

Market Information

Annual inflation rose to 23.0% in July, the 9th consecutive month of increase and the highest reading since December 2017. Between June and July, prices rose 1.78%, a decrease of 4 basis points (bp) relative to what was recorded in June. Hotels, Cafes & Restaurants, Food, and Alcoholic Drinks & Tobacco posted the largest monthly changes: 2.23%, 2.13% and 1.96%, respectively. We expect to see continued growth in inflation in the coming months, albeit possibly milder, given the relatively more benign outlook for the the exchange rate until the end of the year.

According to INE data, the unemployment rate rose again in the 2nd quarter, to 32.7%, 0.7pp above Q1 2020 - and 4.0pp above the same period last year. This is the fourth quarter of increase, with the unemployment rate rising since the beginning of the statistical series. In urban areas, unemployment worsened, to 46.6% (+ 1.3pp); likewise, in rural areas unemployment registered a quarterly increase of 2.1 pp, to 14.7%. In addition to the increase in unemployment (people actively looking for work), there was also an increase in the inactive population (people not looking for work); thus, the employment rate fell further, to 58.9% (-1.7pp compared to the previous quarter). In particular, in the young population (15-24 years), there was even a decrease in unemployment, with a parallel increase in inactivity: the unemployed went from 2.8 million to 2.3 million, while the inactive increased from 1.0 million to 1.5 million.

According to data collected independently by OPEC, Angola produced around 1.17 million barrels per day (mbd) in July (-15.3% yoy). This is a drop of 51 thousand barrels a day in production compared to June - the sharpest drop among members in the month in question. On the other hand, OPEC has revised its forecast for annual oil consumption in 2020, now reflecting a 9.1% drop - slightly harsher than the forecast in the previous month (-8.0%). The deterioration takes into account a larger than expected stop in the economic activity, during the second quarter, related to the pandemic. Likewise, the International Energy Agency predicts a 10% decrease. Last week, Brent fluctuated around USD 45, with some uncertainty regarding the evolution of the pandemic for the rest of the year and in 2021.

In the foreign exchange market, there was a weekly appreciation of the Kwanza against the Dollar (+2.1%), with the Angolan currency trading at USD/AOA 571.4 last Friday. In the parallel market, the Kwanza depreciated slightly, to USD/AOA 793, according to the average of sources consulted by BFA.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-2.5	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*

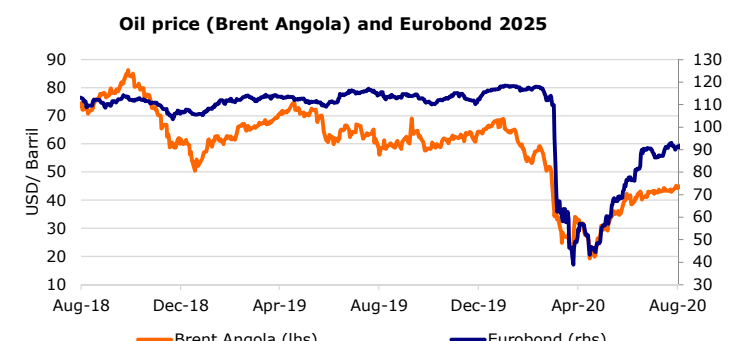
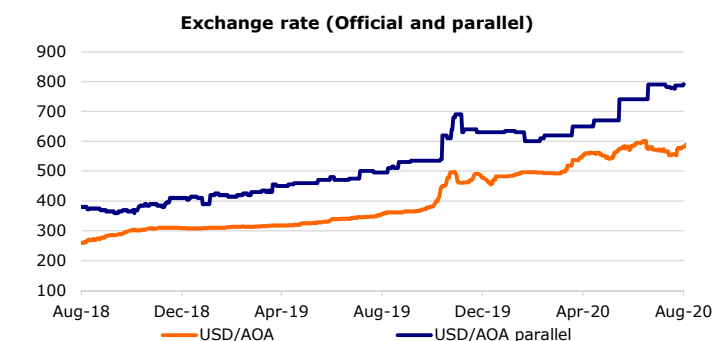
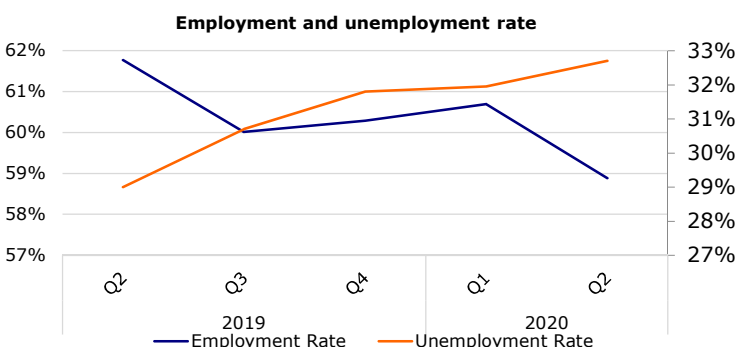
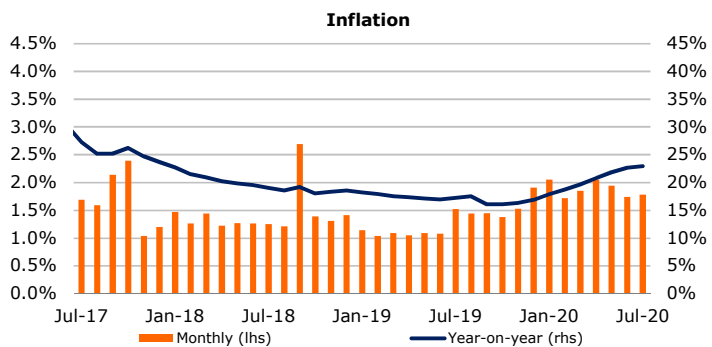
	14/08/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.41%	0.01	-13.41	1.91
USD/AOA	571.4	-2.04%	18.50%	57.85%
AOA/USD	0.00175	2.08%	-15.61%	-36.65%
EUR/AOA	674.3	-4.98%	24.69%	67.03%
EUR/USD	1.183	0.32%	5.46%	6.46%
USD/ZAR	17.42	-1.23%	24.44%	14.04%

*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%	5,000	3,597	3,597
BT (9 months)	18.0%	13,000	21,661	21,661
BT (12 months)	19.0%	15,000	25,370	25,370
OT (2 years)	23.5%	19,180	28,090	28,090
OT (4 years)	24.5%	15,000	315	315

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



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