

## Market Information

According to the Angolan Statistics Office, inflation decelerated again, with a monthly price rise of 1.14% in January and a year-on-year change of 18.20% - 4.52 p.p. less than in the same period of 2018. This continued slowdown is particularly relevant in January, as price adjustments occur at the turn of the year; monthly inflation was the lowest since November 2017.

Net International Reserves (NIR) stood at USD 11.1 billion in January, according to preliminary data from the Angolan central bank (BNA), an increase of 4.7% in comparison with the previous month (USD 10.6 billion). In spite of the slight improvement this month, reserves are still at a historically low level, USD 2.1 billion below January 2018. In the same month, the BNA has sold an amount equivalent to USD 1.3 billion in foreign exchange to retail banks, USD 95 million less than in December; the amount sold was 33% higher than in the same month of 2018. On the other hand, the Kwanza depreciated slightly last week against the Dollar (-0.33%) and appreciated against the Euro (0.14%). Also, the gap between the official and parallel market exchange rates has widened, and now stands at 34%.

According to *Expansão* newspaper, the BPC has closed 74 branches in 2018, having decreased their workforce in 550 people. The changes are part of the public bank's restructuring plan, which will receive a capital injection of AOA 180 billion (USD 572 million). Moreover, AOA 50 billion (USD 159 million) will be used to purchase NPLs from the bank, by Recredit.

Standard & Poor's has changed the Angolan sovereign rating outlook to negative, from stable, keeping the rating at B-. This perspective comes from a lower oil price assumption, which puts the barrel of Brent at an average of USD 55 throughout 2019-22. This lower oil price would lead to a return to current account and budget balance deficits (both are expected to have posted a surplus in 2019). In case of a downgrade, the rating would be at CCC+, lower than the evaluation of Moody's and Fitch.

## Macroeconomic Forecasts

Indicator	2018*	2019**	2020**
GDP change (%)	-1.7	2.3	2.5
Average Inflation (%)	19.6	15.7	14.65
Current Account (% GDP)	2.0	1	0.66

\*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

	15/02/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.75%	0.00	-1.00	-4.09
USD/AOA	314.19	0.33%	1.81%	48.92%
AOA/USD	0.0032	-0.33%	-1.78%	-32.85%
EUR/AOA	354.24	-0.14%	0.35%	36.33%
EUR/USD	1.13	-0.41%	-1.66%	-9.83%
USD/ZAR	14.10	3.52%	-1.69%	21.37%

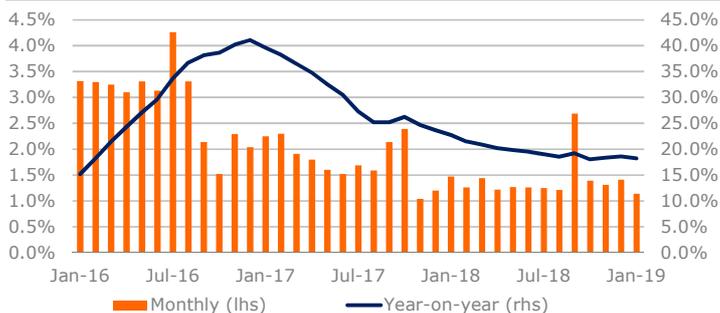
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

## Weekly auctions of Treasury bonds and bills

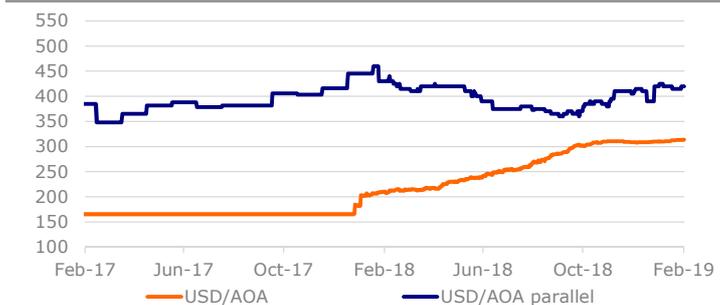
Maturity	Rate	Supply	Demand	Allocated
BT (91 days)	13.60%	20,000	11,954	10,454
BT (182 days)	17.06%	30,000	9,625	8,625
BT (364 days)	19.05%	40,000	6,576	6,576

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

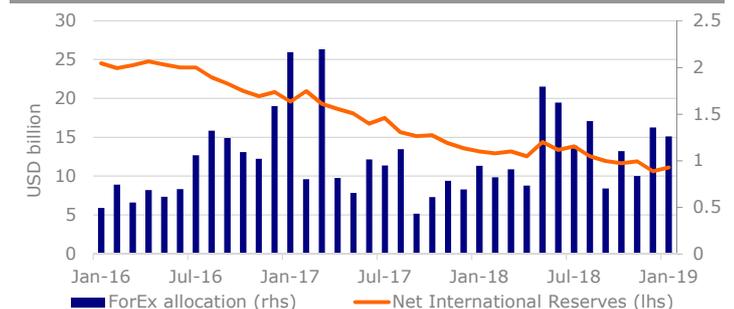
## Inflation



## Exchange rate (official and parallel)



## International Reserves and ForEx allocation



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



Sources: Bloomberg, BNA, INE, Finance Ministry