

Market Information

Net International Reserves stood at USD 8.3bn in July, only around USD 30 million lower than in June. The figure represents just under 7 months of future imports, a relatively comfortable level. Gross International Reserves ended the month at USD 15.1bn, slightly higher than the USD 14.9bn recorded at the end of 2020. Our expectation is that reserves will register a moderate increase until the end of 2021, in line with the projected current account surplus, together with some financing expected during this 2nd semester, such as a USD 700 million tranche in budget support from the World Bank.

According to BNA data and BFA calculations, imports have posted a real year-on-year increase of 27.1% in the 2nd quarter, when measured in Kwanzas. The real change, which takes into account the effect of inflation, was above the year-on-year increase of 6.1% recorded in the 1st quarter, thus pointing to an acceleration of economic activity, particularly in the non-oil sector. There are two other indicators that point in the same direction: both oil tax revenues and the combined amount of cash withdrawals and transactions at POS terminals increased in real year-on-year terms for the first quarter since the beginning of 2020; oil revenues increased 25.2% yoy in the quarter (-42.6% in Q1 2021), in real terms, while transactions and withdrawals rose 11.4% yoy (-5.6% in Q1 2021), in real terms. **The increase in imports is concentrated in non-food goods, as purchases of food abroad decreased by 15.4% yoy in real terms between April and June.** At the same time, exports increased by 96.8% yoy in real terms: crude oil exports rose by 95.1%, while diamond sales abroad increased by 172.3%; the remaining exports rose 75.4% (3rd consecutive quarter of increase).

A USD 500 million Framework Financing Agreement between the State and Société Générale was approved. The agreement should serve, like other existing external financing lines, to finance various public investment projects over the next few years.

The price of oil is currently facing a significant drop, close to 4.0% at midday Monday, with Brent trading around USD 68. Stronger concerns are beginning to emerge about the effects of the Delta variant in Asian countries, including China, which could fight the pandemic with tighter restrictions again. At the same time, the IPCC's new climate change report is also hurting appetite for the commodity.

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Indicator	2020*	2021**	2022**
GDP change (%)	-5.4	2.9	7.3
Average Inflation (%)	22.3	22.5	22.5
Current Account (% GDP)	1.5	9.1	6.0

*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*

	08/08/21	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.82%	0.11	6.57	1.42
USD/AOA	638.6	-0.07%	-1.75%	10.98%
AOA/USD	0.00157	0.07%	1.78%	-9.89%
EUR/AOA	759.1	0.70%	-4.72%	12.36%
EUR/USD	1.186	0.40%	-2.88%	0.87%
USD/ZAR	14.31	-3.22%	-2.60%	-16.76%

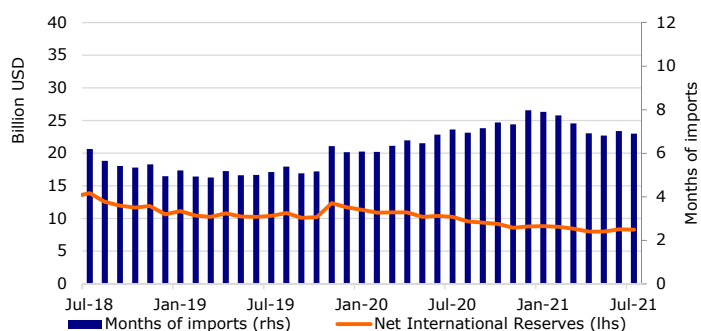
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

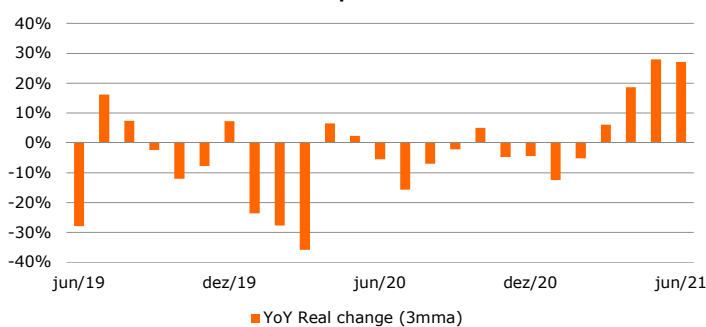
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17.5%	5,000	12,428	12,428
OT 1.5 years	23.8%	5,000	4,426	4,426
OT 3 years	24.7%	5,000	3,150	3,150
OT USD 4 years	5.2%	14	14	14
OT USD 5 years	5.9%	14	14	14

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

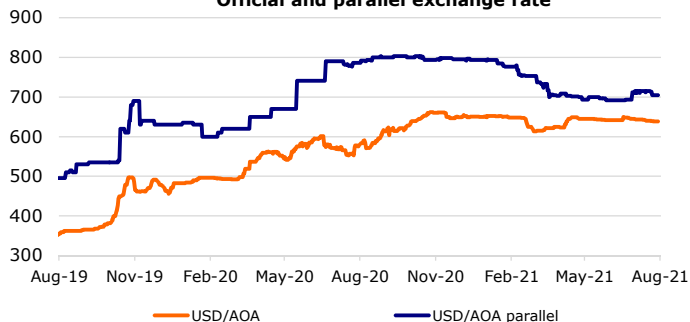
International Reserves and months of imports



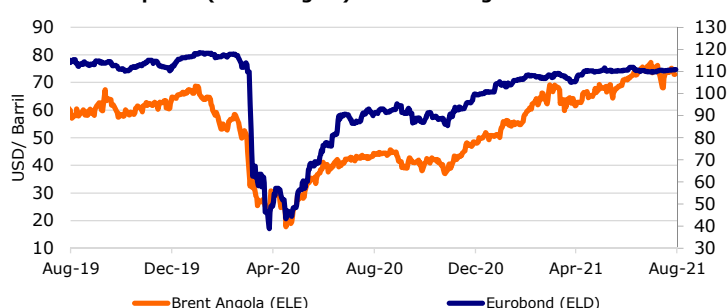
Imports



Official and parallel exchange rate



Oil prices (Brent Angola) and 2025 Angola Eurobond



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