

# Angola Weekly | July 13

Banco de Fomento Angola  
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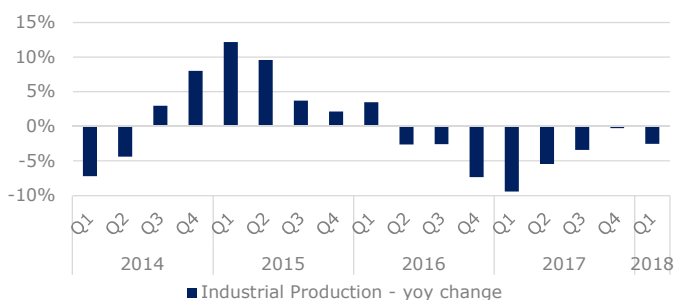
## Market Information

Official statistics showed that monthly inflation in Angola stood at 1.26% in June, slightly below the monthly price rise in the previous month (1.27%). Year-on-year, inflation continued to decelerate, now at 19.52% - decreasing for the 8th month in a row. The Luanda CPI rose 1.16% mom (+0.04 p.p. compared to May), increasing 20.16% yoy. Malanje province showed the largest monthly rise in prices (2.63%); "Clothing & Shoes" was the class of goods increasing the most against May (1.99% mom, 1.74% in Luanda). **On the other hand, industrial production dropped in the Q1 2018 - the Industrial Production Index (IPI) posted 99.4 points, decreasing 2.6% yoy.** This is the 8th consecutive quarter of declines in output: the drop resulted from a decrease in 5.5% in output from the extractive industry (particularly in the diamond sector, -7.8%); the remaining subsectors saw mild growth in the quarter ("Water treatment, distribution and sanitation" grew 34.5% yoy). **On a more negative side, the Angolan Statistics Office (INE) has seemingly delayed its release of national accounts numbers;** GDP in the first quarter of 2018 should have been divulged last Tuesday, July 10.

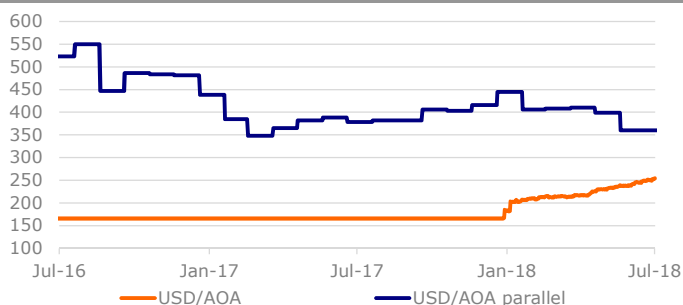
**Net international reserves dropped in June (following a significant increase in May), to USD 13.0 billion, a decrease of 9.8% mom.** Reserves fell by USD 1.4 billion in comparison with May. Moreover, the Kwanza saw a new depreciation (1.36%) last Monday, July 9. The exchange rate is now a touch below EUR/AOA 300, reflecting a depreciation of 37.6% ytd against the euro. Finally, the central bank continues to proceed with its tightening monetary policy - currency in circulation dropped 6.4% mom in June.

**Also in June, the OPEC estimate points towards a monthly oil output of 1.43 million barrels per day (mbd) from Angola, 0.09 mbd lower than production in May.** Angola saw the second largest drop among OPEC members (Libya's output decreased the most - 0.25 mbd). Total OPEC production rose 0.18 mbd, supported by a 0.41 mbd increase in Saudi production. In the international market, Brent dropped during the week, trading today at levels around USD 74.1.

## Industrial Production Index (IPI)



## Exchange rate (official and parallel)



## 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

|            | 13/07/18 | 7 days (p.p./%) | Change YTD (p.p./%) | 12 months (p.p./%) |
|------------|----------|-----------------|---------------------|--------------------|
| LUIBOR O/N | 22.11%   | 0.00            | 5.71                | -0.29              |
| USD/AOA*   | 254.53   | -1.62%          | -34.81%             | -34.81%            |
| EUR/AOA*   | 297.13   | -1.37%          | -37.60%             | -37.60%            |
| EUR/USD    | 1.162    | -1.04%          | -3.17%              | 1.98%              |
| USD/ZAR*   | 13.36    | 0.86%           | -7.30%              | -1.10%             |

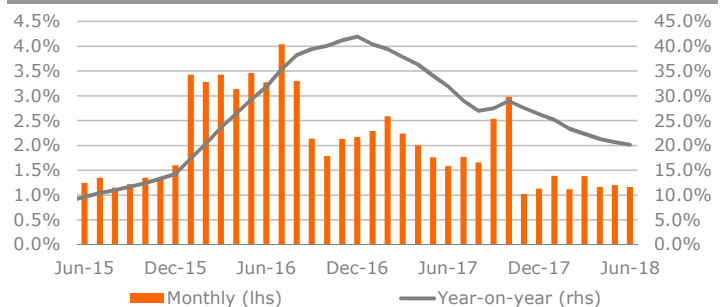
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

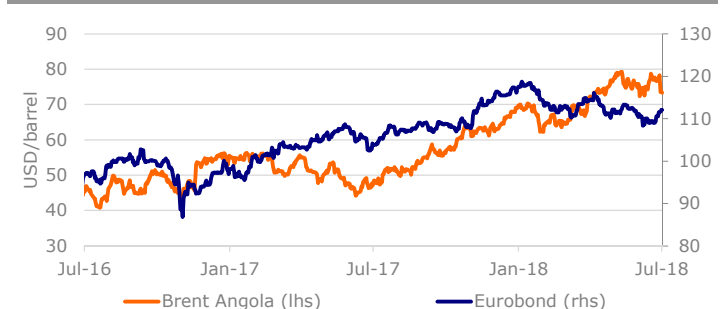
| Maturity      | Rate   | Supply | Demand | Allocated |
|---------------|--------|--------|--------|-----------|
| BT (88 days)  | 16.00% | 4,454  | 5      | 5         |
| BT (91 days)  | 16.00% | 4,502  | 48     | 48        |
| BT (179 days) | 17.90% | 7,883  | 3,234  | 3,234     |

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

## Inflation (Luanda)



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



Sources: Bloomberg, BNA, INE, Finance Ministry

