

Angola Weekly | 10/06

Market Information

At the "Angola Oil & Gas 2019" conference, ExxonMobil announced that it will renew the investment in Block 15, extending the production license until the end of 2032. In the agreement, where Sonangol earns a 10% stake, an investment is expected to result in a production increase of 0.04 million barrels per day (mbd) - the Block exported an average of 0.53 mbd in 2010, with the volume declining gradually to 0.24 mbd in 2018. **ANPG announced a round of block auctions in the Namibe and Benguela basins by October in the first public offering since the pre-salt layer auction in 2011.** A roadshow will be held in September in Houston, London and Dubai. The auction is part of the oil licensing strategy to sell stakes in 55 blocks by 2025. **There was also an initial agreement for the construction of a regasification terminal (LNG transformation into gas for domestic and industrial use) by New Fortress Energy, a natural gas company.** The agreement also provides for the possibility of exploring more Angolan natural gas resources and building a liquefaction unit. **Lastly, Eni and Sonangol announced the creation of a joint venture, Solenova, which is expected to invest in renewable energy projects in Angola.**

According to the INE, the Economic Climate Index (ICE) registered a new improvement in Q1 2019 (although it remains negative), rising from -12 to -9 in relation to Q4 2018, with the highest value since Q3 2015. Special focus to Communication and Extractive Industries, which saw confidence rise to 37 and 1, respectively, highest levels since Q1 2015 and Q3 2014.

In the foreign exchange market, the week was marked by a significant depreciation of the Kwanzas against the international currencies, having lost 2.5% of its value against the Dollar. Likewise, in the parallel market, Kwanzas followed the same trend, having lost 2.1% against the US Dollar (staying at USD/AOA to 480), putting the difference between the exchange rates from both markets at 41.6%.

The revised Budget for 2019 had its final approval in Parliament last week. The sectors of Transport and Agriculture were the most affected by the reduction in the expenditure - decreases of 40.81% and 50.11% comparing to the initial forecast, respectively. **For more detailed information, see Flash Note 5/2019, available at www.bfa.ao.** This Wednesday, June 12, the IMF will take the decision on the first review of the Extended Fund Facility (a decision originally planned for March this year), which will result in the disbursement of the second tranche, if approved - which is the scenario that we are anticipating.

Market Information

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*

	07/06/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	15.74%	0.01	-1.01	-5.29
USD/AOA	339.0	2.58%	9.84%	41.95%
AOA/USD	0.00295	-2.52%	-8.96%	-29.55%
EUR/AOA	381.9	3.65%	8.18%	35.82%
EUR/USD	1.126	0.85%	-1.77%	-4.54%
USD/ZAR	15.10	3.58%	5.27%	16.39%

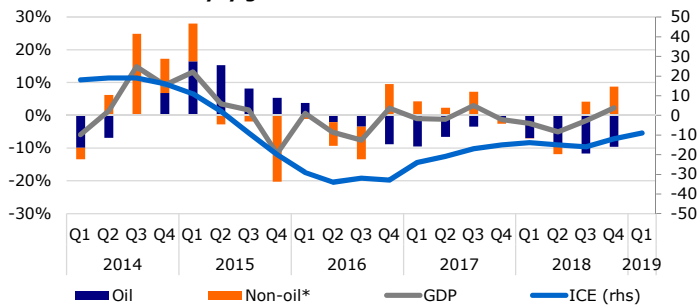
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (12 months)	15.85%	50,000	3,504	2,504

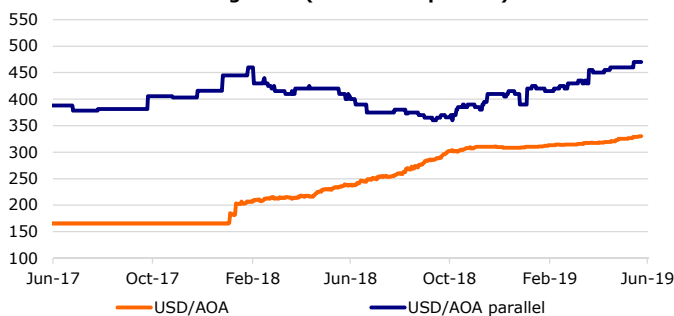
BT are treasury bills, OT are treasury bonds; Note: amounts (except for the rate) are in million Kwanzas. USD OT in million Dollars * Bond linked to the exchange rate ** Bond linked to treasury bills

GDP yoy growth and economic sentiment

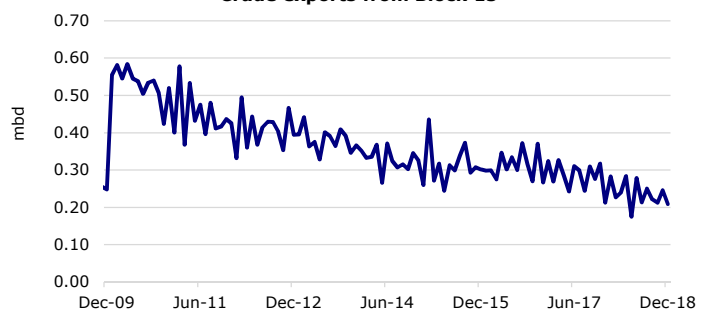


*Statistical proxy

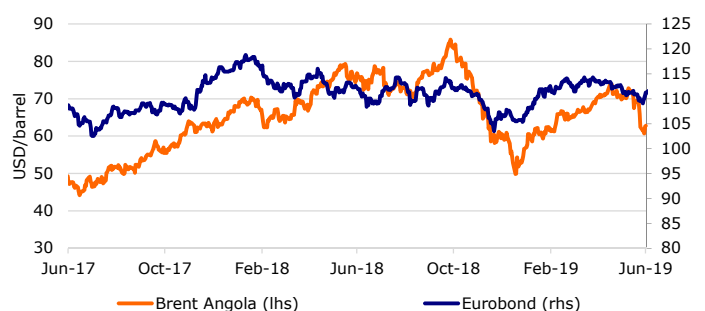
Exchange rate (official and parallel)



Crude exports from Block 15



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry