

Angola Weekly | May 11

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Market Information

Net International Reserves stood at USD 12.7 bn in April. Despite a 2.64% decrease from March reserves, these have remained relatively stable since January. Also, commercial banks' deposits, in national and international currency, held by the Angolan central bank (BNA) reached historical highs; increasing around 3% mom from the start of the year as a result of the new reforms in place. **On the other hand, domestic treasury interest rates started to decrease:** the 30-day reverse-repo rate fixed at 8.5% this week (around 16% in April), 1-year T-bills at 18% (23.9% last month), and 3-year bonds issued at 20.4% (24% before).

The IMF suggested that new tax reforms could boost revenue by 5% of GDP for SSA countries. The Fund's Regional Outlook suggested that, in order to avoid double tax payments, some countries (such as Angola, Guinea-Bissau and Liberia) should consider adopting value-added tax, a move that is to take place in Angola in January 2019. **Also, the IMF showed concern with the increase in public debt levels and non-performing loans in the region.** On the analysis, the Fund stated that weaker economic activity has led credit quality to decline, causing a "particularly large" NPL increase in resource-intensive countries such as Angola - NPLs were at 31.4% in March.

Moody's assigned B3 rating to Banco Económico (former Banco Espírito Santo Angola) on local currency deposit ratings. This first rating is in line with the sovereign, due to the country's currently challenging operating conditions. The agency also stated that there is "very high" likelihood of government support if deemed necessary.

BFA holds the first Investment Fund available for trading at the Luanda local Exchange. Investors of "Fundo BFA Oportunidades" will be able to acquire shares of the fund and trade them in the BODIVA market.

The new US sanctions against Iran drove the oil market this week, pushing Brent price to a new three-and-a-half-year high of USD 78 per barrel. The already tight oil market is expected to be in even shorter supply as the loss of Iranian oil exports from the market should make OPEC spare capacity questionable in the

Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.1	1.8	2.2
Inflation (%)	31.7	28.0	14.8
Current Account (% GDP)	-0.9	-3.5	-2.2

*GDP and Current Account Balance: Finance Ministry estimate; Inflation: INE
** Average of forecasts from Bloomberg

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B	Stable	25/04/18
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Stable	11/08/17

Monetary and ForEx data

	11/05/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	20.05%	0.00	3.65	-2.35
USD/AOA*	230.92	-0.42%	-28.15%	-28.15%
EUR/AOA*	274.99	0.00%	-32.58%	-32.58%
EUR/USD	1.19	-0.23%	-0.60%	9.87%
USD/ZAR*	12.28	1.76%	0.82%	8.85%

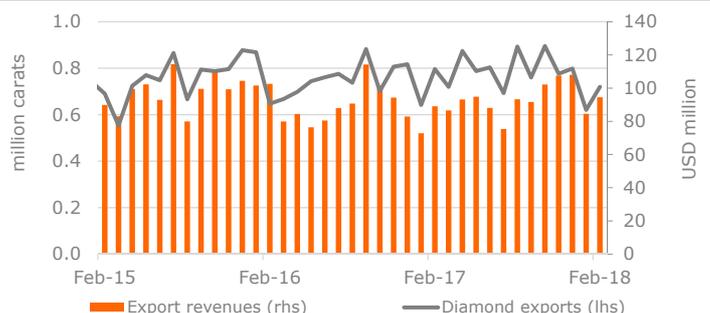
* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwana/Rand relative to the other currency

Weekly auctions of Treasury bonds and bills

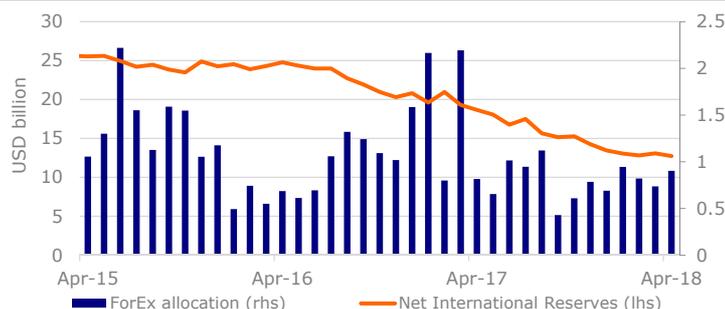
Maturity	Rate	Supply	Demand	Allocated
BT (180 days)	16.00%	9,000	2,458	2,454
BT (182 days)	16.00%	11,490	11,490	3,230
BT (362 days)	17.92%	9,000	1,069	500
BT (364 days)	18.00%	9,000	3,594	3,538
OT (2 years)	12.00%	40,000	25,720	25,720
OT (3 years)	20.00%	40,000	23,950	23,950
OT (4 years)	21.00%	56,050	56,050	56,050

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

Diamond exports and revenue



Net International Reserves and forex allocation



Sources: Bloomberg, BNA, INE, Finance Ministry

