

**Market Information**

**BNA decided to increase the coefficient of mandatory reserves in foreign currency, from 17% to 22%.** The decision, taken at the Monetary Policy Committee last Friday, aims to fine tune the liquidity control mechanism by the monetary authority, at a time when controlling inflation is the central bank's main objective. On the 21st, the BNA had also decided that banks should hold 100% of government deposits in local currency in reserves, compared to the 22% that occurred previously, which resulted in a greater tightening of liquidity in the banking system. In the MPC, the BNA recognized the most recent effects of rising food prices on general inflation, prompting it to revise upwards the forecast for inflation at the end of 2021, to 19.5% (18.7% previously). In addition, BNA also expects a Balance of Payments surplus during this year, of around USD 0.45MM, which would correspond to an increase in Gross International Reserves by the same amount. In April, annual inflation stood at 24.8%; at the same time, the monetary base rose 15.4% yoy, while the monetary aggregate M2 in Kwanzas rose 21.3% yoy. The next meeting of the BNA MPC will take place on 29 July.

**The BNA Governor announced that the transport, culture, sports, education, catering, hospitality and tourism sectors will benefit from additional moratoria on the payment of loans from banks.** The additional term is expected to be of 6 months, and a regulation from the central bank should be approved soon. On the other hand, it is reported that "the operations that are to be restructured cease to be considered for prudential purposes, with regard to the constitution of provisions, provided that the situations of non-compliance are associated with the effects of the Covid-19 pandemic".

**IGAPE opened last Friday a tender limited by previous qualification to sell the 51% public stake in Net One - Telecomunicações.** The company is owned through MS Telecom (a subsidiary of Sonangol), in partnership with the Israeli group Mitrelli; it provides internet and VOIP services. Applications must be submitted by June 25 this year.

**The Government intends to legalize the export of oil derivatives, in order to mitigate the smuggling of fuels at the borders.** According to the Secretary of State for Oil and Gas, Alexandre Barroso, the product should include a customs fee of 135%. In fact, due to the subsidization of fuel prices in the domestic market, current informal exports cause significant losses in public funds, so the proposal should allow the recovery of these costs, together with the fight against existing smuggling.

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Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	3.4	6.5
Average Inflation (%)	22.3	19.8	19.8
Current Account (% GDP)	1.5	11.3	6.9

\*Inflation, GDP - INE; Current Account - BNA;  
\*\*BFA forecasts

**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\***

	28/05/21	7 days (p.p./%)	YTD Change (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.63%	0.16	3.38	-1.78
USD/AOA	642.2	-0.20%	-1.18%	11.60%
AOA/USD	0.00156	0.20%	1.20%	-10.40%
EUR/AOA	782.3	-0.47%	-1.81%	23.43%
EUR/USD	1.219	0.08%	-0.20%	10.07%
USD/ZAR	13.76	-1.41%	-6.33%	-21.40%

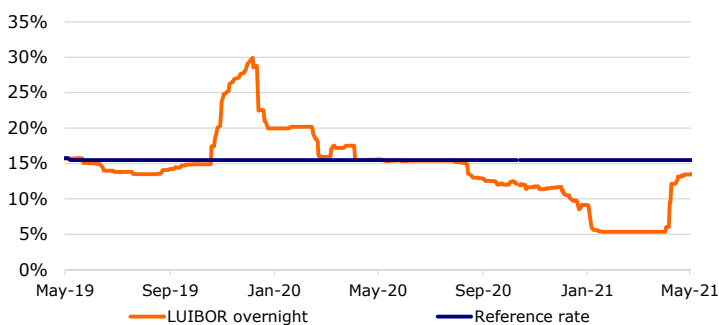
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

**Auctions of Treasury bonds and bills last week**

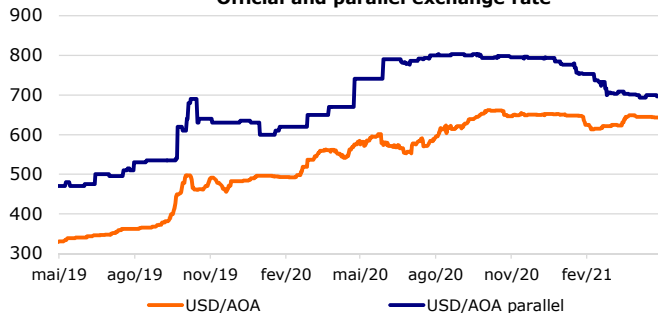
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.7%	18,735	1,600	1,600
OT 1.5 years	23.8%	18,735	1,600	1,600
OT 3 years	24.7%	15,000	1,103	1,103
OT 4 years	24.8%	10,170	2,787	2,787

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

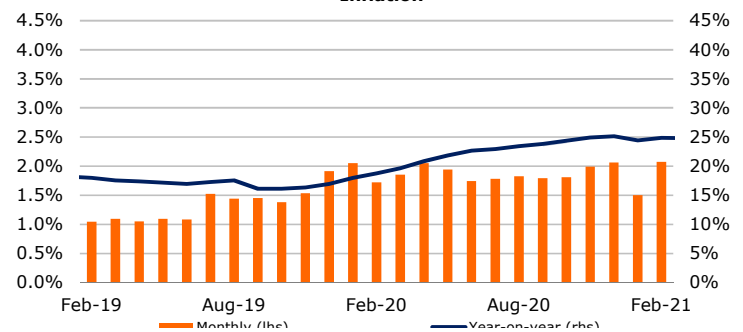
**Reference rate and interbank rate**



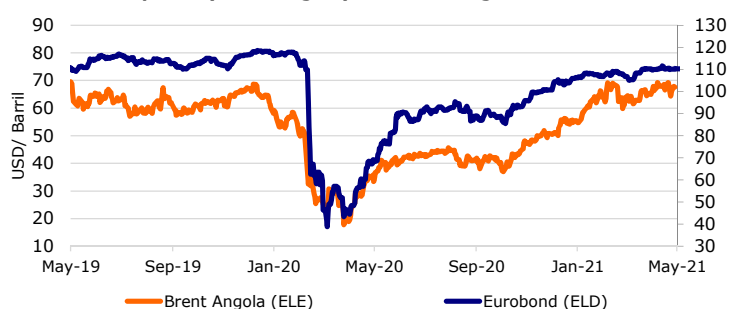
**Official and parallel exchange rate**



**Inflation**



**Oil prices (Brent Angola) and 2025 Angola Eurobond**



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