

Market Information

Net International Reserves (NIR) fell by USD 689 million in May - to USD 10.2 billion (Bn). Since the beginning of the year, NIRs have dropped around USD 1.5Bn, which corresponds to an average decline of USD 0.3Bn per month. In the same period of 2019, NIRs saw a slow decline, below USD 0.1Bn per month. Still, the May figure is only USD 57 million below the value recorded in May 2019. **Last month, USD 0.35Bn in foreign currency were sold to banks by the Angolan central bank, an increase of USD 0.16Bn compared to April, but well below the Q1 average (USD 0.60Bn).** In the first 5 months of the year, the BNA sold -37.7% yoy in foreign currency (USD 2.3Bn), a decrease offset at the beginning of the year by the start of direct sales by oil firms. Even so, the total foreign exchange sales to the market also decreased: in April and May, USD 0.41Bn and 0.48Bn were sold, respectively, slightly more than half of the USD 0.82Bn average in the 12 previous months. **In the forex market, the week was marked by an appreciation of the Kwanza against the Dollar (+3.7%) and the Euro (+3.6%).** Thus, the Angolan currency traded on Friday USD/AOA 580.0 and EUR/AOA 651.0. In the parallel market, the Kwanza depreciated significantly, being traded at USD/AOA 790, according to Kinguila Hoje; thus, the gap against the reference rate stood at 36%.

Last week, the Economic Commission of the Council of Ministers analyzed the Revised Budget Proposal for 2020 - the proposal will go to Parliament this week. According to the press release, the Government is assuming an average price of USD 33 a barrel of oil; at the same time, we also see a downward revision of the oil volume assumption as very likely, given the new OPEC agreement quota and the stop in new investments by oil operators. Parliament recently approved amendments to the Property Tax and the Motor Vehicle Tax: the main changes broaden the tax base - for example, unproductive agricultural land, or luxury vehicles, such as aircraft and recreation boats, are to be taxed.

According to news reports in the press, Angola and China are close to an agreement for a debt moratorium. As reported by Expansão, the agreement should also include commercial debt, a fundamental point given the large chunk of debt owed to China Development Bank (which is not bilateral), around USD 15Bn - the bank is the largest individual creditor of the Angolan State. Also according to the newspaper, a dispute remained over the duration of the moratorium, either 3 or 5 years, with the Government obviously pushing for a longer period. It is likely that the agreement is still under discussion - it is a key condition for the IMF revision to be approved, and the IMF Board is not scheduled to meet over this issue at least for the next week.

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-2.25	0.95
Average Inflation (%)	17.2	25.0	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	06/03/20
Moody's	B3 *-	-	31/03/20
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

	26/06/20	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.39%	0.03	-13.43	0.38
USD/AOA	580.0	-3.54%	20.28%	70.46%
AOA/USD	0.00172	3.67%	-16.86%	-41.34%
EUR/AOA	651.0	-3.50%	20.36%	68.13%
EUR/USD	1.122	0.37%	0.05%	-1.32%
USD/ZAR	17.30	-0.21%	23.54%	22.07%

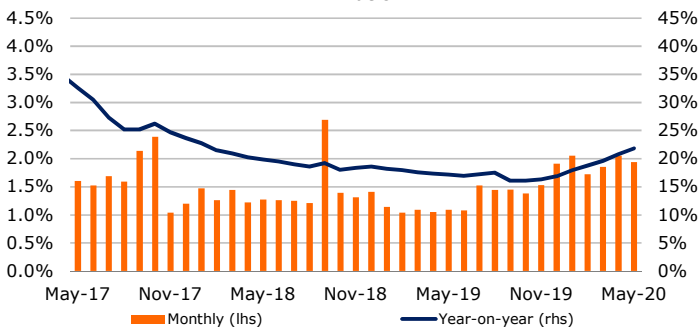
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

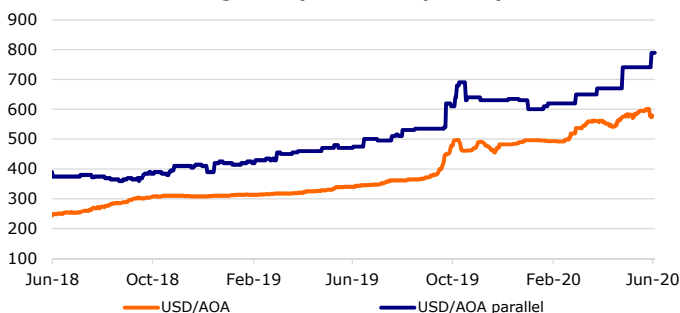
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	16.00%	7,707	6,688	6,688
BT (12 months)	18.50%	8,591	600	600
OT (2 years)	22.50%	5,432	1,512	1,512
OT (3 years)	24.00%	8,282	4,268	4,268
OT (4 years)	24.50%	9,823	24,796	24,796

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

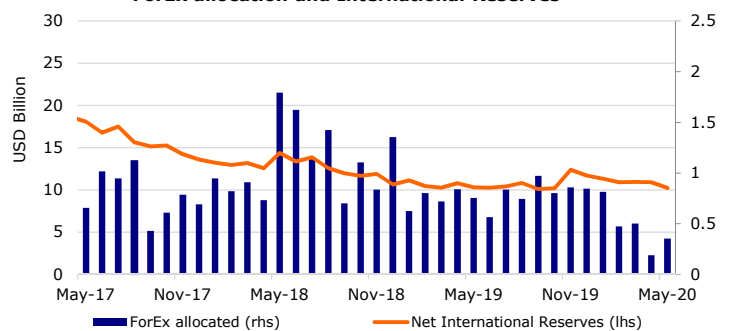
Inflation



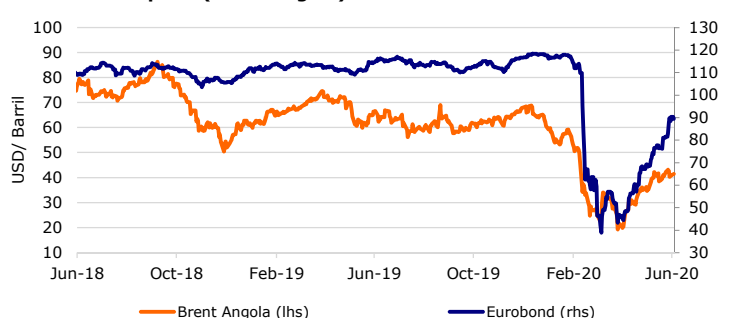
Exchange rate (Official and parallel)



ForEx allocation and International Reserves



Oil price (Brent Angola) and Eurobond 2025



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