

Market Information

Annual inflation continued to accelerate, reaching 24.9% in November, highest since October 2017; prices rose 1.99% mom, similarly to previous months. In 2021, inflation will depend on the implementation of the new fuel price regime, to a certain extent. **Regulations for the reference prices of petroleum products were approved, which may lead to price changes as early as the 4th of January if reference prices are published by the 26th of December.** The regulation indicates that the prices of LPG and illuminating oil will be fixed, with gasoline, diesel, Jet A1, Jet B under controlled prices. The responsible Government agency (IRD) must publish monthly reference prices until the 26th of the previous month, after consulting the market and according to formulas determined by the new regime, which are based on prices in the international market. **On the other hand, the Executive approved a decrease in excise tax rate for drinks;** soft drinks will be taxed at 8%, beers and ciders at 11%, wines at 15% and 21% for spirits; the rate currently applied is 25% for all drinks.

According to the BNA Governor, non-performing loans represented 20.2% of total credit in the banking system in September; the rate fell from 34.5% in May to 22.3% in June, as a result of the sale of poor quality assets by BPC to Recredit.

5 project proposals for the creation of the future Angolan diamond exchange were received last Thursday. The proposals came from major tender houses: Bonas Couzyn (Belgium), First Element (South Africa), I Henning & CO (United Kingdom), Koin International (Dubai) and Trans Atlantic Gem (Dubai). The exchange is expected to be operational by the end of 2021, concentrating the flow of diamonds in the same location, for sale by auction. The project also includes a Gemology Academy and a Technological Research Center. The collaboration of Elmyr Services and Charlotte Quality Boiling, as diamond-boiling providers, is also under analysis.

Last week, AOA 166.3 billion in public debt were issued on the domestic market, with rate rising across all maturities. 1-year T-Bills reached 21.0%, while the rate for 4-year T-Bonds reached 24.75%; the issues are related to the high amount of debt repayments at the end of 2020, the majority in Dollar-linked bonds.

The 2021 State Budget was approved last Monday; we expect to share our detailed analysis in a Flash Note to be published soon.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-4.6	1.2
Average Inflation (%)	17.2	22.0	19.0
Current Account (% GDP)	5.8	-6.1	-3.8

*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*

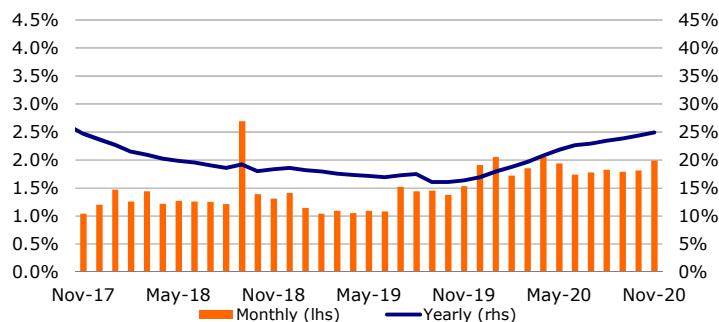
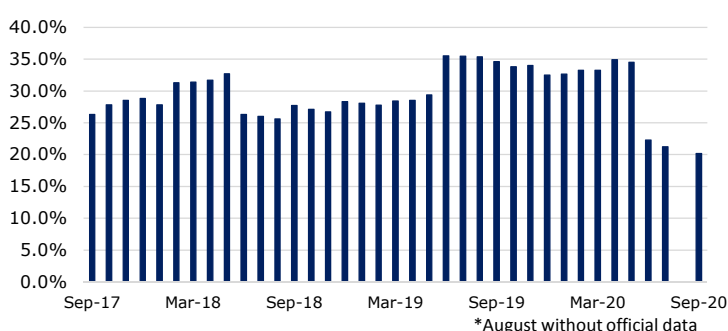
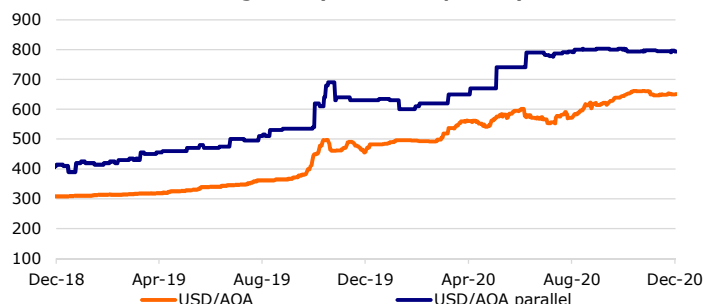
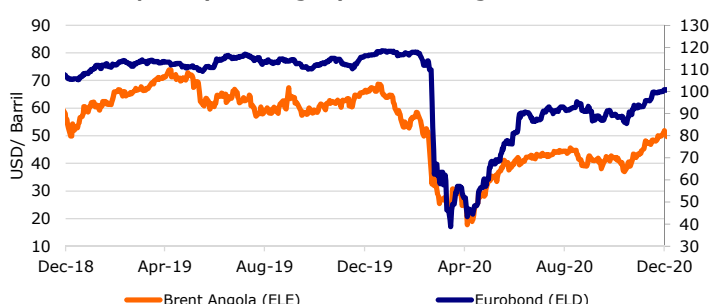
	18/12/20	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	11.67%	0.08	-17.15	-16.92
USD/AOA	650.3	-0.31%	34.85%	40.32%
AOA/USD	0.00154	0.31%	-25.84%	-28.73%
EUR/AOA	797.5	0.80%	47.46%	54.49%
EUR/USD	1.226	1.20%	9.31%	10.20%
USD/ZAR	14.54	-3.95%	3.86%	2.22%

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

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (3 months)	19.3%	15,000	35,198	35,198
BT (6 months)	20.4%	4,972	32,410	32,410
BT (12 months)	21.0%	10,000	45,406	45,406
OT (2 years)	24.3%	5,279	17,980	17,980
OT (3 years)	24.7%	16,850	4,194	4,194
OT (4 years)	24.8%	15,000	1,207	1,207

BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

Inflation

NPL as a % of total loan

Exchange rate (Official and parallel)

Oil prices (Brent Angola) and 2025 Angola Eurobond


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