

Market Information

Moody's agency updated Angola's sovereign debt rating last week, downgrading it to Caa1 - at the same level as S&P, just one notch above Fitch's evaluation. According to the agency's statement, this drop is due to shocks resulting from the decline in oil prices and the coronavirus outbreak, and the related further depreciation of the currency that contributes to a significant weakening in Angola's public finances.

The Angolan SOE agency (Igape) announced that state-owned enterprises posted operating income amounting to AOA 211.7 billion in 2019 (-55.3% yoy). According to the Igape report, 59 companies submitted documents - however the analysis is limited by the lack of information from 25 companies, including Sonangol and Taag. **The aggregated net result showed a loss of AOA 31Bn, from a profit of AOA 10Bn in 2018.** This sharp drop resulted, on one hand, from the harsh depreciation of the Kwanza, and on the other hand, from a need by part of the CEOs to recognize impairments from previous years. **Last week, Igape approved 4 proposals for the acquisition of industrial units in Luanda's Special Economic Zone (ZEE).** The agreed deals include a plastic bag factory, a wire sealing industry, a hot dip galvanizing industry and a metal towers industry. With these transactions, the government is going to raise around AOA 14Bn. Moreover, Igape is also going through negotiations regarding an additional 9 industrial units. **In the first 8 months of the year, the Investment and Export Promotion Agency (AIPEX) registered a total of 306 proposals and investments valued at USD 2.9 Bn, which are expected to result in the creation of 20,307 jobs.**

Between January and August 2020, BNA sold USD 3.4 Bn in foreign currency to retail banks (-41.9% yoy). In August, the central bank made available about USD 312 million, which corresponds to a drop of USD 112 million in relation to July. The value made available in August is the lowest recorded since the beginning of the data series in 2014. **In the foreign exchange market, the Kwanza depreciated 0,61% against the Dollar, trading at 617.3.**

Monthly inflation stood at 1.83% in August, thus bringing yearly inflation towards 23.4%, the highest level since December 2017. Prices are likely to continue accelerating in their rise for the rest of the year, given the ongoing depreciation.

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| Indicator | 2019* | 2020** | 2021** |
|-------------------------|-------|--------|--------|
| GDP change (%) | -0.9 | -3.95 | 0.65 |
| Average Inflation (%) | 17.2 | 22.6 | 20.0 |
| Current Account (% GDP) | 5.8 | -6.6 | -5.55 |

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

Sovereign Rating

| Rating Agency | Rating | Outlook | Last change |
|-------------------|--------|---------|-------------|
| Fitch | CCC | - | 04/09/20 |
| Moody's | Caa1 | Stable | 08/09/20 |
| Standard & Poor's | CCC+ | Stable | 26/03/20 |

Monetary and ForEx data*

| | 11/09/20 | 7 days (p.p./%) | Change | |
|------------|----------|-----------------|--------------|--------------------|
| | | | YTD (p.p./%) | 12 months (p.p./%) |
| LIUBOR O/N | 13.56% | -1.54 | -15.26 | 0.06 |
| USD/AOA | 617.3 | 0.61% | 28.02% | 68.82% |
| AOA/USD | 0.00162 | -0.61% | -21.89% | -40.77% |
| EUR/AOA | 731.9 | 0.72% | 35.34% | 81.57% |
| EUR/USD | 1.185 | 0.10% | 5.68% | 7.09% |
| USD/ZAR | 16.76 | 0.94% | 19.69% | 14.78% |

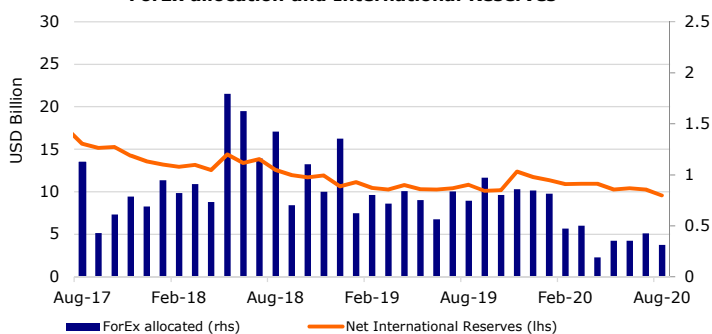
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

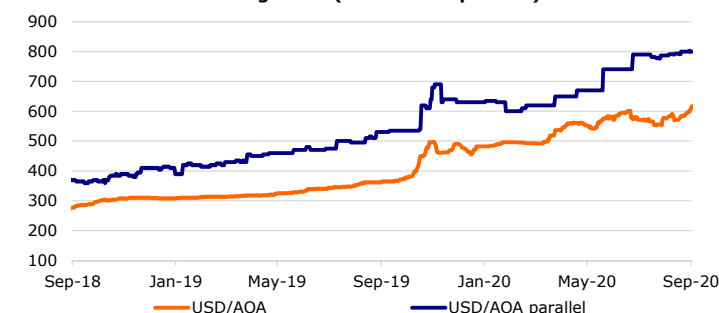
| Maturity | Rate | Supply | Demand | Allocated |
|----------------|-------|--------|--------|-----------|
| BT (3 months) | 17.1% | 7,735 | 8,707 | 8,707 |
| BT (6 months) | 18.0% | 14,913 | 1,474 | 1,474 |
| BT (12 months) | 19.0% | 5,769 | 2,639 | 2,639 |
| OT (1,5 years) | 23.5% | 7,800 | 5,000 | 5,000 |
| OT (2 years) | 23.5% | 2,800 | 600 | 600 |

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

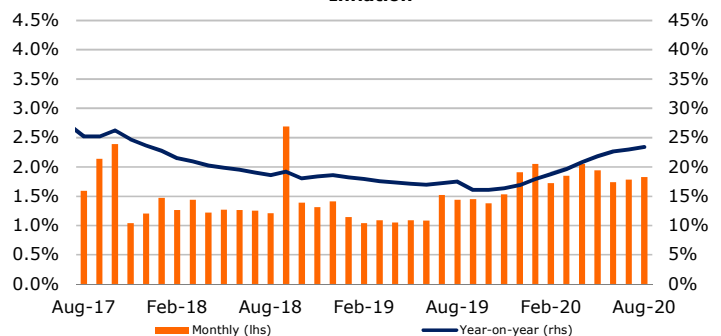
ForEx allocation and International Reserves



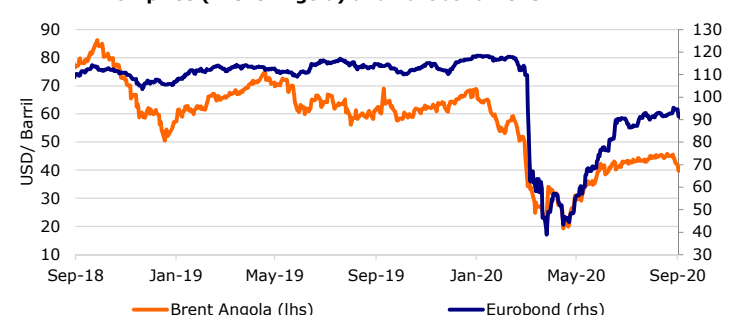
Exchange rate (Official and parallel)



Inflation



Oil price (Brent Angola) and Eurobond 2025



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