

## Angola Weekly | 13/05/19

### Market Information

**A new Board was appointed for Sonangol, led by Sebastião Martins, former Board member and oil company veteran, thus leading to the dismissal of Carlos Saturnino, who had been appointed in November 2017.** The change occurred in reaction to the fuel scarcity crisis impacting the country (and Luanda in particular) during last week. Sonangol had declared that this had been caused by a problem in the access to foreign currency; the situation caused an emergency meeting between the Angolan President, and the leadership of Sonangol, the Oil Ministry and the central bank, and resulted in the dismissal of the Sonangol Board. When the new Board took possession, the head of Government stressed that this situation could "never occur again".

**Past Monday's (May 6) Treasury Bill (BT) issue saw a rate of 16.8% for the 1-year bills, the lowest interest rate since February 2016.** The rate had been close to 24% for all of 2017, and in part of 2018, having decreased towards 18-19% from May 2018 onwards, following the Eurobond issue. This year, the BT rates have been dropping consistently in each issue, in the various tenors (3, 6 and 12 months). Still, part of that drop could have resulted from the new Treasury strategy of re-opening lines with the same maturity; in that sense, this 1-year BT issue with a new maturity (in May 2020) confirms and consolidates this trend of rate drops. Regarding Treasury Bonds (OT), these have continued at similar rates as in 2018, but we expect a drop throughout the year.

**In April, the central bank has sold USD 840 million in foreign exchange to retail banks (+14.8% yoy). In the first 4 months of the year, the amount totalled USD 2.97 billion (-12.4% yoy).** This decrease has been felt in the market, as the exchange rate in the parallel market has been increasing its gap against the official rate (now around 38%).

**In the oil market, the Brent traded around USD 70 during the past week.** The drop, compared to the previous highs, is partly due to renewed USA-China trade tensions.

**Deutsche Bank has opened a credit line of up to EUR 1 billion, for Angolan banks to finance the private sector, with a Government guarantee and the BDA (Angola Development Bank) as its first signatory.** The deal will finance various private sector projects and is to be used through framework-agreements to be signed between the German lender and various Angolan retail banks.

### Market Information

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	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\*

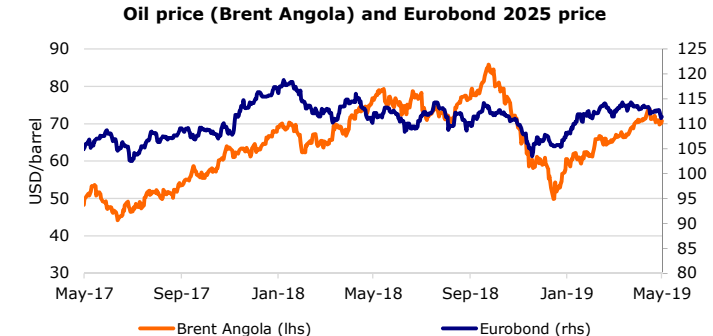
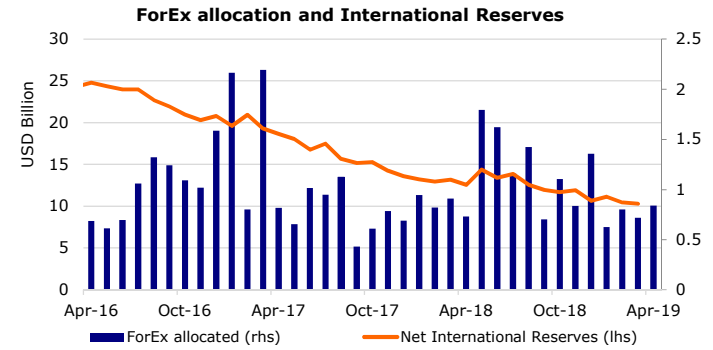
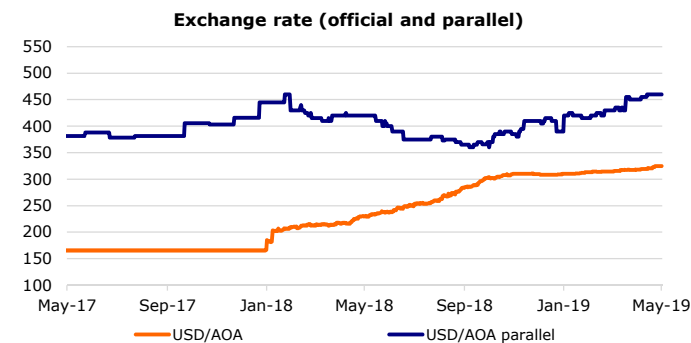
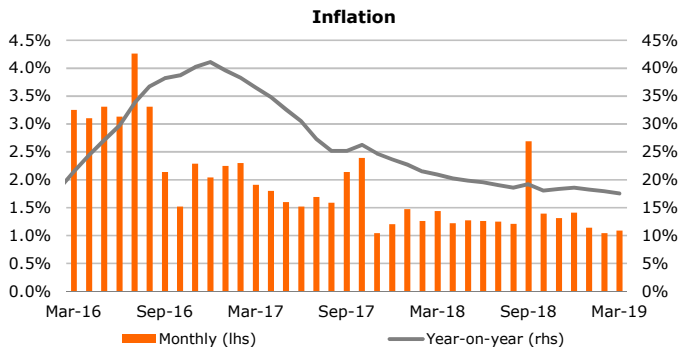
	10/05/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	15.73%	0.00	-1.02	-4.33
USD/AOA	325.1	0.00%	5.36%	41.07%
AOA/USD	0.00308	0.00%	5.36%	41.07%
EUR/AOA	365.2	0.68%	3.46%	32.81%
EUR/USD	1.123	0.29%	-2.06%	-5.74%
USD/ZAR	14.18	-1.18%	-1.14%	15.30%

\*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.

### Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.80%	80,000	15,942	10,001

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



Sources: Bloomberg, BNA, INE, Finance Ministry