

# Angola Weekly | June 22

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

**Kwanza depreciated further at the last foreign exchange auction, last Monday.** The rate at the auction averaged 285,555 Kwanzas per euro, resulting in a depreciation of 1.41% against the euro. The Central bank continues to take steps to reduce the existing foreign exchange backlog, which still persists, although less severe than at the beginning of this year; the BNA extended until August the deadline for reporting the situation of their own backlogs, as many cases were not registered in the 'requests' of commercial banks. **On the other hand, the BNA announced that, from now on, imports of goods will proceed almost exclusively with support in letters of credit.** The details of the proposal are not yet known, in particular whether it will apply to imports above a certain threshold. In fact, this would be a restrictive development for companies, but a positive one for the control of foreign exchange flows.

**The Government created a new entity to manage public and state-owned enterprises, among other assets, named "Instituto de Gestão de Activos e Participações do Estado" (IGAPE).** IGAPE replaces the Institute for the Public Business Sector (ISEP). This could be a step towards the privatization program recommended by the IMF. The Government privatized 29 companies between 2013 and 2017, with proceeds of USD 23.4 million to the State; the results of a Governmental commission that should submit proposals by April are still to be released; according to the Eurobond prospectus, the government intends to privatize in the medium term another 74 companies.

**In the international market, the Brent price was under pressure in anticipation of today's meeting between OPEC, Russia and other producers.** The meeting aims to discuss the increase in production of the group; a climb seems almost certain, and a deal seems to have been reached but details are to be disclosed. According to Commerzbank, an increase of 0.6 million barrels per day (mbd) would be in line with market expectations, so the price should remain at the current level. On the other hand, an increase of up to 1.0 mbd would bring the price up to USD 70, while a larger increase would imply a price drop below that level. For Angola, the smaller the increase the better, since the country is unable to immediately increase production.

## 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

	22/06/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	21.35%	0.32	4.95	-1.05
USD/AOA*	245.95	-1.68%	-32.54%	-32.54%
EUR/AOA*	285.20	-1.41%	-34.99%	-34.99%
EUR/USD	1.16	0.24%	-3.06%	4.36%
USD/ZAR*	13.53	-0.72%	-8.46%	-4.15%

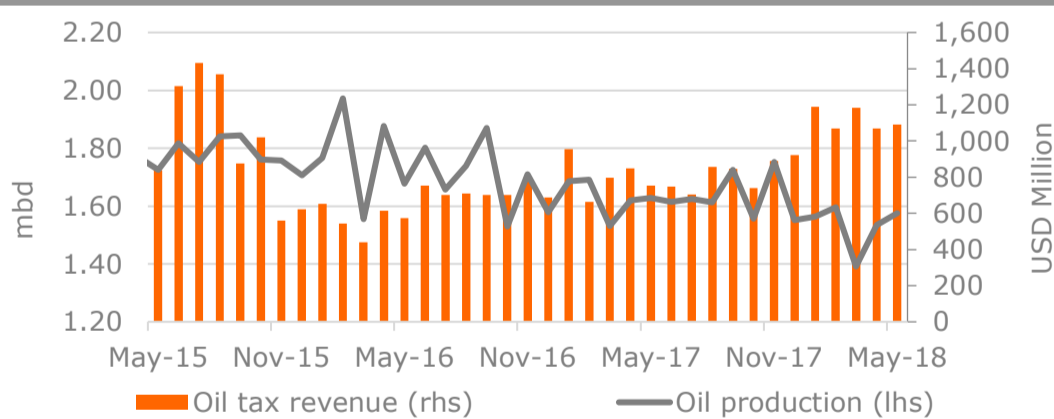
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

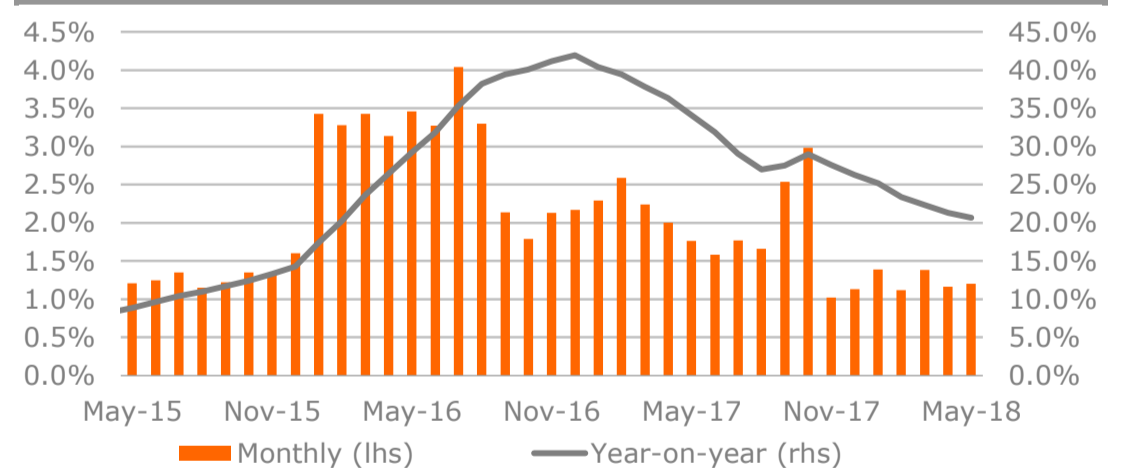
Maturity	Rate	Supply	Demand	Allocated
BT (88 days)	12.00%	3,004	3,004	4
BT (91 days)	12.00%	3,000	1,082	82
BT (179 days)	16.00%	2,477	2,477	477
BT (182 days)	16.00%	3,000	1,469	1,469
BT (361 days)	17.90%	2,946	2,027	27
BT (364 days)	17.90%	3,000	54	54
OT* (5 years)	5.00%	611	430	430

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

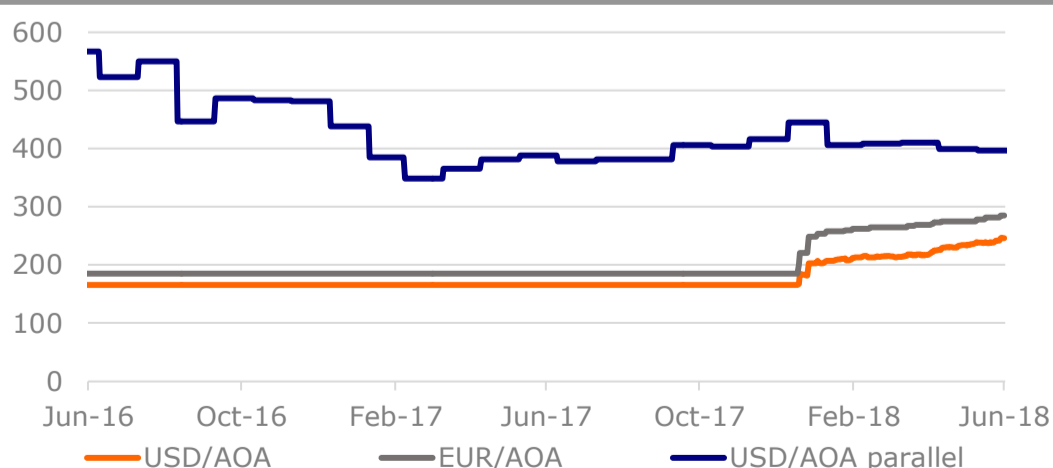
## Oil production and government oil revenues\*



## Inflation (Luanda)



## Exchange rate (official and parallel)



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



Sources: Bloomberg, BNA, INE, Finance Ministry

