

Angola Weekly | 8/07

Market Information

Between January and May 2019, Angola exported 3.5 million carats in diamonds, -5.8% compared to the same period in 2018. However, export revenues increased by 13.6%, totalling USD 526 million - the rise was due to a higher selling price per carat. With respect to tax revenues, the State raised USD 39.3 million during the period; it is an increase of 32.8% over the first 5 months of 2018. **Note to an unusually high sales price in May, due to the sale of stones with very rare characteristics.**

The Organization of the Petroleum Exporting Countries (OPEC) and its partners decided, last week, to extend the period of voluntary cuts approved in December 2018 for another nine months - until March 2020. With this measure, the production level of the group remains at 43.8 million barrels per day, where Angola has a limit of 1.481 million barrels daily (10 thousand barrels above May's production). **The Angolan President approved the amount of fuel to be kept in strategic reserves for the domestic market.** The volume of the security reserves must be equal to 30 days of the average consumption of the previous year. **In the international market, Brent traded during the past week between USD 63-65, and is trading today slightly above USD 64.** This variation was mainly due to weak economic indicators in the United States and Germany.

In the foreign exchange market, last week was marked by a significant depreciation of the Kwanza against international currencies, having lost 1.05% against the dollar (USD/AOA 340.3 in the previous week). It should also be noted that, in the parallel market, the Kwanza remained stable and it is now being traded for USD/AOA 475; therefore reducing the gap between the two markets to 38.2%.

Following an internal consultation, Nigeria signed the African Free Trade Agreement (AfCFTA) on Sunday, during the extraordinary meeting of the African Union held in Niamey, the capital of Niger. This agreement aims to eliminate more than 90% of tariffs and create a single market with free movement of goods and services. Eritrea is the only African country that remains outside the agreement.

Market Information

Indicator	2018*	2019**	2020**
GDP change (%)	-1.7	1.6	2.3
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*

	05/07/19	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LIUBOR O/N	14.72%	-0.28	-2.03	-7.22
USD/AOA	343.8	1.05%	11.42%	38.50%
AOA/USD	0.00291	-1.04%	-10.25%	-27.80%
EUR/AOA	388.7	0.35%	10.11%	34.56%
EUR/USD	1.129	-0.72%	-1.59%	-3.04%
USD/ZAR	14.10	-1.79%	-1.74%	1.92%

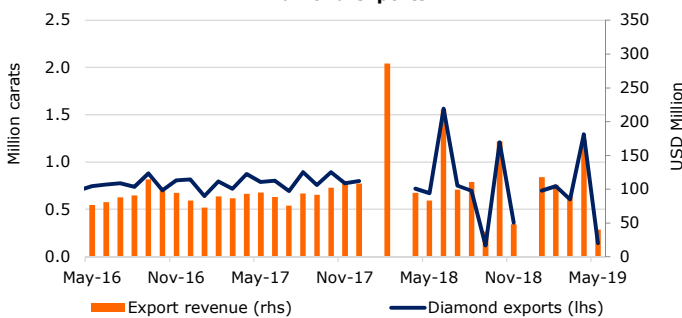
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

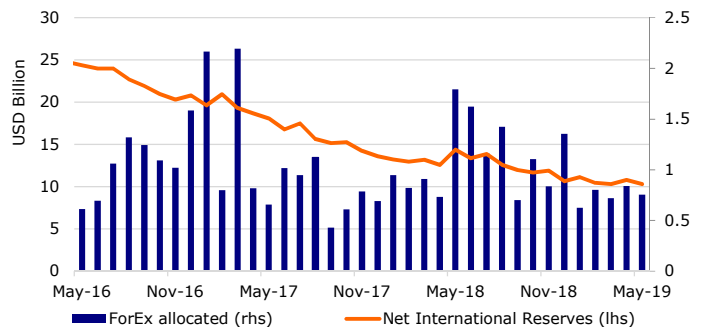
Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.75%	40,000	936	1
OT (1 year)	21.00%	20,000	3,630	3,630
OT (2 years)	22.00%	20,000	16,696	16,696
OT (3 years)	23.00%	16,845	16,845	16,845
OT (4 years)	22.00%	10,000	1	1
OT* (6 years)	5.25%	9,247	5,642	5,642

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

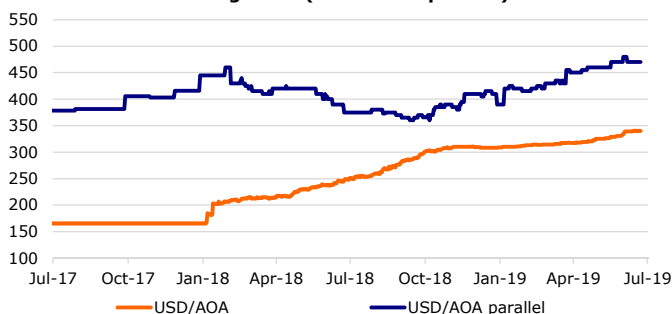
Diamond exports



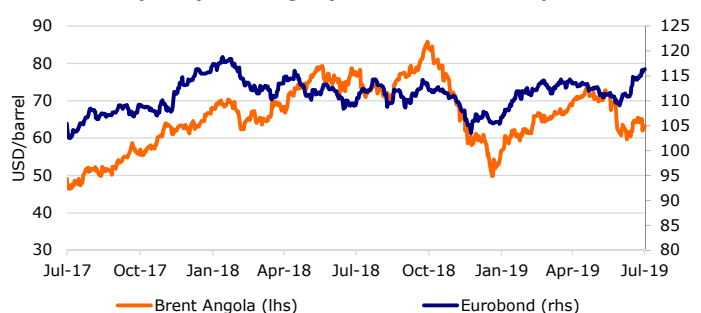
ForEx allocation and International Reserves



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry