

Angola Weekly | July 6

Banco de Fomento Angola
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Market Information

The Government presented its National Development Plan (PDN) for 2018-2022, which should coordinate policy for the next 5 years. Despite considering a slightly optimistic prediction for oil output, the plan is rather conservative on its assumption for the price of Brent (average of USD 56.6 in 2018-22). Moreover, it shows the aim of the Executive in proceeding with significant - and front loaded - fiscal consolidation: the budget deficit is predicted to shrink to 2.4% of GDP this year (below the Budget forecast of 3.4%, but in line with our own view, given the current oil market conditions); for 2019, the deficit should be 1.4%, and in 2020, the authorities plan to reach a budget surplus of 0.4%, which would be the first since 2013.

The LNG factory of the Angola LNG consortium will stop production, going through maintenance works. The previously planned stoppage should last about a month, with production resuming in the beginning of August. According to data from the central bank and our own calculations, export volume has increased around 85-90% yoy in Q1 2018 (assuming a linear distribution of production through 2017). In 2017, gas exports accounted for 4.7% of all good sales abroad; in the first quarter of this year, the same share was 7.8%; thus, even with this 1-month interruption, gas exports should account for a larger share of total exports in 2018. This growth in relative terms should also take place in 2019 and 2020, as the gas sector is expected to grow faster than the oil sector.

A new international tender is being launched to build a seaport at Barra do Dande (outskirts of Luanda), following the cancelling of a previous concession - this concession was deemed not to have followed due procedure. The construction of this infrastructure is quite significant: the port will be able to handle 3.2 million tons (MT) per year, adding to the already existing capacity in the Luanda port, which can handle up to 5MT per year.

The Luanda International Fair (FILDA) will take place next week, from July 10 through July 14, with 350 companies taking part (including 120 foreign companies, from 14 countries).

Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.4	2.1	2.4
Inflation (%)	31.7	21.8	15.0
Current Account (% GDP)	-0.9	-1.7	-1.2

*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

	06/07/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	22.11%	0.22	5.71	-0.28
USD/AOA*	250.41	-0.46%	-33.74%	-33.74%
EUR/AOA*	293.05	-1.43%	-36.73%	-36.74%
EUR/USD	1.172	0.27%	-2.41%	2.57%
USD/ZAR*	13.62	0.75%	-9.10%	-1.32%

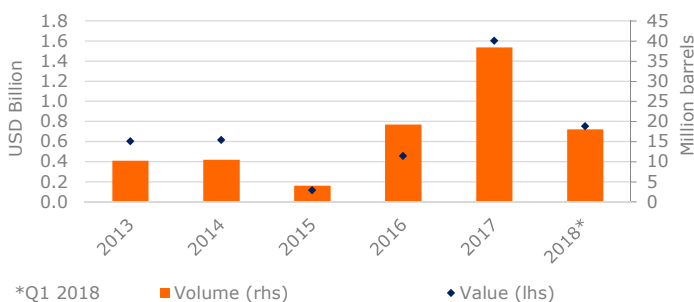
* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

Weekly auctions of Treasury bonds and bills

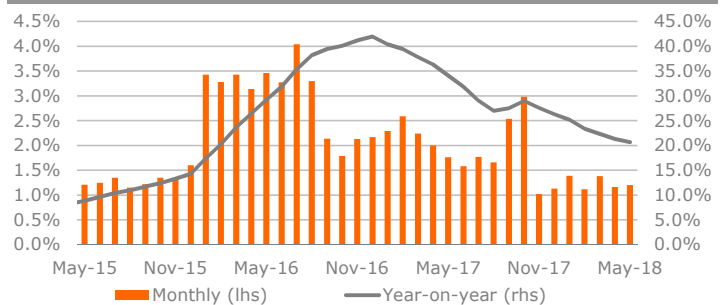
Maturity	Rate	Supply	Demand	Allocated
BT (88 days)	12.00%	3,928	1,000	500
BT (91 days)	16.00%	7,244	841	841
BT (179 days)	17.90%	9,137	152	152
BT (182 days)	17.26%	40,000	29,060	29,060
BT (361 days)	20.00%	60,000	11,100	11,100
BT (364 days)	12.50%	20,000	350	350
OT* (5 years)	5.00%	1,033	107	107

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

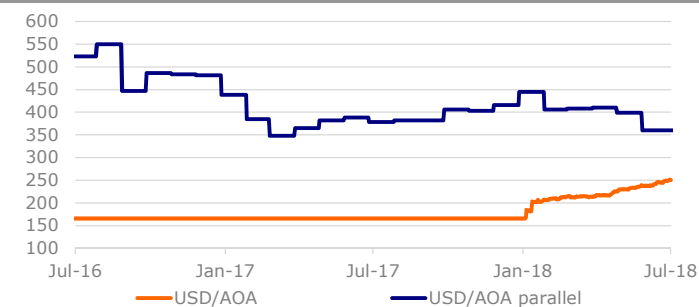
LNG Exports



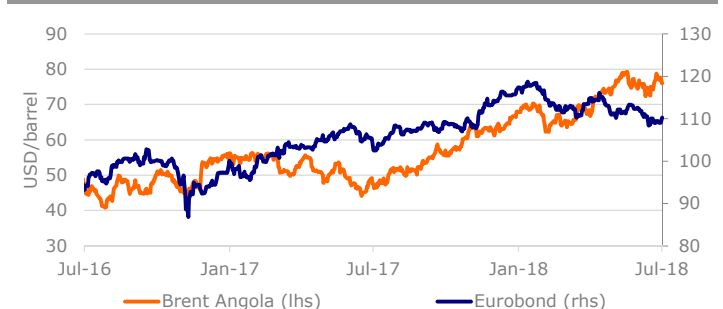
Inflation (Luanda)



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry

