

Angola Weekly | July 20

Banco de Fomento Angola
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Market Information

Data from the Finance Ministry shows that oil exports amounted to 1.58 million barrels per day (mbd) in June, a year-on-year drop of 12.5%. Despite this fall, which has been occurring since the end of 2017, the rise in oil prices has compensated for this effect: the price per exported barrel rose to USD 75.2 (USD 44.5 in June 2017). This resulted in government revenues of USD 1.24 billion (+65.5% yoy). Since the beginning of the year, revenues amounted to USD 6.84 billion - the best first half of a year since 2014. In the second half of 2018, revenue should grow further: the Brent price has remained relatively high, and Angolan exports are expected to sell at an average price above USD 70 in the remainder of the year (USD 67.9 in H1); on the other hand, according to Bloomberg, the first two cargoes of Kaombo crude oil are to be exported in September, with this oil field estimated to add 0.12 mbd to monthly exports in the final quarter of the year. The annual volume of exports will remain under 1.6 mbd, probably between 1.50-1.55 mbd. In 2019, the arrival of a 2nd FPSO to Kambo could bring exports over 1.6 mbd, depending on the performance of the mature oil fields.

The Angolan central bank (BNA) decided to reduce its reference rate (BNA rate) from 18% to 16.5%, the second consecutive drop - in May, the CPM merged its liquidity provision rate (then at 20%), with the reference rate, then at 18%, de facto easing monetary policy. Moreover, it was likewise announced that the mandatory reserves ratio in local currency would drop, from 19% to 17% (it had also been reduced from 21% to 19% in May). These two decisions will allow for a looser environment in the banking system. However, the climate will remain one of scarce liquidity, exacerbated by the central bank's need to address pending foreign currency requests.

Angola will issue USD 500 million on its May issue of 30-year Eurobonds, maturing in 2048, totaling an outstanding amount of USD 1.25 billion. The issue will settle on July 23, and pricing was agreed above par (102.76), translating into an implicit yield of 9.1%, 27.5 basis points below the cost in the original USD 1.25 billion in May.

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

	20/07/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	21.41%	-0.70	5.01	-0.94
USD/AOA*	255.87	-0.52%	-35.15%	-35.15%
EUR/AOA*	297.13	0.00%	-37.60%	-37.60%
EUR/USD	1.165	-0.33%	-2.99%	0.13%
USD/ZAR*	13.53	-1.92%	-8.50%	-3.68%

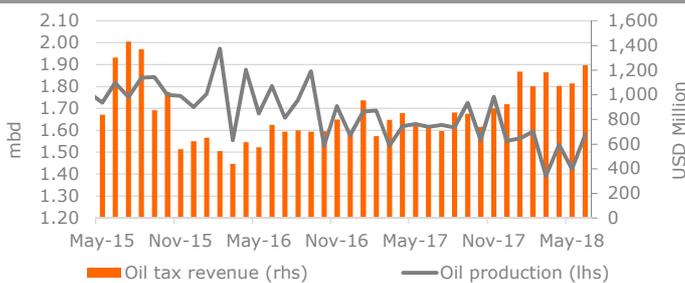
* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

Weekly auctions of Treasury bonds and bills

Maturity	Rate	Supply	Demand	Allocated
BT (91 days)	12.00%	3,391	501	501
BT (182 days)	16.00%	4,426	140	140
BT (182 days)	16.00%	4,286	633	633
OT (2 years)	24.00%	15,350	15,350	15,350
OT (3 years)	24.00%	15,350	15,350	15,350
OT (4 years)	24.00%	15,350	15,350	15,350
OT (5 years)	24.00%	15,350	15,350	15,350

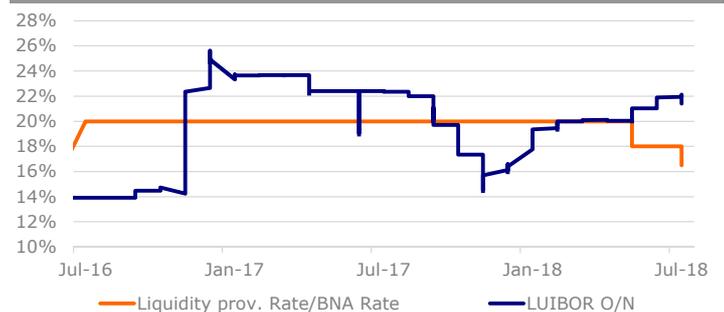
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanza.
* Bond linked to the exchange rate ** Bond linked to treasury bills

Oil Exports and Government revenues*



*Includes revenue collected by Sonangol

BNA Rate and LUIBOR



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry

