

## Market Information

**From January through September 2020, Angola posted a current account surplus of USD 0.3 billion (Bn), showing an anticipated deterioration compared to the USD 3.4Bn surplus in the same period last year.** In Q3, current account returned to positive territory (USD 0.5Bn), following a large deficit in Q2 2020 (USD -1.4Bn). Exports in the oil sector fell 41.9% yoy, from USD 26.1Bn in the first 9 months of 2019, to USD 15.1Bn in the same period this year. Exports of goods decreased by USD 10.9Bn, with a decrease of USD 0.3Bn in exports of services. Conversely, the depreciating Kwana resulted in a huge drop in imports: purchases of foreign goods tumbled by USD 4.1Bn (-37.3% yoy), while imports of services decreased by USD 2.1Bn (-34.0 % yoy). There was also a 36.9% yoy (USD -1.9Bn) reduction in the profits of foreign firms, a positive for the balance. In 2020, the current account balance should have stayed close to equilibrium, or even posted a slight surplus, not exceeding USD 1.0Bn. **International Reserves ended 2020 at USD 14.8Bn, a drop of USD 2.4Bn, indicating a similar deficit in the Balance of Payments, and a deficit in the financial account around USD 2-3Bn.** Net International Reserves stood at USD 8.7Bn at the end of the year, about 7.9 months of imports, and above the IMF limit.

**In the last few weeks, the LUIBOR overnight rate has dropped significantly - keeping with the 2020 trend - to 9.77% last Friday: lowest since 2015 and 19.1 percentage points below the end of 2019.** The decline signals an improvement in the liquidity of the banking system, generated by the amortization of high amounts of public debt by the State at the end of 2020. This improvement was extended to medium-term rates and could positively impact on credit, if proven lasting, as some of these rates are taken as reference for several retail banks' credit interest rates. However, the BNA might be inclined to counter this effect, tightening monetary policy through open market operations, as the increased liquidity may accelerate inflation, which has been growing in the last year.

**The BNA opened a 3-month foreign exchange line, to be settled on April 6 - the forward rate resulting from these sessions has appreciated, from USD/AOA 679.8 on January 5 to USD/AOA 672.7 on Friday.** The reference exchange rate ended the week at USD/AOA 652.5.

**In the oil market, Brent peaked last week on February 2020 highs, trading above USD 55.** The increase resulted from a production cut announcement by Saudi Arabia, last Tuesday, of approximately one million barrels per day in February and March.

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Indicator	2019*	2020**	2021**
GDP change (%)	-0.9	-4.6	1.2
Average Inflation (%)	17.2	21.9	19.4
Current Account (% GDP)	5.8	-2.1	-3.6

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

## Sovereign Rating

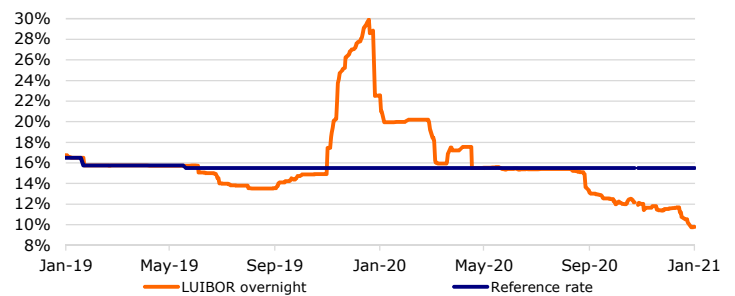
Rating Agency	Rating	Outlook	Last change
Fitch	CCC	-	04/09/20
Moody's	Caa1	Stable	08/09/20
Standard & Poor's	CCC+	Stable	26/03/20

## Monetary and ForEx data\*

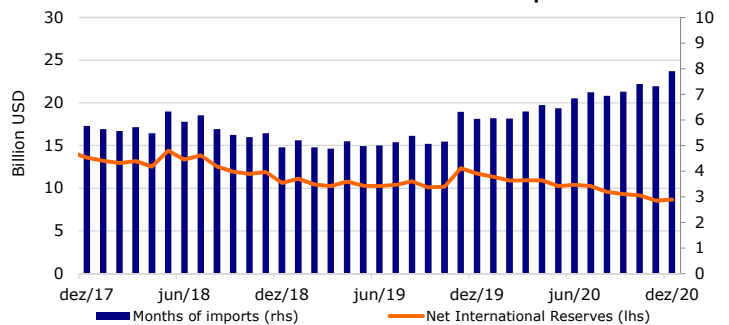
	08/01/21	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	9.75%	-0.77	-19.07	-12.78
USD/AOA	652.5	0.40%	35.31%	34.74%
AOA/USD	0.00153	-0.40%	-26.10%	-25.78%
EUR/AOA	798.6	0.23%	47.66%	48.50%
EUR/USD	1.225	0.28%	9.24%	10.29%
USD/ZAR	15.28	3.99%	9.15%	7.53%

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

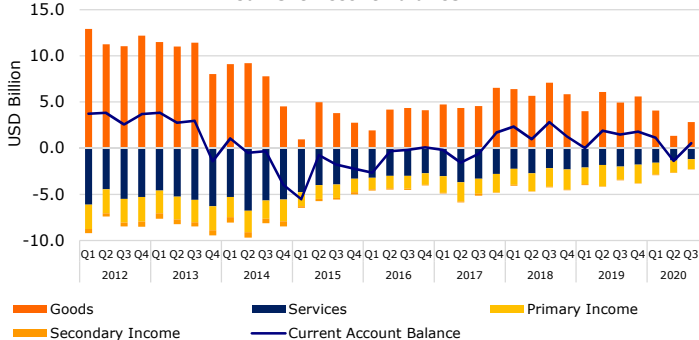
Reference rate and interbank rate



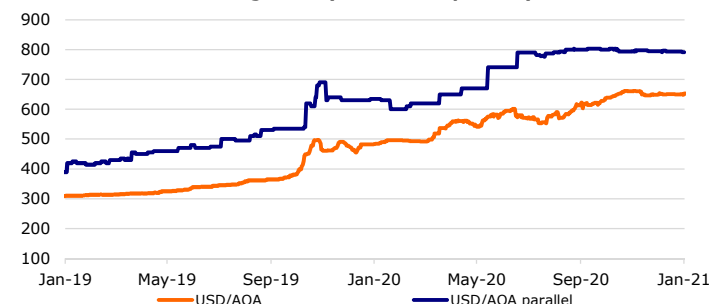
International Reserves and months of imports



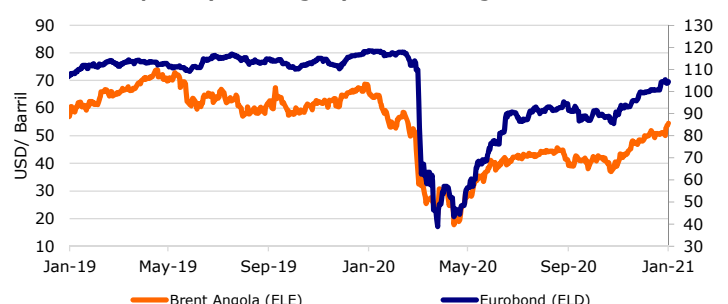
Current Account Balance



Exchange rate (Official and parallel)



Oil prices (Brent Angola) and 2025 Angola Eurobond



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