

Angola Weekly | 27/05

Market Information

According to Angola's Central Bank (BNA), there was a 16.7% year-on-year drop in goods exports in the first quarter of 2019, standing at USD 8.0 billion. The drop was due to crude exports, which declined by 18.0% yoy - volume exported tumbled 13.2%, while price decreased 5.5% (USD 63 per barrel). On the other hand, non-oil exports increased 45.8% yoy, mainly due to diamond exports, which rose 64.9% (and represented 91% of non-oil exports), registering the best quarter since 2012, when the BNA statistical series began. MinFin data point to the same direction; in the first four months of the year, diamond export revenues increased 27.8% yoy to USD 486 million - a result of an increase of 10.4% yoy in volume exported and 8.5% in price. **On the other hand, imports rose 44.0%, due to imports of capital goods, which more than doubled.** These imports are nonetheless volatile; and a similar rise in other quarters should be not expected. Imports of intermediate goods also increased (+36.2%), while there was a 9.4% drop in imports of consumption goods. **Consequently, the trade balance in goods saw a surplus of USD 2.4bn, well below the USD 6.4bn recorded in Q1 2018, and the lowest surplus since the first 3 months of 2016.**

The National Oil and Gas Agency (ANPG) forecasts an average production of 1.2 million barrels per day for the next 6 years. This forecast points to a continuous production drop, except in 2020; this is a more pessimistic forecast than the previous ones - note that the estimates only takes into account the projects already in operation. Sonangol announced this week the hiring of TOTAL and Trafigura, through public tender, for fuel supply in the next 12 months. This marks the return of the Swiss company (Trafigura) as a supplier of oil products after losing its monopoly of supply in March 2018. **In the international market, the Brent price fell by 4.5% last week, trading around USD 68 today;** the drop was related to the escalation of trade tensions between the US and China and the increase of US reserves in this commodity.

The Central Bank decided to lower the BNA rate by 25 basis points to 15.5% in the Monetary Policy Committee held last Friday.

The revised State Budget for 2019 received first approval in Parliament and should have its final vote on 6th of June. The document assumes a lower oil production and a lower Brent price of USD 55. Lower revenues (-19.4%) are offset by reducing the budget surplus to zero and a decrease (-13.6%) of expenditure. More information in our Flash Note 5/2019, available at www.bfa.ao.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.7	1.8	2.4
Average Inflation (%)	19.6	15	14.6
Current Account (% GDP)	7.0	1.4	0.8

*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

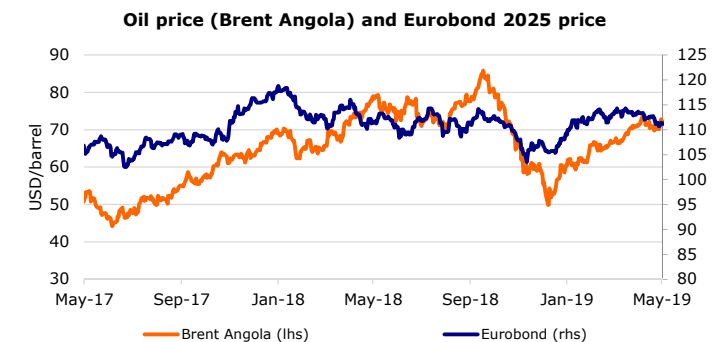
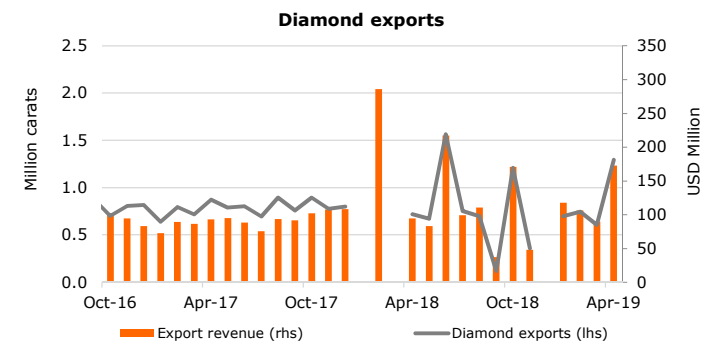
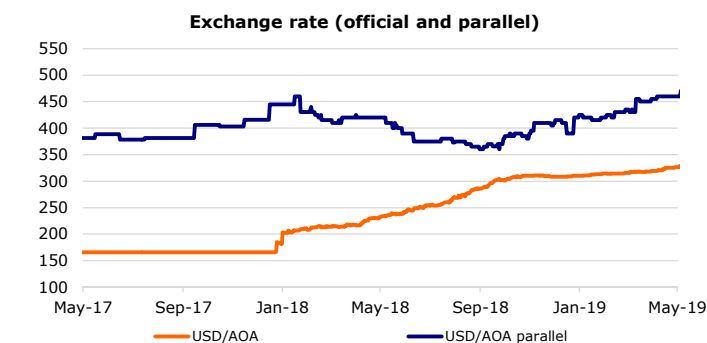
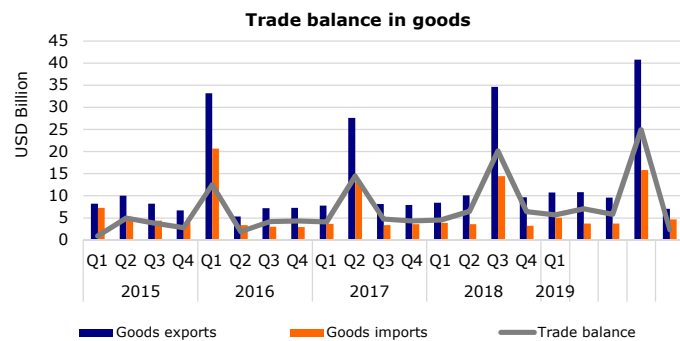
Monetary and ForEx data*

	24/05/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	15.73%	0.00	-1.02	-5.25
USD/AOA	328.9	0.69%	6.56%	40.11%
AOA/USD	0.00304	-0.68%	-6.16%	-28.63%
EUR/AOA	367.8	0.83%	4.19%	33.76%
EUR/USD	1.119	0.27%	-2.43%	-4.54%
USD/ZAR	14.42	-0.07%	0.50%	16.07%

*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)	16.00%	55,652	55,652	55,652



Sources: Bloomberg, BNA, INE, Finance Ministry