

Market Information

The BNA's Monetary Policy Committee kept the BNA Rate unchanged, announcing a custody fee on banks' excess liquidity, in order to encourage the granting of credit. The central bank kept the Overnight Lending Facility at AOA 100 billion (Bn). On the other hand, given the decision to call a shareholders' meeting for the voluntary dissolution of Banco Kwanza Investe, BNA ordered the bank to refrain from receiving new deposits, among other decisions.

According to Bloomberg, the IMF postponed the decision scheduled for last Friday, on the 3rd Review of the Extended Arrangement under the Extended Fund Facility, until at least the second half of August - when the Executive Board of the IMF meets again. At stake are the issues related to debt default agreements with creditors. This is a very damaging postponement for the country, as the validation of this assessment could bring about USD 0.8Bn in budgetary financing (including 0.35Bn due to a loan extension), and also providing foreign currency to the country. In this sense, the delay in this budget support worsens the Treasury's liquidity situation; similarly, a delay in the entry of these currencies prevents the relief of some existing pressure for depreciation of the Kwanza, at a time where forex inflows from oil transactions will be at the lowest level in 2020.

The Revised State Budget (OGE) for 2020 received final approval last Tuesday, assuming a Brent reference price of USD 33, and an oil production of 1.284 million barrels per day. The new OGE forecasts budgetary revenue of around AOA 6.1 trillion, a reduction of 29% compared to the previous State Budget. The decrease is mainly due to oil tax revenue, which will be reduced to almost half of the initial forecast, according to the Ministry of Finance. On the other hand, budgetary expenditure will reduce by only 9%, with the biggest drops occurring in interest expenses (-20%) and in purchases of goods and services (-14%). Thus, the budget balance, which in the previous forecast would be positive, at around 1.2% of GDP, is now expected to be negative, at 3.1% of GDP, with the Government spending AOA 1.3 trillion more than what it hopes to raise from budget revenue. This decision is made possible only due to savings in financial expenses, with a projected savings of AOA 1.3 trillion in capital repayments abroad, resulting from negotiations with creditors. **The new Income Tax table will come into force in September, after publication in Diário da República - there are now 13 levels with rates between 10-25%, making the tax more progressive, increasing taxation at the highest levels and increasing the level at which the tax is paid.**

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-2.25	0.85
Average Inflation (%)	17.2	24.0	19.3
Current Account (% GDP)	5.8	-6.4	-4.7

*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	Under Review	31/03/20
Standard & Poor's	CCC+	Stable	26/03/20

Monetary and ForEx data*

	31/07/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.40%	0.01	-13.42	1.60
USD/AOA	577.8	3.77%	19.81%	64.19%
AOA/USD	0.00173	-3.64%	-16.54%	-39.10%
EUR/AOA	668.8	3.55%	23.66%	72.23%
EUR/USD	1.178	1.05%	5.04%	6.25%
USD/ZAR	17.07	2.49%	21.94%	16.39%

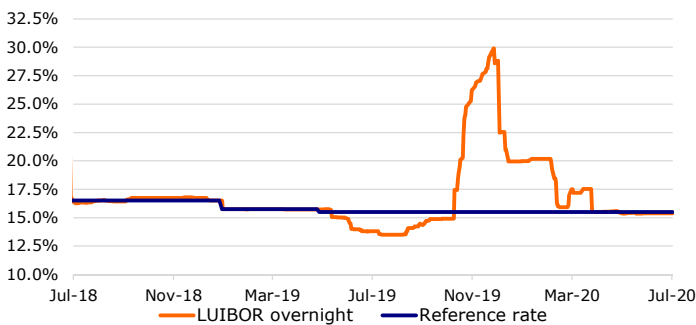
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

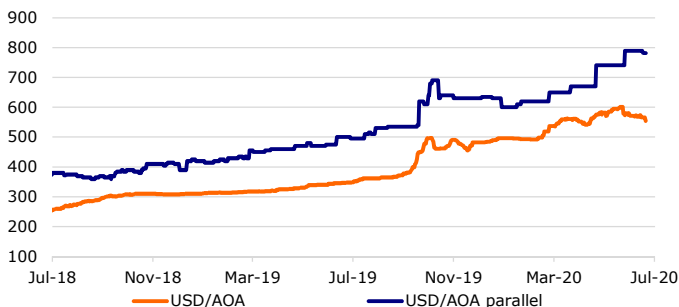
Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	17.1%	10,000	4,014	4,014
BT (9 months)	17.5%	6,229	3,075	3,075
BT (12 months)	18.6%	9,029	4,120	4,120
OT (2 years)	23.5%	7,832	546	546
OT (2 years)	24.5%	6,713	702	702
OT (4 years)	24.5%	2,587	405	405

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

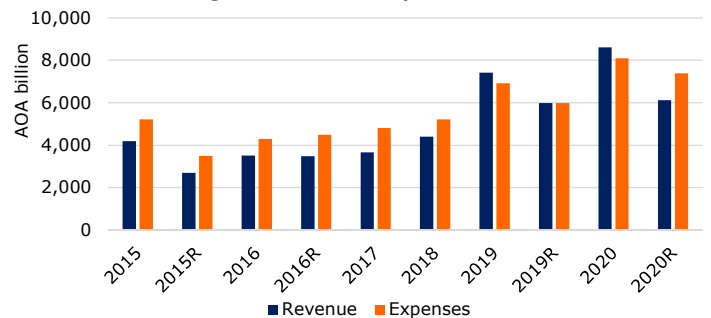
Reference rate and interbank rate



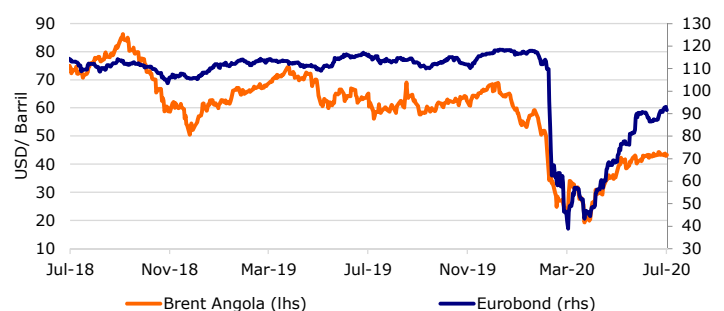
Exchange rate (Official and parallel)



Budget Revenue and Expenses



Oil price (Brent Angola) and Eurobond 2025



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