

## Market Information

The total amount of foreign currency allocated by the central bank (BNA) from January to July 2018 stood at USD 7,980 million; despite the gradual improvement in the access to foreign currency along the year, this amount is still 7.1% less than the total in the same period of 2017. July numbers showed a decrease of 28.6% mom, and a year-on-year increase of 22.4% (an extra USD 212 million compared to July 2017). In the second quarter of the year, the central bank had allocated USD 4,148 million of forex to the economy – 55.2% more than in the first three months of the year (an extra USD 1,475 million). Comparing to the same quarter of 2017, there was a 48.2% surge. On the other hand, the gap between the parallel and official exchange rates has dropped below 50%, still at 3-year minimum levels. In July, the Kwanza traded at an average of USD /AOA 253.11 in the official market, while trading at USD/AOA 375 in the street (according to BNA figures)- a gap of 48%. Therefore, it is visible some of the effect from the larger flow of forex which has been felt since May. One should note that the BNA intends to bring this number down to 20% by the end of the year.

Net international reserves climbed slightly in July, ending the month at USD 13.7 billion – a rise of USD 420 million from June. Despite a 21.8% yoy fall (USD 17.5 billion in July 2017), reserves have remained broadly stable throughout this year, increasing 1.9% since December.

The recent American sanctions towards Iran and the trade spat between the US and China have dominated the oil market, leading to the Brent being traded at just below USD 72 per barrel this morning. The first sanctions have come into effect on August 7, and are applicable to the purchase of US dollars, the trade in gold and metals, among others; sanctions on the oil sector are coming into force in early November. Iranian exports are thus expected to fall gradually, tightening the market and potentially pressing prices higher.

A new customs tariff schedule went into effect this week on August 9. Among several other changes, the import of most production factors – particularly machines – is exempt from tariffs, as are also the import of staple basket products and medical equipment.

## 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

	10/08/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.34%	0.08	-0.06	-6.01
USD/AOA*	259.71	-0.23%	-36.11%	-36.11%
EUR/AOA*	301.00	0.00%	-38.40%	-38.41%
EUR/USD	1.15	-0.93%	-4.54%	-2.65%
USD/ZAR*	13.89	-4.06%	-10.83%	-3.05%

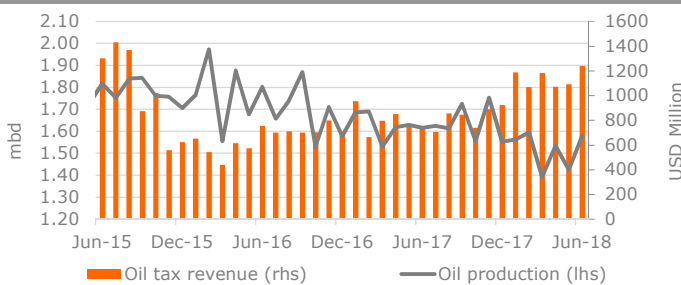
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

Maturity	Rate	Supply	Demand	Allocated
BT (84 days)	16.00%	4,996	1,510	1,510
BT (86 days)	16.00%	5,000	21	21
BT (177 days)	16.00%	5,399	502	502
BT (355 days)	17.90%	2,661	122	122
BT (357 days)	17.90%	2,682	4	4
OT* (3 years)	20.00%	5,000	250	250

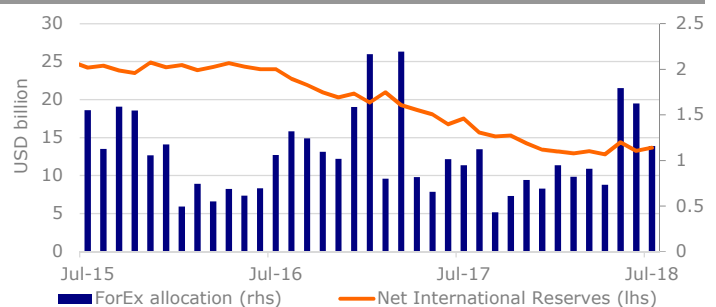
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas.  
\* Bond linked to the exchange rate \*\* Bond linked to treasury bills

## Oil Exports and Government revenues\*

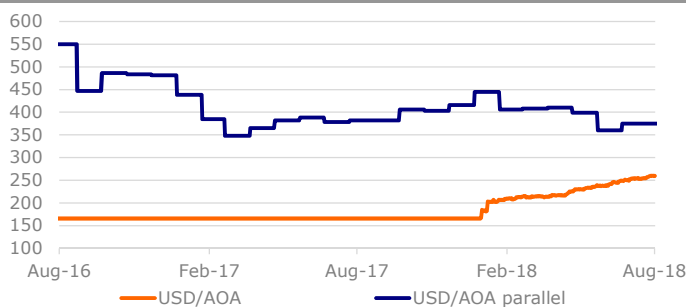


\*Includes revenue collected by Sonangol

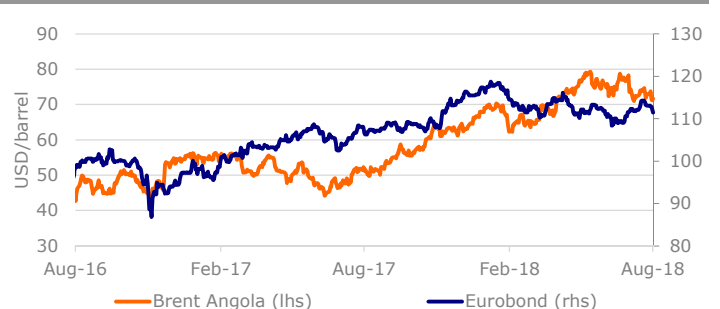
## Net International Reserves and ForEx allocation



## Exchange rate (official and parallel)



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



Sources: Bloomberg, BNA, INE, Finance Ministry