

## Market Information

**After serving as Secretary of State for Treasury and Finance for two years, Vera Daves was appointed Minister of Finance.** One of the main challenges facing the new minister is the Privatization Plan (Propriv); on the other hand, the recently approved Global Medium Term Program for Sovereign Debt Securities issuance foresees a new issuance of Eurobonds in the near future, possibly in early 2020.

**Year-on-year national inflation decelerated in September to 16.08%, a decrease of 1.42 percentage points (pp) compared to August - lowest since January 2016.** Monthly inflation was 1.45%, 1 basis point above that of August (1.44%). The increase in monthly inflation resulted from price changes in the apparel & footwear, health and recreation & leisure category. We expect annual inflation to be above 17% by the end of 2019.

**Net International Reserves (NIR) increased by USD 405 million in August to USD 10.8 billion (Bn) - the highest since January this year.** Compared to December 2018, NIR increased by USD 160 million, an average increase of USD 20 million per month; In the same period of 2018, reserves saw a monthly average drop of USD 81 million. Year-on-year, NIR fell by USD 1.7 Bn. **For December 2019, the minimum limit agreed with the IMF is USD 9.1 Bn.**

**Between January and September 2019, USD 6.9 Bn in foreign currency was sold to national banks by the central bank, -32.2% yoy.** In September, USD 970 million were allocated, USD 225 million more than in August and an increase of 38.5% compared to the same period of 2018. **In the foreign exchange market, the Kwana depreciated sharply against international currencies and lost 4.63% against the Dollar and 5.09% against the euro.** In the parallel market, the Kwana remained stable against international currencies - quoted today at USD/AOA 535, according to *Kinguilahoje*; thus the difference between parallel and official exchange rates has shrunk to 33.9% - the lowest since February 2019.

**According to data published by Minfin, in the first 8 months of the year Angola exported 5.1 million carats in diamonds, down 16% from 2018.** However, the higher export price (USD 147.0 in 2019 compared with USD 132.5 in 2018) led to export earnings being only 6.7% lower. In terms of tax revenue, the Government raised around USD 62 million in the first 8 months of the year, a 1.4% year-on-year increase.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	-0.1	2.0
Average Inflation (%)	19.6	17.0	15.0
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\*

	11/10/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	14.77%	0.38	-1.98	-1.90
USD/AOA	399.6	4.86%	29.48%	32.27%
AOA/USD	0.00250	-4.63%	-22.77%	-24.40%
EUR/AOA	440.8	5.37%	24.87%	26.40%
EUR/USD	1.105	0.61%	-3.67%	-4.72%
USD/ZAR	14.82	-1.53%	3.30%	1.28%

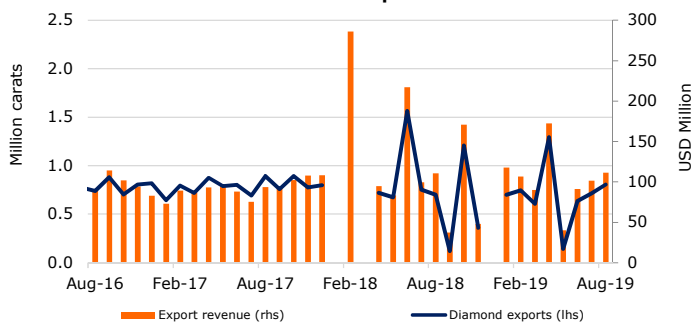
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwana; the change of AOA/USD shows the appreciation/depreciation of the Kwana against the USD.

## Auctions of Treasury bonds and bills last week

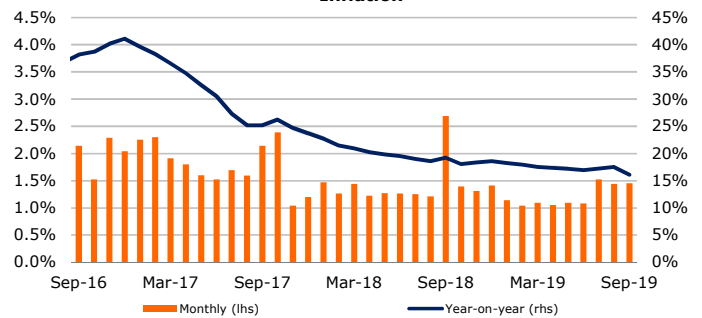
Maturity	Rate	Supply	Demand	Allocated
BT (6 months)	12.00%	20,000	1,539	1,000
BT (1 year)	14.68%	20,000	23	23

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

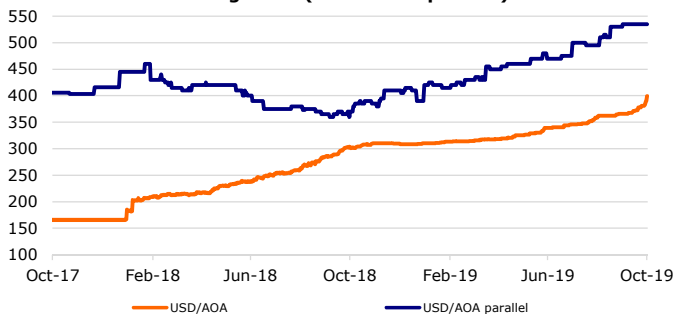
Diamond exports



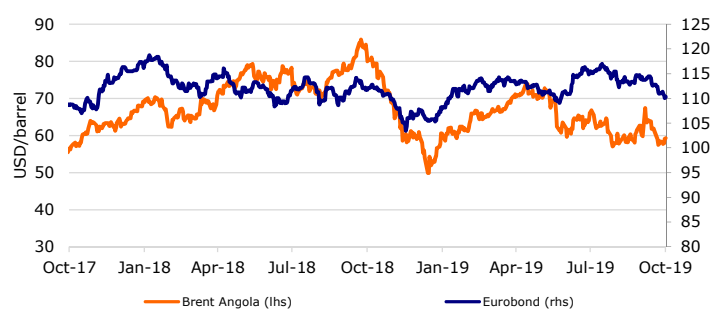
Inflation



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry