

Market Information

Annual inflation rose to 20.8% in April, increasing for the 6th month in a row and the highest value since March 2018. According to INE data, between March and April, prices rose 2.05%, an increase of 20 bp compared to March (1.85%). The increase was particularly high in Food, Alcoholic Beverages/Tobacco and Health, whose prices rose 3.15%, 2.47% and 2.04%, respectively. The continued depreciation of the Kwanza is expected to keep monthly inflation accelerating above 2% in May, with annual inflation expected to exceed 21%.

According to BNA data, just over USD 188 million in foreign exchange (-77.6% yoy) were sold to retail banks in April, a minimum since June 2005. Together with forex sold directly by oil operators (which since the beginning of 2020 are able to sell foreign currency directly to banks, banks bought USD 411 million (-51.1% yoy). In the first 4 months of the year, USD 3.0 billion (Bn) were sold (by BNA and oil operators), just 0.8% above the amount sold between January and April 2019. **In the foreign exchange market, the Kwanza depreciated 3.8% against the dollar having closed the week at USD/AOA 562.7.** In the parallel market, the Dollar is trading at AOA 670, according to Kinguila Hoje; this translates to a gap just above 19%.

The central bank has already carried out the first liquidity-providing operations directly to SMEs, having bought AOA 6.9 Bn of securities from 16 companies up until May 13; the line is able to buy up to AOA 100 Bn, under regulation 06/2020.

Among the main banks with known 2019 annual reports, BFA recorded the highest earnings, at USD 0.35Bn, with USD 32 million recognized in earnings from previous years; BAI posted around USD 0.33Bn in profit, while SBA and BMA made a profit of USD 0.09Bn and USD 0.08Bn, respectively. With the exception of BAI, the other 3 banks recorded declines in profits. On the other hand, BPC ended 2019 with a loss of more than USD 0.4 Bn. Non-performing loans represent 95% of total credit, with the bank recording 96.8% of credit as impairment; the recording of these impairments in 2019 is responsible for the large part of negative earnings late year.

The licenses resulting from the international mining rights tender were awarded to Cimenfort (Angola) and Mimbos Resources (Australia) for phosphate, and to the Bizzi/Somipa (Angola/Brazil) joint venture and Ishangol (USA) for diamonds. No iron exploration license was issued.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	0.3	1
Average Inflation (%)	17.2	24.1	18.0
Current Account (% GDP)	5.8	-1.3	-1.5

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

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Stable	09/03/20
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Negative	11/02/20

Monetary and ForEx data*

	Change			
	15/05/20	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.54%	0.02	-13.28	-0.19
USD/AOA	562.7	3.92%	16.70%	72.29%
AOA/USD	0.00178	-3.77%	-14.31%	-41.96%
EUR/AOA	608.4	3.61%	12.49%	66.12%
EUR/USD	1.082	-0.18%	-3.50%	-3.17%
USD/ZAR	18.59	1.32%	32.79%	30.10%

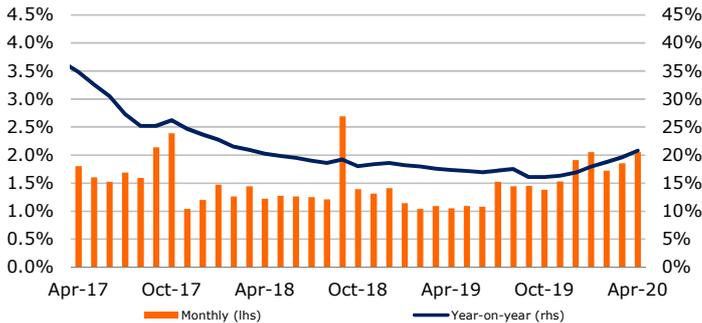
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

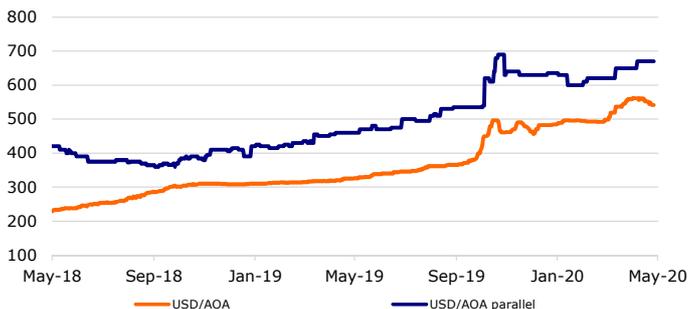
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	16.00%	19,964	2,097	2,097
BT (6 months)	16.50%	7,000	218	218
BT (12 months)	18.50%	19,597	1,649	1,649
OT (2 years)	23.50%	11,312	3,838	3,838
OT (3 years)	23.50%	14,201	29,008	29,008
OT (4 years)	24.50%	11,680	1,077	1,077

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

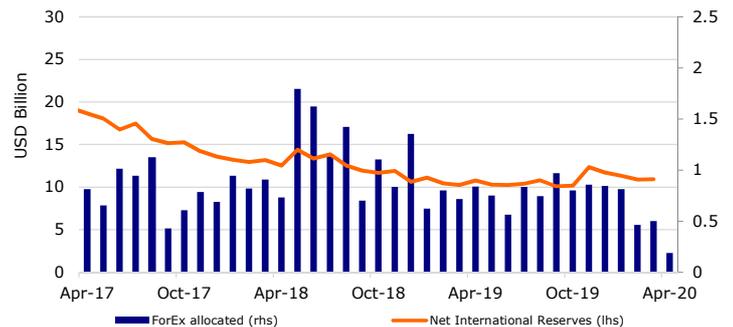
Inflation



Exchange rate (Official and parallel)



ForEx allocation and International Reserves



Oil price (Brent Angola) and Eurobond 2025



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