

Market Information

In the first quarter of 2021, the current account showed a USD 1.97 billion surplus, an increase of 72.1% compared to the same period of the previous year. On the export side, even with the 17.4% drop in exported volume, there was a 5.7% yoy increase in crude oil sales (USD +371 million), as a result of the year-on-year increase in prices (+26.6% yoy). On the side of non-oil exports, there was an increase of 6.2% compared to the same period of the previous year, which was essentially due to the export of non-mineral products, which saw a year-on-year growth of 133%. Diamond sector exports declined by 5.2% yoy, with the volume exported down by 37.8%. With regard to imports of goods, there was a slight increase of 2% yoy to USD 2.5Bn. **While imports of consumer goods decreased by 3.4% yoy, there were increases in imports of intermediate goods (+1.5% yoy) and capital goods (+16.4% yoy).** Moreover, imports of services decreased 15.8% yoy. In the coming months, the current account balance is expected to show larger surpluses, due to the continuous increase in the price of oil in international markets.

At the monetary policy committee (CPM) held last Friday, the BNA decided to adjust some instruments to face the inflationary pressures registered in recent months. The CPM decided to increase the BNA rate from 15.5% to 20%, also increasing the Lending Facility interest rate from 19.88% to 25% and raising the interest rate on the 7-days Liquidity Absorption Standing Facility from 12% to 15%. With these measures, the BNA intends to reverse the trajectory of inflation, to reach the target for the end of 2021 (19.5%), and avoid the negative real interest rate scenario, given current inflation, significantly above 20%.

In the IMF report on the 5th Programme review, the institution stated it expects 2021 to be the first year of debt reduction as a percentage of GDP, from 135.1% at the end of 2020 to 113.3% at the end of this year. In addition, the Fund expects a very slight 0.1% recession this year, with a 7.0% drop in oil GDP and a 2.3% rise in non-oil GDP; at the moment, our expectation is for a start of a gradually stronger recovery in non-oil GDP, higher than expected by the IMF, and which should have already started sometime in the 2nd quarter, taking into account the current evolution of variables such as imports, bank payments and tax receipts. **Most of the objectives of the 5th review were met, with a somewhat slower progress in structural targets: only 2 out of 9 were met within the deadline.**

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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*

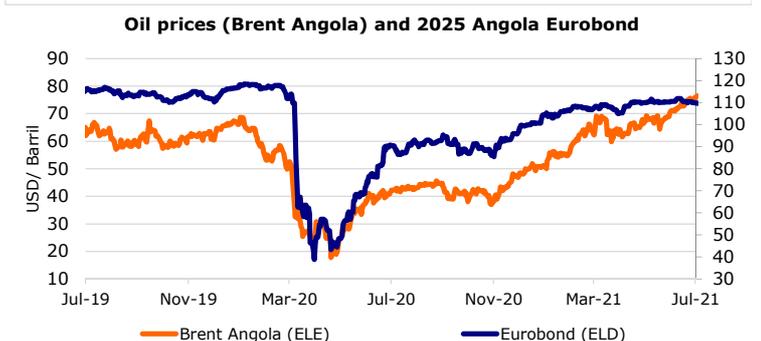
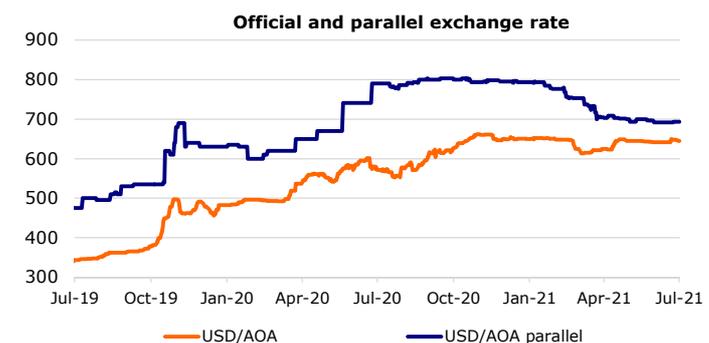
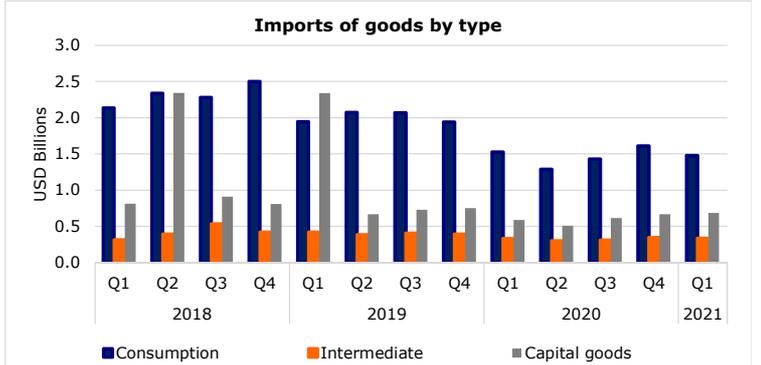
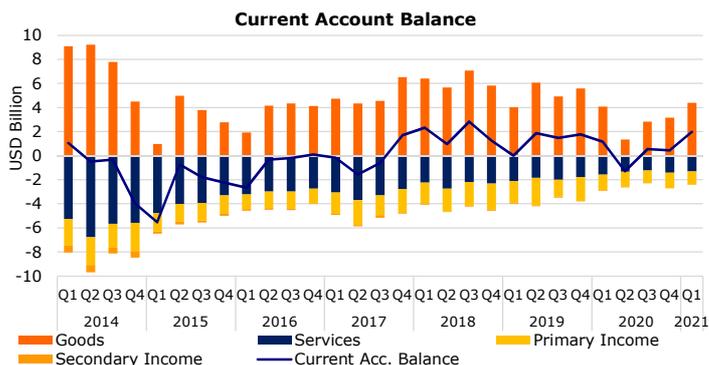
	02/07/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.94%	0.04	5.69	0.56
USD/AOA	645.0	-0.46%	-0.76%	12.88%
AOA/USD	0.00155	0.47%	0.76%	-11.41%
EUR/AOA	762.7	-1.46%	-4.27%	18.27%
EUR/USD	1.183	-0.92%	-3.20%	5.21%
USD/ZAR	14.50	2.47%	-1.35%	-14.58%

*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%	5,000	3,829	3,829
OT 1.5 years	23.8%	9,000	12,640	12,640

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