

Market Information

The Angolan economy shrunk 5.8% yoy in the third quarter of 2020, having decreased 5.0% in the first 9 months of the year as a whole, compared to 2019. The economy saw a less pronounced year-on-year decline than the 8.3% yoy drop in Q2; the decline was similar in Oil GDP (-5.1%) and in other activities, with the remainder of GDP (which we use as a proxy for the non-oil economy) falling 6.2% yoy. For the first time, INE GDP data were seasonally adjusted, allowing for quarterly GDP changes to be reported: the Angolan economy recovered 2.6% qoq in Q3, following a 6.8% decrease in Q2 compared to the first 3 months of the year. We would note that the Construction sector is doing particularly bad, whose activity decreased 25.5% yoy between January and September 2020; on the other hand, the agricultural sector saw its activity increase by 3.3% during the same period.

Last Monday, the IMF approved the 4th Review of the Angolan EFF, having disbursed approximately USD 487.5 million in this tranche. The total disbursement under the agreement amounts already to USD 3 billion (Bn). According to the IMF, the Government managed to achieve a prudent fiscal adjustment in 2020, which included gains in non-oil revenues and containment of non-essential expenses, preserving essential spending in health and social security. The IMF considers that the approval of the 2021 State Budget consolidated these gains; they also warned that, after a period of easing of monetary policy to face the Covid-19 shock, the BNA should tighten it again, to reduce inflation. The organization also stresses that the revision of the BNA Law and the Financial Institutions Law are key in progressing towards financial sector reforms, as is the completion of the restructuring of the two struggling public banks (BPC and BCI).

In 2020, the average annual inflation was 22.18%, 5.08pp above the 2019 average. Compared to 2018, there was an increase of 2.48pp. In December, monthly inflation was 2.06%, the highest since September 2018. At the end of 2020, annual inflation rose to 25.1%, in line with Government expectations.

The Government expects to contract AOA 6.18 trillion (Tn) in debt this year - AOA 4.00Tn in external debt and AOA 2.19Tn in internal debt, according to the Annual Debt Plan. Apart from AOA 200B for SOE capital raises and AOA 235B to settle arrears, the State will raise AOA 1.79Tn internally; at current oil prices, higher tax revenues will allow for lower issues: according to our calculations, financing needs may be reduced by around AOA 1.72Tn. With regard to amortizations, payments amounting to AOA 2.92Tn in internal debt and AOA 2.24Tn in external debt are expected.

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-4.6	1.2
Average Inflation (%)	17.2	21.9	19.4
Current Account (% GDP)	5.8	-2.1	-3.6

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

Sovereign Rating

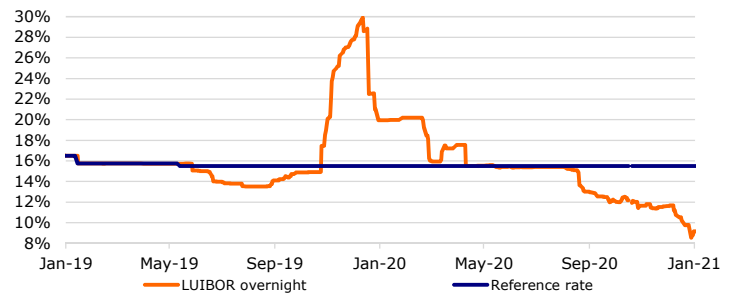
Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	Caa1	Stable	08/09/20
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

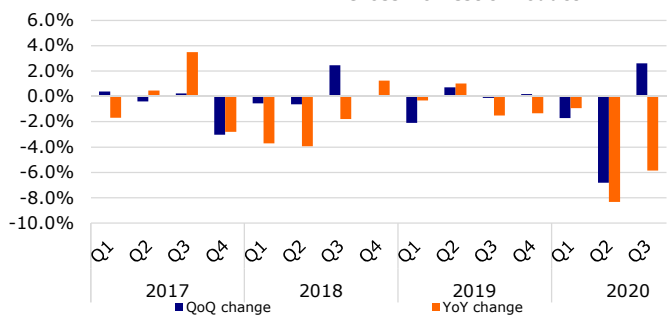
	15/01/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	9.17%	-0.60	-19.65	-10.77
USD/AOA	652.5	0.00%	35.31%	33.33%
AOA/USD	0.00153	0.00%	-26.10%	-25.00%
EUR/AOA	791.0	-0.95%	46.26%	44.83%
EUR/USD	1.208	-1.11%	7.75%	8.49%
USD/ZAR	15.23	-0.44%	8.80%	5.66%

*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.

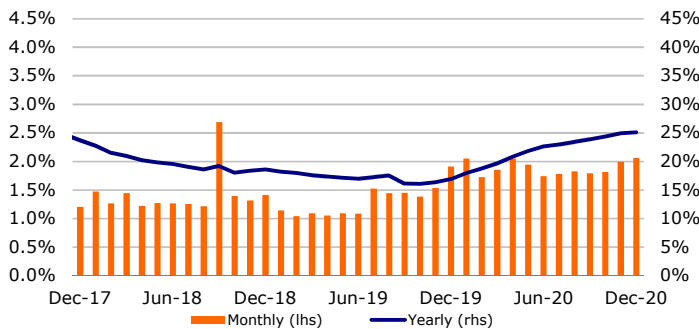
Reference rate and interbank rate



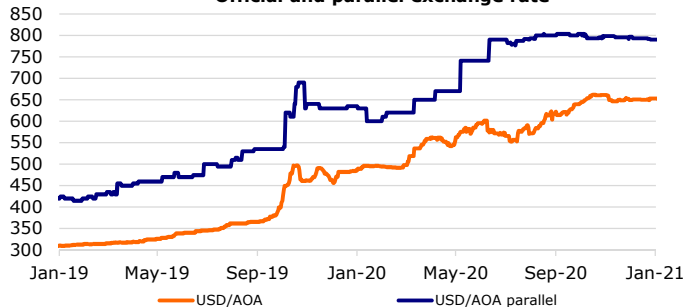
Gross Domestic Product



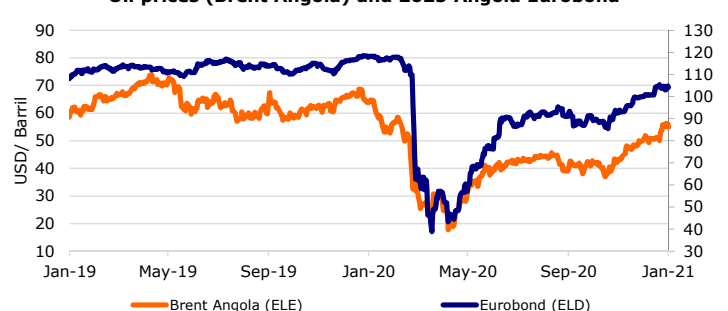
Inflation



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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