

## Angola Weekly | 08/06

### Market Information

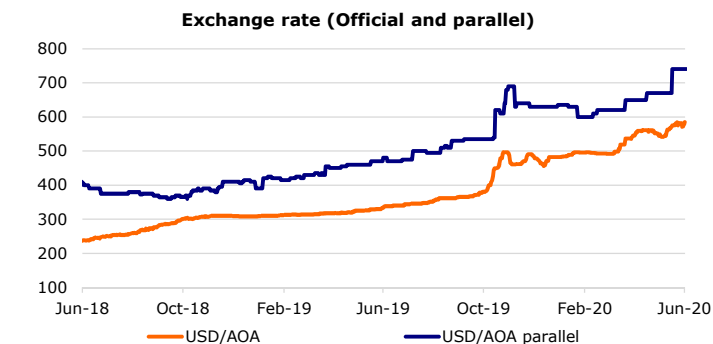
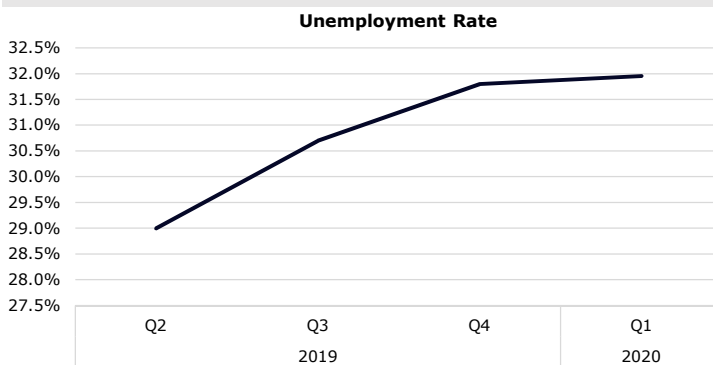
**The unemployment rate rose again in the first quarter, to 32%, 0.2 percentage points (pp) higher than in Q4 2019.** Even so, the increase was slighter than in the previous quarters. In urban areas, unemployment worsened to 45.3% (+3.0pp); on the other hand, in rural areas, unemployment fell by 4.4pp qoq, to 12.6%. By gender, there was a decrease of 0.7pp (32.8%) in unemployment among women and an increase of 1.0pp in male unemployment (31.0%).

**The Ministry of Finance (MinFin) announced last week that it is in an advanced stage of negotiations with some of its oil importing partners to reschedule financing.** MinFin also announced that it has resorted to the G20 Debt Suspension initiative, in order to achieve the suspension of debt service in bilateral loans. This would bring about significant relief that would prove to be fundamental to free the country from financial and external accounts pressure in the short term, releasing funds to deal with the effects of Covid-19 in the country. **China - Angola's main creditors are Chinese entities - has confirmed that it is in talks with Angola.**

**According to the 2019 BNA annual report, the assets of the banking system were valued at AOA 15.8 trillion (+22.2% yoy), with banks recording an overall loss of AOA -117.5 billion (Bn).** According to the central bank, non-performing loans increased to AOA 1.6 trillion (+42.5%), representing 32.5% of gross loans. On the other hand, banks' loan-to-deposit ratio dropped 2.3pp to 41.9%; the solvency ratio also fell by 2.4pp to just over 23%. **According to the public bank BPC's chairman, the bank is expected to post losses later this year, returning to profits in 2021 - BPC recorded AOA 404.7Bn in losses in 2019.** In addition, IGAPE's entry into the bank's shareholding structure was disclosed; it holds 37.3%, with the State directly holding 53.3%, and other public entities with 8.9%.

**According to information on the BNA website, Net International Reserves fell to USD 10.3Bn in May, minus USD 662 million compared to April.**

**In international markets, Brent prices recovered, having closed the week at around USD 42 - the highest since the beginning of March.** The increase was caused by hopes that the OPEC+ meeting could extend the period of production cuts previously announced for another month until the end of July; during the weekend, these expectations were confirmed.



### Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-2.3	0.9
Average Inflation (%)	17.2	27.5	20.0
Current Account (% GDP)	5.8	-6.95	-5.2

\*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\*

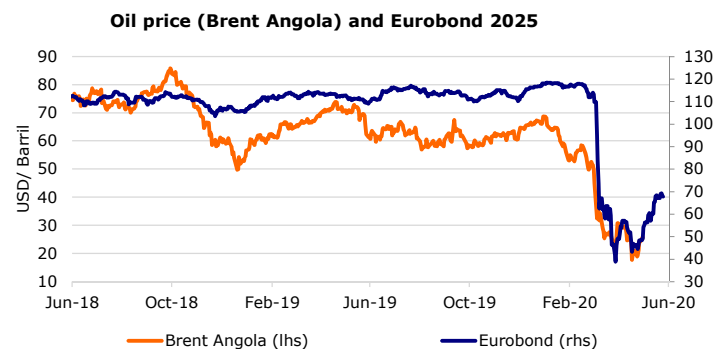
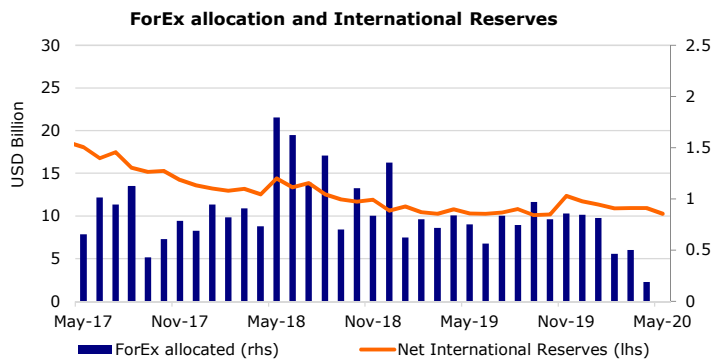
	05/06/20	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.40%	-0.01	-13.42	-0.34
USD/AOA	585.3	0.58%	21.37%	73.84%
AOA/USD	0.00171	-0.57%	-17.61%	-42.48%
EUR/AOA	664.1	2.78%	22.80%	75.54%
EUR/USD	1.129	1.72%	0.70%	0.14%
USD/ZAR	16.88	-3.80%	20.56%	12.56%

\*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 (3 months)	16.00%	10,000	1,001	1,001
BT (6 months)	17.50%	19,996	73	73
BT (12 months)	18.50%	10,000	158	158
OT (2 years)	22.50%	10,000	2,500	2,500
OT (3 years)	23.50%	18,750	24,250	24,250

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



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