

Angola Weekly - May 6

Market Information

Angola will get a new loan from the World Bank, amounting to USD 1.2 billion. The disbursement is to occur in June this year, and allocated to a series of pre-selected projects in order to improve the quality of statistics, as well as for agriculture, energy & water, and human capital projects. According to statements on the Angolan media from a World Bank executive, this extra loan will lift the total amount loaned by the institution to USD 2.4 billion.

In the forex market, past week saw a depreciation of the Kwana against international currencies - the Angolan currency lost 1.53% to the Dollar (USD/AOA 320.3 a week ago). Also, one should note that, in the parallel market, the Kwana remained stable, now trading around USD/AOA 460; this puts the gap between the two markets now at 41%.

The revised State Budget for 2019 was approved by the Executive, with the approval on the Angolan parliament as the next step. It is known already that there will be a reduction in expenditure (mainly through less investment and purchases of goods & services), resulting from a lower oil barrel reference price for the Budget calculations - from USD 68 to USD 55. A more volatile performance of the Brent in the international market has led the Government to adjust the level of revenue and spending to the current economic scenario.

The law regulating the new VAT tax was published in the national gazette, together with an elimination of the previous consumption tax, and stamp tax. VAT is to come into effect on July 1st 2019, and to be applied, temporarily, only to Large Taxpayers and to imports of goods. For all other transactions, mandatory VAT will be effective starting January 1st 2021, at a rate of 14%. On the other hand, a Special Consumption Tax was created, applicable to products like beer (16%), cigarettes (16%) and firearms (2%), among others.

According to data from the Angolan statistics office (INE), the unemployment rate increased 8.8 percentage points (p.p.) in the last two years. The Survey on Expenses, Income and Employment in Angola (IDREA) showed that, between May 2018 and January 2019, 28.8% of the labour force was out of a job. The rural area shows a much larger employment rate than urban areas, at 75.7%, 22 p.p. above; the employed population had jobs mostly in the primary sector (46%), followed closely by services (at 45.3%). Finally, the report stressed that 72.6% of the labour force was involved, in some way, in the informal market.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.7	2.3	2.7
Average Inflation (%)	19.6	16.4	14.7
Current Account (% GDP)	7	0.3	0.6

*GDP - IMF forecast; Inflation - INE; Current Account - BNA with BFA calc.
** 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-	Negative	08/02/19

Monetary and ForEx data*

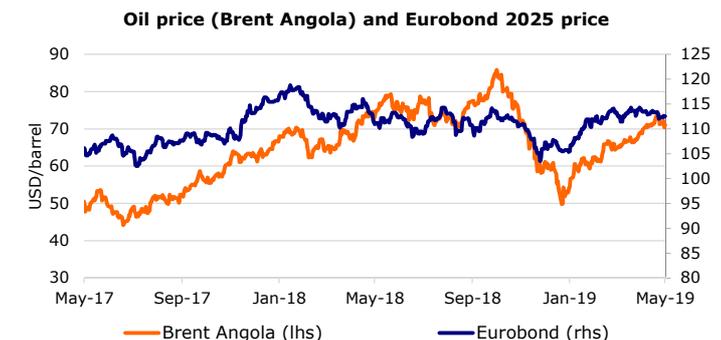
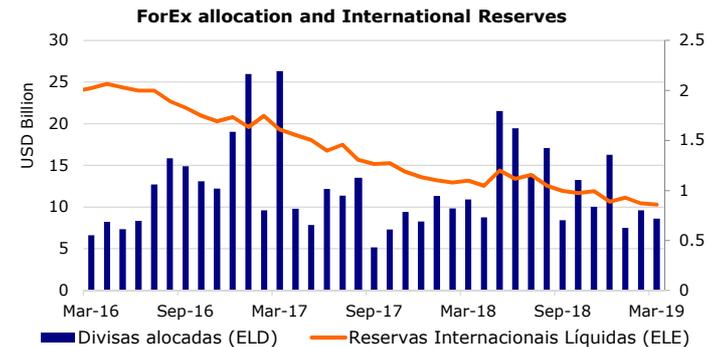
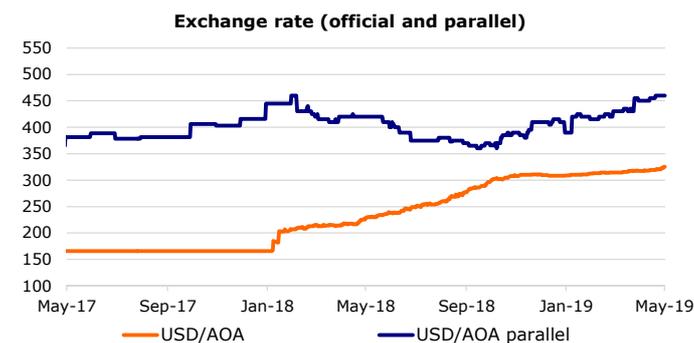
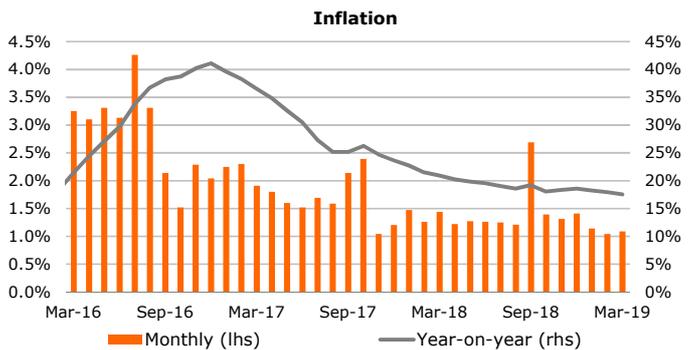
	03/05/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.73%	0.00	-1.02	-4.32
USD/AOA	323.1	0.61%	4.69%	42.99%
AOA/USD	0.00310	0.61%	4.69%	42.99%
EUR/AOA	362.2	0.22%	2.59%	32.69%
EUR/USD	1.122	-0.11%	-2.20%	-7.15%
USD/ZAR	14.30	0.29%	-0.34%	14.75%

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

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (6 months)	15.90%	46,568	46,568	36,951
BT (12 months)	17.49%	26,739	28,965	11,472

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



Sources: Bloomberg, BNA, INE, Finance Ministry