

Market Information

Year-on-year national inflation accelerated in August to 17.50%, an increase of 27 basis points (bp) from July. Monthly inflation was 1.44%, 8 bp lower than in July (1.52%), but well above the average in the first half of the year. This increase was due in particular to Food and Non-Alcoholic Beverages, and to Housing, Electricity, Water and Fuel. On the other hand, some components, such as Clothing and Footwear, and also Transport, broke a previous downward inflation trend in August. **We expect average inflation to end 2019 a little above 17%.**

In the foreign exchange market, the Kwanza remained stable against the Dollar, appreciating slightly against the Euro, as a result of the EUR/USD fluctuation. In the parallel market, the USD/AOA exchange rate rose slightly to USD/AOA 535, according to Kinguila Hoje - keeping the exchange rate difference between both markets at around 46%.

The first batch of five industrial units of the Zona Económica Especial (ZEE) was sold, yielding AOA 4.5 billion (USD 12.3 million) to the State - about 31% of the initial valuation. The second privatization phase of ZEE units includes 25 other projects.

According to a UN report, Angola is the 149th country (out of 162) in terms of sustainable development. The report assesses the performance of countries against 17 sustainable development goals (SDGs) assumed four years ago in the 2030 Agenda. With an average of 51.3 points out of 100, the country is below the African average (53.8 points), although better than in 2018 (49.6 points).

On the international market, Brent prices have skyrocketed to around USD 70 following a drone attack on oil infrastructure in Saudi Arabia, affecting about 5% of world production capacity - after the initial reaction, Brent now quotes around USD 64-65. On the other hand, last week the Organization of Petroleum Exporting Countries (OPEC) and its partners revised down the oil consumption estimates for 2019 and 2020. In a more optimistic tone, the International Energy Agency (IEA) has also kept its estimates for oil demand for 2019 and 2020, due to signs of accelerating consumption. According to official gazette, the Executive authorized the transfer of a 4% share of Block 18's Production Sharing Agreement from BP to Sonangol.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	-0.1	2.0
Average Inflation (%)	19.6	17.0	15
Current Account (% GDP)	7.0	0.8	-0.3

*GDP - IMF forecast; Inflation - INE; Current Account - BNA with BFA calc.
** Average of forecasts from Bloomberg

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B	Negative	12/07/19
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Negative	08/02/19

Monetary and ForEx data*

	13/09/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.72%	0.22	-3.03	-2.77
USD/AOA	365.7	0.00%	18.49%	27.59%
AOA/USD	0.00273	0.00%	-15.61%	-21.62%
EUR/AOA	406.0	0.68%	15.02%	21.91%
EUR/USD	1.110	0.64%	-3.20%	-5.05%
USD/ZAR	14.52	-1.91%	1.22%	-1.69%

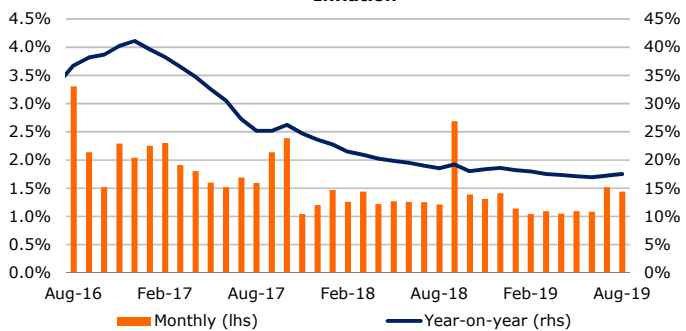
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

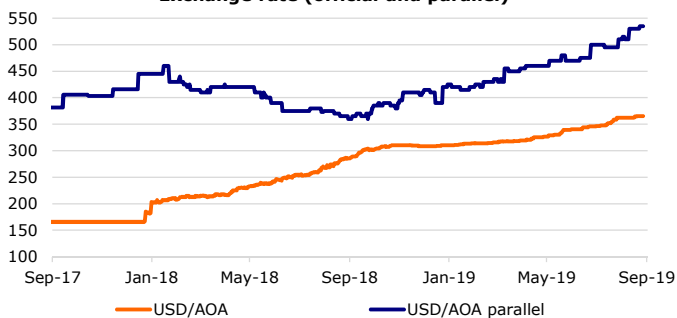
Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.68%	28,174	129	129

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanza. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

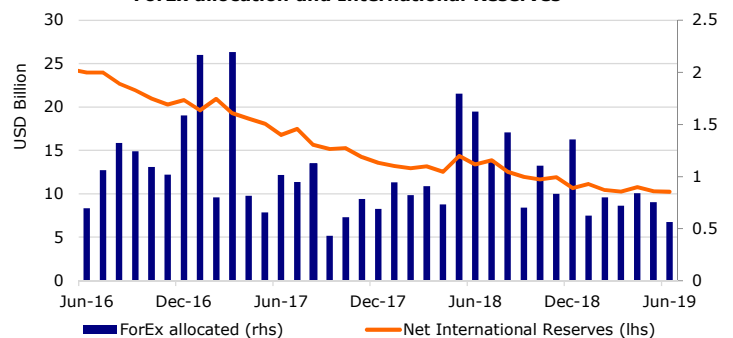
Inflation



Exchange rate (official and parallel)



ForEx allocation and International Reserves



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry