

Market Information

Industrial production fell 3.9% yoy in Q1 2021, according to INE data. The Industrial Production Index also revealed a year-on-year drop of 15.4% in employment and 16.9% in hours worked. The decrease was caused mostly by a 12.9% decrease in the output of extractive industries; in oil extraction, the decline stood at 17.8% yoy. On the other hand, manufacturing industries recorded a 10.4% increase in production, particularly due to a 12.2% rise in the manufacture of petroleum, chemical and other products, which should indicate an increase in refining activity. In addition, gas and steam electricity production and distribution increased by 15.5% yoy, in line with the collection, treatment and distribution of water and sanitation, which increased by 16.7%. **The numbers confirm the expectation that the 1st quarter should present a very significant drop in oil GDP, possibly above 15%.** On the side of the non-oil economy, our expectation is of a very slight downturn, with the growth of economic activity possibly starting in the 2nd quarter, which is now ending.

Sodiam raised USD 56.5 million in the 3rd special diamond auction, the highest amount to date. After 2 auctions in 2019 (which brought in close to USD 50 million put together), the pandemic led to a halt in auctions, which have now resumed. According to information in the weekly newspaper Expansão, the auction should have exceeded expectations, since, "when the auction was announced last May, Sodiam estimated value collected at around 22 to 30 million Euros." According to the SOE, 50 companies participated in the auction, including buyers from the world's main diamond markets. The auction took place online between the 9th and 23rd of June.

Sonangol has contracted Vitol and Totsa to import gasoline and diesel, respectively, over the next 12 months. According to the oil company, 9 firms participated in the tender (BP, Trafigura, Vitol, Gunvor, Idemitsu, Mercuria, Totsa, Galp and Gemcorp).

The beverage company Refriango closed an agreement to make use of Sodiba's factory, in Bom Jesus. The company clarified that the contract should allow the maintenance of jobs; Sodiba was one of the companies arrested in lawsuits aimed at fighting corruption, at the end of 2019.

Brent continues to record highs of the last 2.5 years, and is currently trading above USD 76, ahead of the OPEC+ meeting this Thursday. For now, the market seems to be comfortable with the possibility of an increase in production between 0.5-1.0 million barrels per day.

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Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	3.4	6.5
Average Inflation (%)	22.3	22.5	22.5
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*

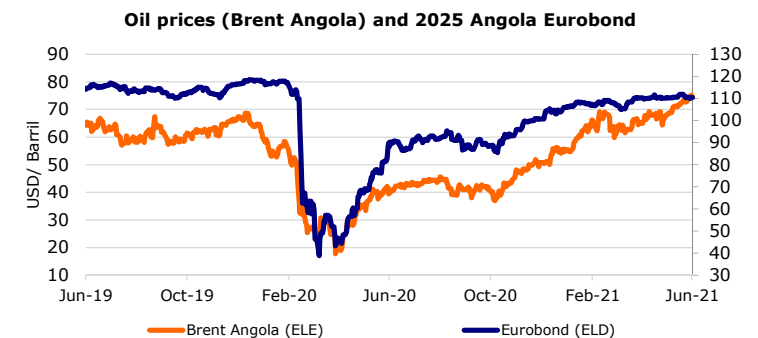
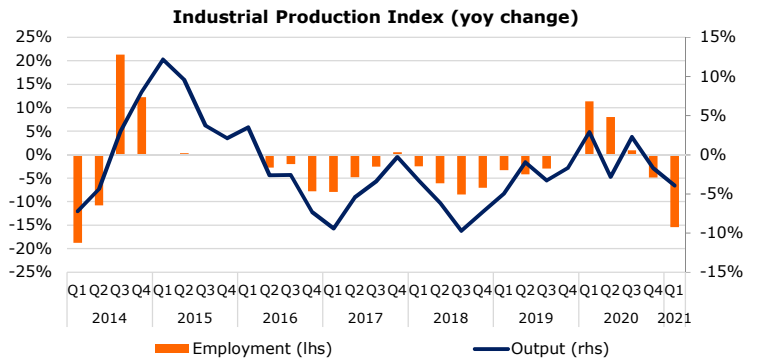
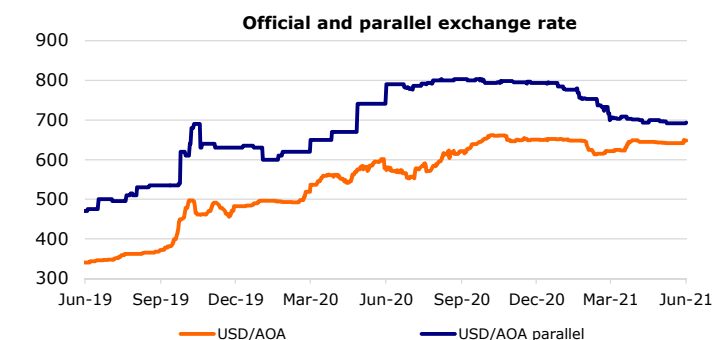
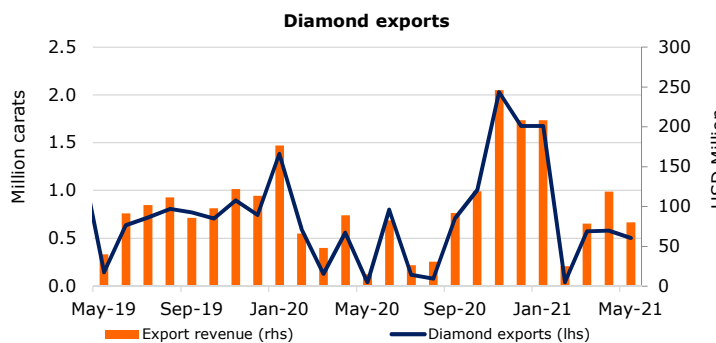
	25/06/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.78%	0.62	5.53	0.42
USD/AOA	648.0	0.93%	-0.29%	12.94%
AOA/USD	0.00154	-0.93%	0.29%	-11.46%
EUR/AOA	774.0	1.22%	-2.85%	20.24%
EUR/USD	1.194	0.66%	-2.24%	6.45%
USD/ZAR	14.11	-1.65%	-3.95%	-17.70%

*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%	14,736	11,854	11,854
OT 1.5 years	23.8%	15,000	21,834	21,834
OT 2 years	24.5%	7,855	6,813	6,813
OT 3 years	24.7%	13,799	4,720	4,720
OT 4 years	24.8%	13,740	500	500
OT 5 years	3.7%	34	34	34

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



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