

Angola Weekly | May 18

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Market Information

The Angolan statistics office (INE) resumed the publication of GDP numbers; the latest release shows a decline in GDP in the last two years: -2.6% in 2016 and -2.5% in 2017. These figures differ from those published by the Angolan Finance Ministry (MinFin). Thus, in the future, it will be relevant to notice which of these sources is taken into account by international institutions, such as the IMF, whose own estimates diverge from these two entities. Also according to INE, GDP fell 4.3% yoy in the last quarter of 2017: this is a significant drop, albeit slightly lower than in the previous quarter (-4.7% yoy).

Angolan inflation fell for the 6th consecutive month, with an annual price change of 20.2% in April. In monthly terms, prices rose 1.22%, the lowest monthly change since the end of 2017.

According to OPEC data, in April, Angolan oil production stood at 1.52 million barrels per day (mbd), 7,800 barrels per day below the previous month. Based on OPEC information and export data from MinFin in the 1st quarter (exports were down 7.3% yoy in Q1), our analysis points to an export level below 1.6 mbd in the first half of the year, and probably below that number for the year average too. Volume of oil exports will thus be less than expected by the Executive, although the price rise more than compensates in terms of revenues. **Brent crude exceeded USD 80 this week, and was trading around that level today.**

The parliament gave final approval to a new private investment law, which puts an end to the mandatory requirement of an Angolan partner for foreign investments in the country. The previous legislation was a major obstacle to foreign investment in Angola, and the new legal framework is expected to make the country significantly more attractive for prospective investors.

The new Angolan tariff rules are expected to come into force on 9 August. Among the most significant changes, there is an exemption of tariffs for importing most factors of production, in particular machines. This should lessen one of the several obstacles for the success of Angolan exporters.

Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.4	2.1	2.4
Inflation (%)	31.7	21.8	15
Current Account (% GDP)	-0.9	-3.1	-2.4

*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

	18/05/18	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*	233.04	-0.91%	-28.80%	-28.80%
EUR/AOA*	274.99	0.00%	-32.58%	-32.58%
EUR/USD	1.18	-1.36%	-1.87%	6.10%
USD/ZAR*	12.71	-3.53%	-2.55%	5.48%

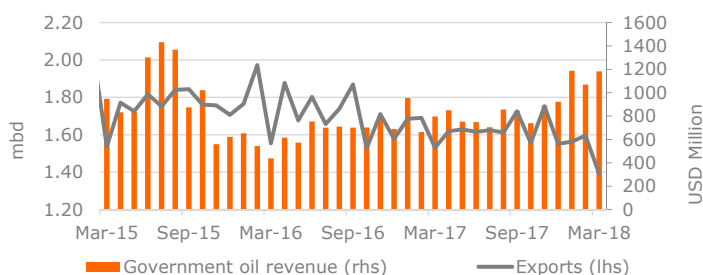
* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwana/Rand relative to the other currency

Weekly auctions of Treasury bonds and bills

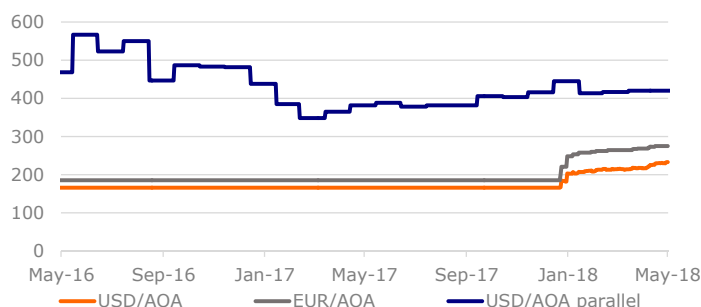
Maturity	Rate	Supply	Demand	Allocated
BT (180 days)	16.00%	9,000	575	575
BT (182 days)	16.00%	9,000	1,149	1,149
BT (362 days)	17.89%	9,000	434	393
BT (364 days)	17.90%	9,000	4,575	4,340
OT* (5 years)	5.00%	801	300	300

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

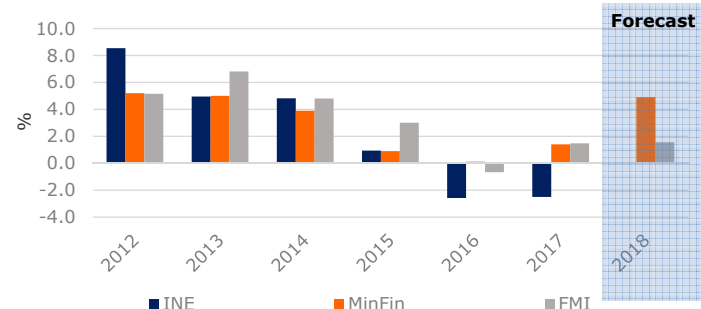
Oil exports and government oil revenues*



*Includes revenue collected by Sonangol



GDP Growth



Sources: Bloomberg, BNA, INE, Finance Ministry

