

Angola Weekly | February 8

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Market Information

The central bank (BNA) decided to revoke bank BANC's banking license, as its shareholders were not able or willing to raise the necessary capital for the bank to abide with regulation. This is now the third small lender to be closed by the central bank, following bank Postal and bank Mais, which faced similar measures in the beginning of 2019. Together, these 3 banks accounted for less than 0.5% of total deposits. The institution had been the target of a BNA intervention since June 26 last year; however, according to the central bank, the situation remained unchanged, with the need of a capital raise between AOA 24-41 billion (USD 77-131 million) for the bank to work properly, considering liquidity worries. According to Fitch ratings, the closure of the 2 banks prior to BANC is a sign that reforms in the Angolan banking system are starting to have a meaningful impact. **On the other hand, non-performing loans increased again in December 2018, to 28.3% of gross loans, compared to 26.7% in November.**

The National Agency for Oil Gas and Biofuels was officially established, thus assuming the role of auctioneer for new oil concessions, previously done by Sonangol. This was a step already predicted by the sector reshuffle, which will make Sonangol focus on oil operations solely. **Also noteworthy, an equal parts joint venture was announced (named Sonadrill) between Sonangol and Norwegian firm Seadrill**, whereby the latter will operate 4 drillships, 2 from its own fleet, and the 2 ships being built in South Korea by DSME.

Despite still considering Angola as "not free", Freedom House highlighted the developments in the country in 2018, namely the "notable" actions against corruption and impunity, while granting larger independence to courts.

In international markets, the barrel of Brent is trading close to USD 61, as global economic worries and drops in financial markets, together with doubts over the success of US-China trade negotiations, put some downward pressure on oil prices.

Macroeconomic Forecasts

Indicator	2018*	2019**	2020**
GDP change (%)	-1.7	2.5	2.8
Average Inflation (%)	19.6	15	14.4
Current Account (% GDP)	2.0	2.4	0.75

*IMF forecasts

** 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

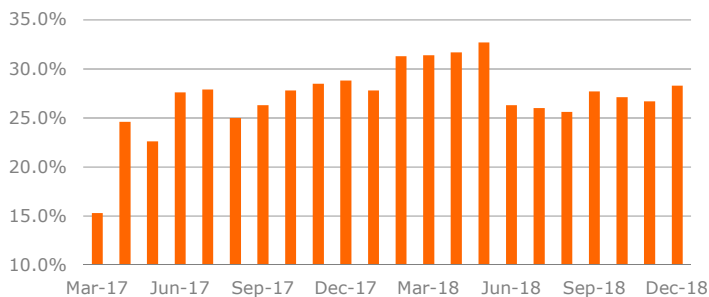
	08/02/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.75%	0.00	-1.00	-4.05
USD/AOA	313.15	0.29%	1.47%	49.94%
AOA/USD	0.0032	-0.29%	-1.45%	-33.31%
EUR/AOA	354.75	-0.95%	0.49%	37.65%
EUR/USD	1.13	-1.00%	-1.10%	-7.40%
USD/ZAR	13.63	2.26%	-5.03%	11.97%

*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

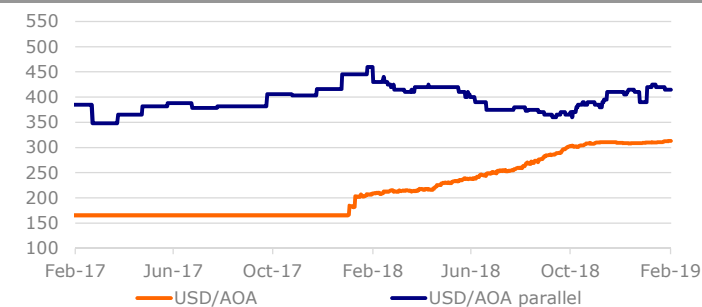
Weekly auctions of Treasury bonds and bills

Maturity	Rate	Supply	Demand	Allocated
No auctions were held this week				

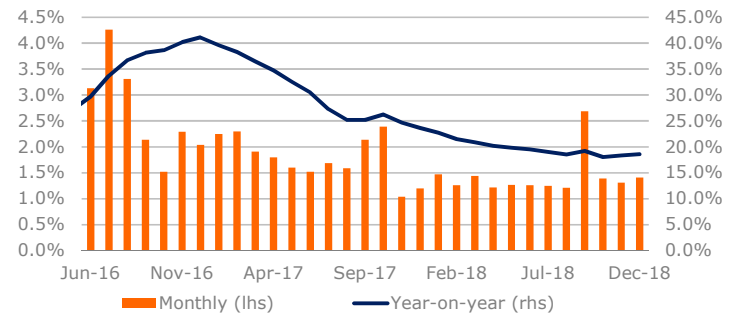
NPL/Gross loans



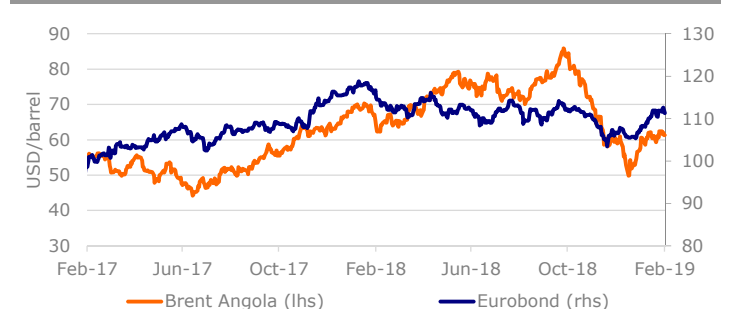
Exchange rate (official and parallel)



Inflation



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry

