

Angola Weekly | 13/05

Market Information

INE data showed an increase of the trade surplus in goods, in 2018, to USD 24.7 billion, compared to USD 19.7 posted in 2017.

The increase resulted from a growth in exports, which amounted to USD 40.7 bn (+16.1% yoy) - from a much higher oil price in 2018. One should note that this effect also caused a new rise of the weight of oil exports in total goods exported, from 94.8% to 95.7%. On the other hand, imports of goods, measured in USD, rose only 4.2%, reaching USD 16.0 bn. In particular, the drops in imports of products for final consumption (-17.9%) and intermediate products (-4.3%) moderated the increase in imports. Imports of capital goods and fuels increased, respectively, 43.3% and 54.1%.

Monthly inflation was 1.05% in April, leading to a new drop in year-on-year inflation. Prices rose 17.34% compared to the same month of 2018, the lowest price rise since January 2016. The price level performed according to our expectations, and is consistent with a year-on-year inflation slightly under 16% in the end of 2019. In May, we are expecting prices to rise around 1.1%.

Net International Reserves (NIR) rose USD 536 million, reaching USD 10.8 bn in April. In relation to December 2018, reserves increased USD 182 million, an average of USD 45 million per month. In the same period of 2018, NIR were falling at an average rate of USD 259 million per month. According to our own calculations, the net reserves represented 4.2 months of next year's imports in April - below the minimum threshold of 6 months set by the Government in the Macroeconomic Stabilisation Plan. Looking at Gross International Reserves, these stood at USD 16.4 bn, and represented 6.4 months of imports. The minimum target for net reserves in June (according to the IMF programme) is of USD 10.3 bn, with a target of USD 10.25 bn at the end of 2019.

The Italian ENI announced another oil discovery in Block 15/06, the Ndungu-1 NFW well, estimated to hold up to 250 million barrels. This is the 4th oil discovery in that Block since the restart of exploration activities by ENI, although this well has less estimated reserves than the previous discovery (the Agogo well, at 450-650 million barrels). Nevertheless, according to ENI, this is "the first significant oil discovery in Angola inside an already existing Development Area". According to the Italian oil company, this discovery can thus be fast-tracked to production, with an indicative production capacity "in excess of 10,000 barrels of oil per day".

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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	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*

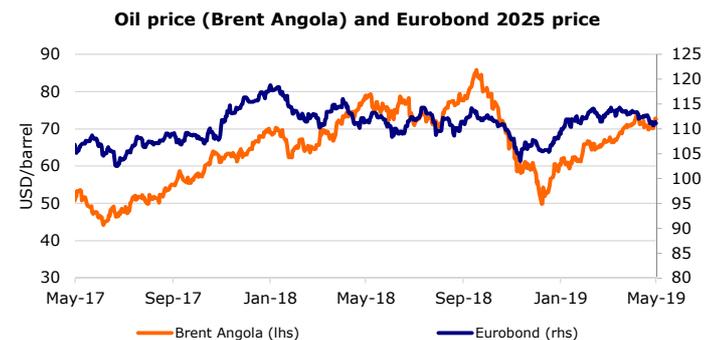
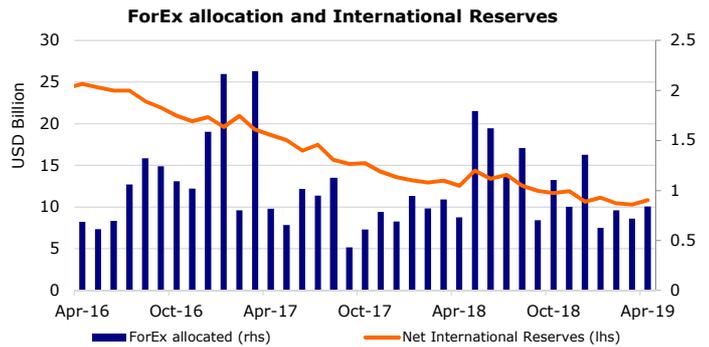
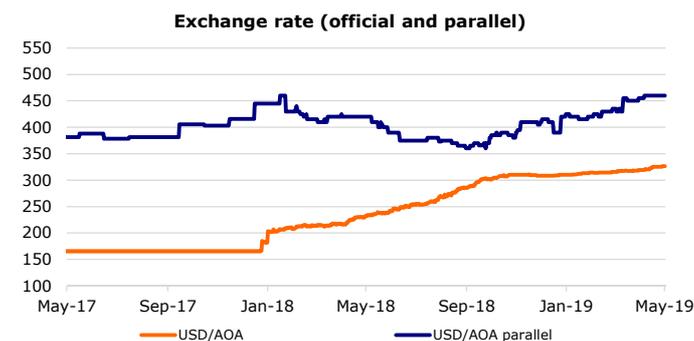
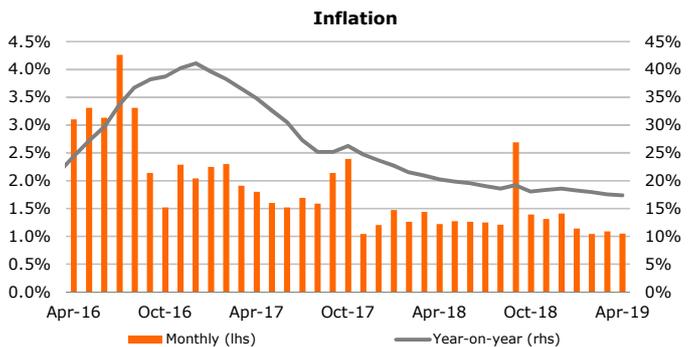
	17/05/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	15.73%	0.00	-1.02	-4.32
USD/AOA	326.6	0.46%	5.84%	41.97%
AOA/USD	0.00306	0.46%	5.84%	41.97%
EUR/AOA	366.7	0.69%	3.89%	33.36%
EUR/USD	1.120	0.12%	-2.29%	-6.06%
USD/ZAR	14.24	-1.32%	-0.72%	15.52%

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

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	16.25%	69,999	16,229	14,643

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