

Angola Weekly | July 13

Banco de Fomento Angola
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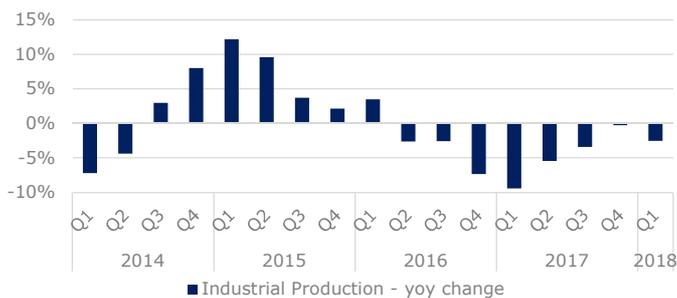
Market Information

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.

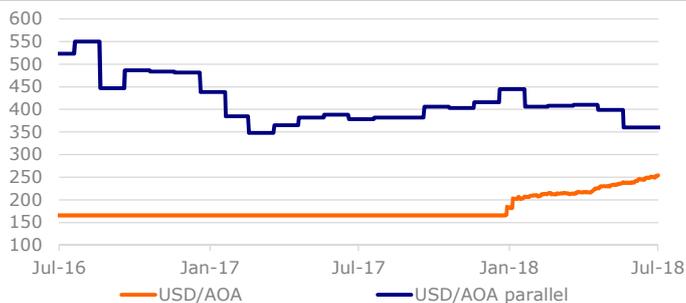
Net international reserves dropped in June (following a significant increase in May), to USD 13.0 billion, a decrease of 9.8% mom. Reserves fell by USD 1.4 billion in comparison with May. Moreover, the Kwanza saw a new depreciation (1.36%) last Monday, July 9. The exchange rate is now a touch below EUR/AOA 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 Kwanza.
* 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

