

Market Information

Moody's raised Angola's rating from Caa1 to B3 last week and maintained a stable outlook. According to the agency, there has been an improvement in the quality of executive and legislative institutions, while fiscal metrics, liquidity and financing risks should improve. If Brent prices remain at current levels, Moody's estimates that by the end of the year the debt will drop below 95% of GDP and continue declining to under 60% of GDP by 2025. On the external sector side, the agency expects the current account surplus to exceed 5% of GDP this year and remain positive for the coming years, as a result of the strong and sustained reduction in imports. Regarding Gross International Reserves, these are expected to end the year above USD 16Bn, likely reaching USD 21Bn in 2025. Among the factors that could contribute to an upgrade of the rating, Moody's mentions: an improvement faster than currently expected of Angola's fiscal metrics; recovery of foreign currency reserves and stronger-than-expected non-oil GDP growth; improvement in the quality of Angola's institutional framework and governance. In our perspective, a future rating increase could take place as early as next year if the Brent price remains at current levels and the 2022 State Budget remains as prudent as this year's.

Year-on-year inflation rose to 26.09% in August, the 5th consecutive month of increase and the highest value since October 2017. Between July and August, prices increased by 2.13%, driven in particular by food and non-alcoholic beverages, which recorded a monthly increase of 2.67%. We hope that with the suspension of payment of customs duties on some products could slow down the increases in food prices by the end of the year.

In the first 8 months of the year, the volume of crude exported registered a year-on-year drop of 14%, at an average value of 1.13 million barrels per day (mbd). According to the Ministry of Finance, 1.13 mbd were exported in August, an increase of 1.5% compared to July and the highest value since May. Since the beginning of the year, the average export price has stood at USD 62.7 (+47.2% yoy). On the export earnings side, Angolan oil yielded USD 17.2Bn during the period, a year-on-year increase of 25.2%. With regard to tax revenues, the State collected around USD 5.67Bn from January through August, a year-on-year increase of 13.2%.

According to INE data, exports of goods in Q2 2021 stood at USD 7.95Bn, an increase of 121% yoy. For the first 6 months of the year, the increase was 46.5% yoy, for a total of USD 14.96Bn. **On the import side, there was an increase of 33.3% in Q2 2021 to USD 2.7Bn.** In total for the 1st semester, imports amounted to USD 5.2Bn, a year-on-year increase of 16.2%. **As a result, the balance of trade in goods was positive by USD 5.2Bn in Q2 - this represents a year-on-year increase of USD 3.67Bn.** For the first half of 2021, the trade balance was positive by USD 9.8Bn, a year-on-year increase of 70.2%.

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Indicator	2020*	2021**	2022**
GDP change (%)	-5,4	2,1	4,8
Average Inflation (%)	22,3	24,3	24,3
Current Account (% GDP)	1,5	9,3	5,8

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

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	B3	Stable	13/09/21
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

	16/09/21	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	17,17%	0,03	6,92	3,84
USD/AOA	625,3	-1,22%	-3,79%	3,62%
AOA/USD	0,00160	1,23%	3,94%	-3,50%
EUR/AOA	739,7	-1,58%	-7,15%	1,55%
EUR/USD	1,183	-0,40%	-3,14%	0,15%
USD/ZAR	14,13	-1,29%	-3,86%	-16,44%

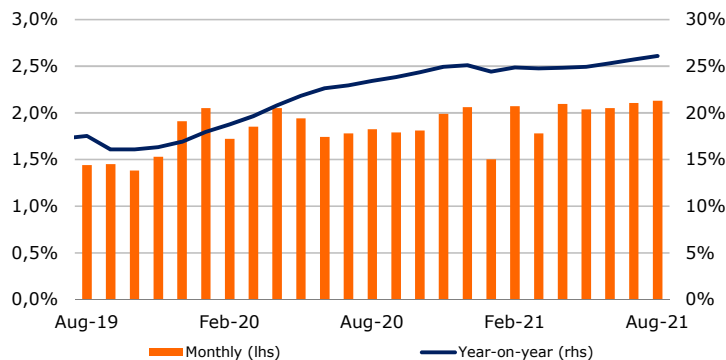
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

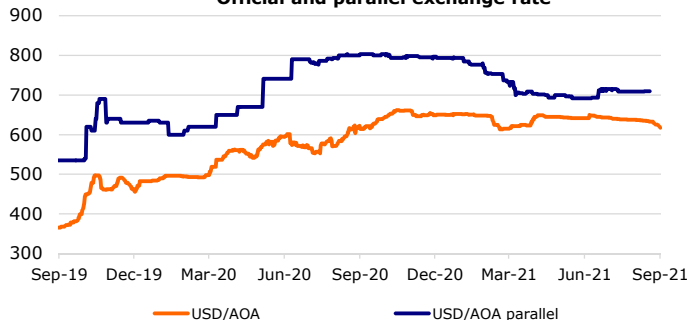
Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	17,5%	5.000	6.437	6.437
OT 1.5 years	23,8%	21.281	22.342	22.342
OT 2 years	24,5%	5.000	5.521	5.521
OT 4 years	24,8%	10.000	11.144	11.144
OT 5 years	25,0%	10.000	14.203	14.203
OT USD (3 years)	4,5%	1,00	0,06	0,06

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

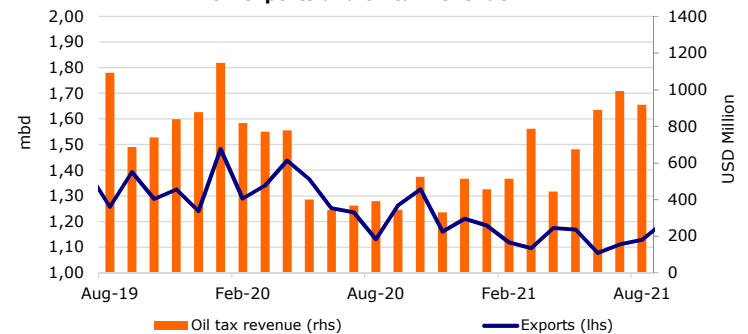
Inflation



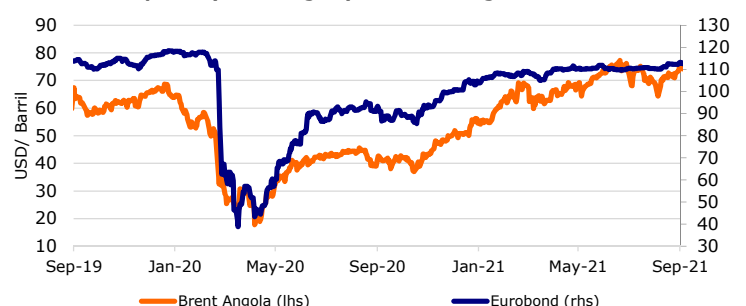
Official and parallel exchange rate



Oil exports and oil tax revenue



Oil prices (Brent Angola) and 2025 Angola Eurobond



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