

# Angola Weekly | June 15

Banco de Fomento Angola  
www.bfa.ao | Email: bfa@bfa.ao

José Miguel Cerdeira - jose.miguel.cerdeira@bfa.ao  
Lilian Sousa - lilian.rossana.sousa@bfa.ao

## Market Information

According to INE, Angolan inflation was 1.27% mom in May, slightly above the variation in April (1.22%). Year-on-year, inflation slowed down to 19.83% (0.39 percentage points less than in April), the 7th consecutive month of declines. The CPI of Luanda fluctuated 1.20% mom, having risen 20.65% yoy. The province of Malange saw the highest monthly variation - 2.90% mom; services and products of "leisure, recreation and culture" were the ones with the highest price increase in the country, 2.33% mom (2.30% in Luanda).

According to the Finance Ministry, oil exports in May stood at 1.58 million barrels per day (mbd), an increase of 6.1% over April (1.53 mbd); compared to May 2017, the volume exported decreased by 3.3%. OPEC data also shows a recovery in oil exports (an additional 14k barrels compared to April), although they indicate a relatively lower exported quantity (1.53 mbd in May). On the other hand, the price rose 35.1% yoy to USD 68.81 - the highest price since December 2014; as a result, revenues in USD increased by 30.6%. Until May, average exports fixed at 1.53 mbd, about 170 thousand barrels lower than the government's budget forecasts for 2018 (1.7 mbd). Our analysis continues to point to an export level below 1.6 mbd in the first half of the year; the start-up of the 1st Kaombo FPSO is expected to increase monthly production to above 1.6 mbd in the second half. In the international market, the Brent price fluctuated between USD 76.5-75.5, in anticipation of the meeting between OPEC, Russia and other producers next Friday, June 22.

Following the consultations under Article IV, the IMF maintains a positive outlook of the measures taken by the Executive so far, reinforcing the need to implement VAT in 2019 for better fiscal consolidation, as well as continuing with the flexibilization of the exchange rate. Likewise, the Fund highlighted the need to work in some of the weaknesses in the financial sector (the restructuring of public banks; Non-performing loans problems) and improve the business environment to support the diversification of the economy.

## 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

	15/06/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	21.03%	0.00	4.63	-1.37
USD/AOA*	241.82	-1.61%	-31.39%	-31.39%
EUR/AOA*	281.17	0.00%	-34.06%	-34.06%
EUR/USD	1.159	-1.52%	-3.46%	3.99%
USD/ZAR*	13.48	-3.06%	-8.14%	-4.45%

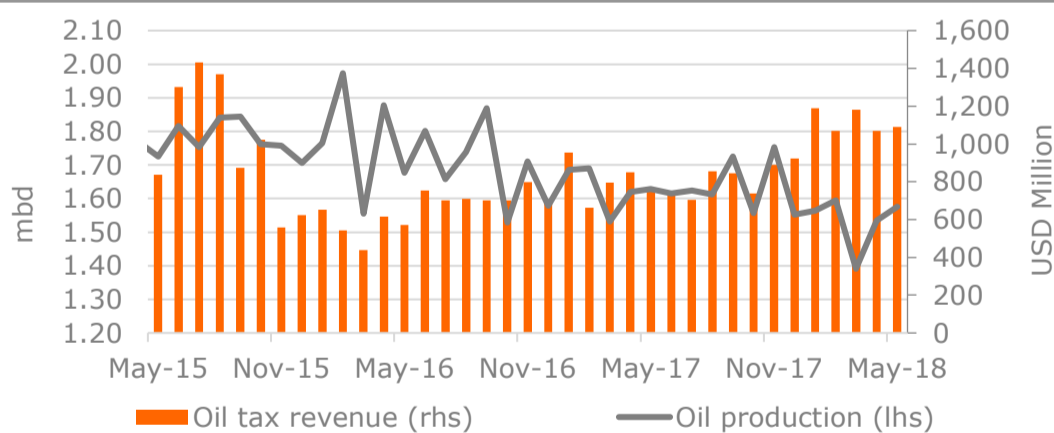
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanzas/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

Maturity	Rate	Supply	Demand	Allocated
BT (180 days)	16.00%	10,000	169	169
BT (182 days)	16.00%	10,000	3,671	3,171
BT (362 days)	17.89%	10,000	25	25
BT (364 days)	17.90%	10,000	3,344	2,944
OT (2 years)	15.05%	40,000	29,513	29,513
OT (3 years)	19.99%	60,000	5,592	5,592
OT (4 years)	19.99%	37,553	37,553	37,553

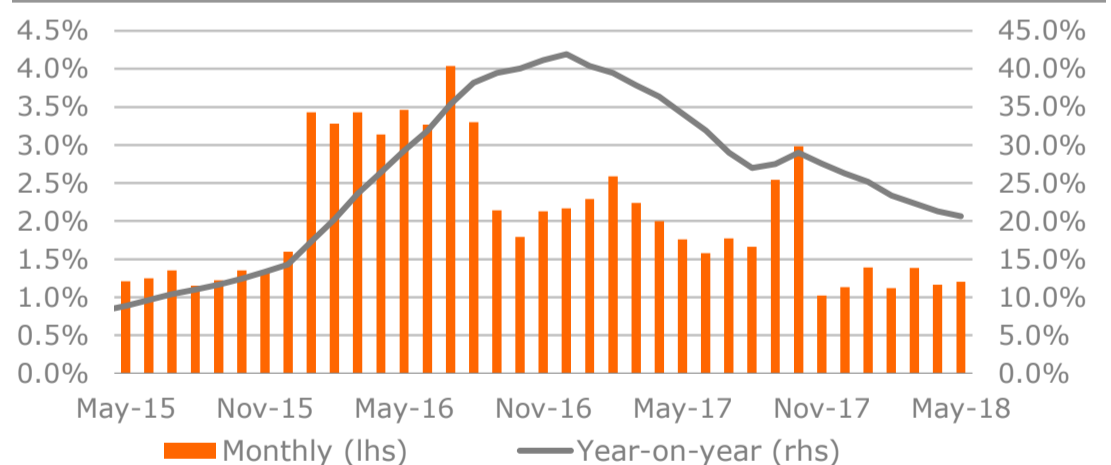
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas.  
\* Bond linked to the exchange rate \*\* Bond linked to treasury bills

## Oil production and government oil revenues\*

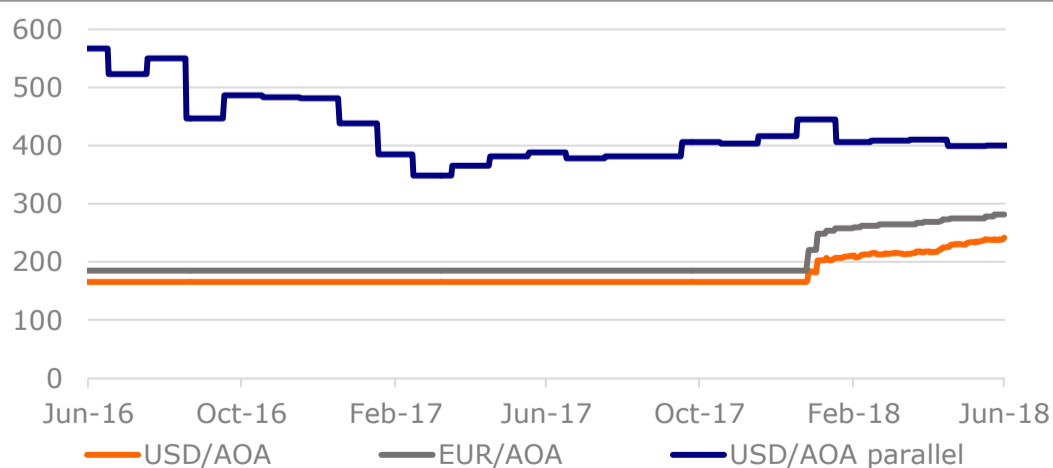


\*Includes revenue collected by Sonangol

## Inflation rate of Luanda



## Exchange rate (official and parallel)



## Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry

