - the sector, which normally represents 10-11% of the economy, suffered a year-on-year decline of 41.0%, largely due to the almost complete paralización of public investment. The oil sector, with a fall of 8.2% yoy, decreased economic growth by 2.8 pp. The transport sector also made a significant contribution to the economic downturn, taking 2.2 pp: despite representing only 2-3% of the economy, the sector saw activity drop 78.8%. The only sectors that registered economic growth were Agriculture (+2.3% yoy), Electricity & Water (+4.4% yoy) and Communications (+7.3% yoy). The Agriculture sector weighed 6.7% in quarterly GDP, representing the first time it went above 6% in the statistical series. According to a report in the Mercado newspaper, the economy sunk even further: a drop of 12.7%, citing a draft of the INE's release to which the newspaper says it had access. One of the main differences between the data would have been in the agricultural activity, which according to the draft consulted by Mercado dropped 21%. In any case, the economy is expected to continue to decline for the rest of 2020.

In the first half of the year, the Government recorded a budget surplus worth AOA 88.7Bn, equivalent to approximately 0.5% of GDP. Data from the Ministry of Finance also points to a primary surplus of AOA 1,287Bn - about 7.7% of GDP; in comparison, the primary balance reached in 2019 was 6.9% of GDP, which demonstrates the persistence of fiscal consolidation by the Executive. Fiscal revenue grew 7.3% yoy in the period, well below inflation, while expenditure increased 33.0% compared to the first half of 2019. The main growth stems from the 65.8% increase in interest expenses; expenditure on personnel, goods, services and transfers all grew below inflation.

In an interview with Expansão, the central bank governor indicated that there should be no increase in interest rates in the near future, given its "perverse effects", worsening credit conditions.

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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*

	23/10/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	12.41%	0.39	-16.41	-2.49
USD/AOA	653.3	1.32%	35.48%	40.64%
AOA/USD	0.00153	-1.30%	-26.19%	-28.89%
EUR/AOA	774.5	2.33%	43.21%	49.80%
EUR/USD	1.186	1.20%	5.76%	6.80%
USD/ZAR	16.19	-2.26%	15.62%	10.11%

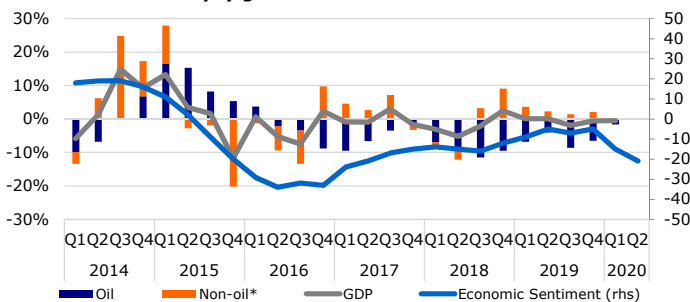
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	17,472	3,047	3,047
BT (6 months)	18.0%	10,000	50	50
BT (12 months)	18.0%	9,607	4,693	4,693
OT (2 years)	23.5%	10,000	5,645	5,645
OT (4 years)	24.8%	13,712	6,964	6,964

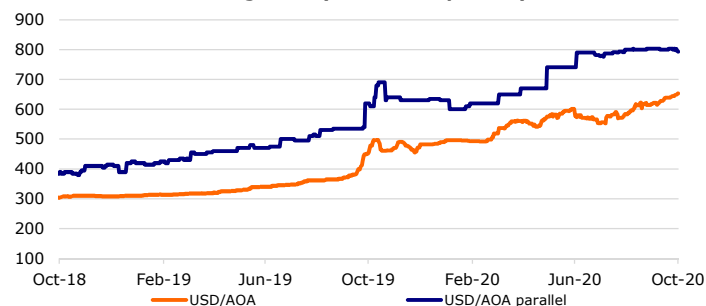
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

GDP yoy growth and economic sentiment

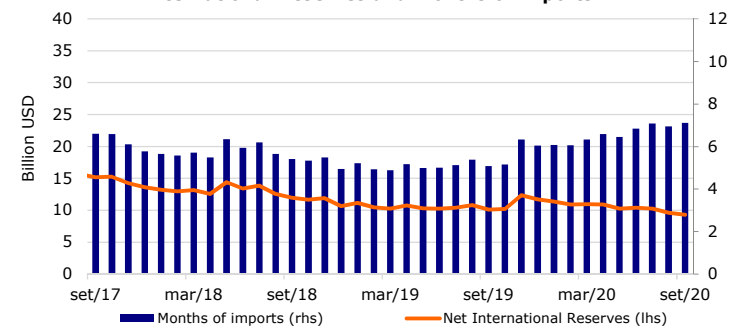


*Statistical proxy

Exchange rate (Official and parallel)



International Reserves and months of imports



Oil price (Brent Angola) and Eurobond 2025



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