

Angola Weekly | 15/07

Market Information

In June, BNA sold the equivalent of USD 563.9 million in foreign currency to commercial banks, a decrease of USD 188.4 million from May (USD 752.3 million) - the lowest since September 2017. YOY and YTD, the value shows robust breaks of 65.2% and 58.4%, respectively. Looking at the volume of foreign currency made available to commercial banks in the first half of the year, it can be seen a 37% drop in the total value sold, in comparison with the same period in 2018 (USD 6.8 billion). **In the foreign exchange market, the Kwanza continued its depreciation behaviour against the international currencies - minus 0.6% against the US dollar, although it was lighter than last week (-1%).** One should note that, in the same way, in the black market, the national currency lost value, being quoted today by USD / AOA 500 according to Kinguila Hoje - highs not seen since mid-2016. **As a result, the gap between the official and parallel exchange rates has again widened to 44.5% (a figure not seen since mid-August 2018).** On the other hand, the central bank published a directive on 5 July, which establishes the total amount to be allocated to commercial banks for the opening of letters of credit. These will be, as per 1 of August, based on the market share of deposits - which can be beneficiary for the banks with the largest market share. Likewise, BNA published an instruction where it establishes limits of amounts to be handled in the different payment methods of the country. **These measures seem to us an attempt by the Central Bank to control informal trade, as mentioned by the IMF.**

According to the executive, the private sector will benefit from USD 1 billion in credit, made available by the Angola Development Bank (BDA), under a Deutsche Bank funding line. This loan will be used to subsidise interest rates of the Credit Support Program (PAC) by the BDA, in the Program to Support Production, Diversification of Exports and Substitution of Imports (PRODESI).

In the international markets, the Brent price rose again last week, and is trading close to USD 67 per barrel today. This increase to near-highs at the end of May was due to a drop in US stockpile and the interruption of nearly a third of Gulf of Mexico oil production due to a possible hurricane hit the area.

The fifth turbine, of the six envisaged, came into operation from the main centre of the Laúca dam (Malanje). The additional installed capacity is 334 MW, leading the plant to produce 1670 MW - to reach a total of 2070 MW upon completion of the project.

Market Information

Indicator	2018*	2019**	2020**
GDP change (%)	-1.7	1.0	2.0
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*

	12/07/19	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.99%	-0.73	-2.76	-8.12
USD/AOA	345.9	0.61%	12.09%	38.84%
AOA/USD	0.00289	-0.60%	-10.79%	-27.97%
EUR/AOA	387.6	-0.29%	9.79%	32.26%
EUR/USD	1.121	-0.68%	-2.26%	-4.62%
USD/ZAR	14.18	0.59%	-1.17%	5.73%

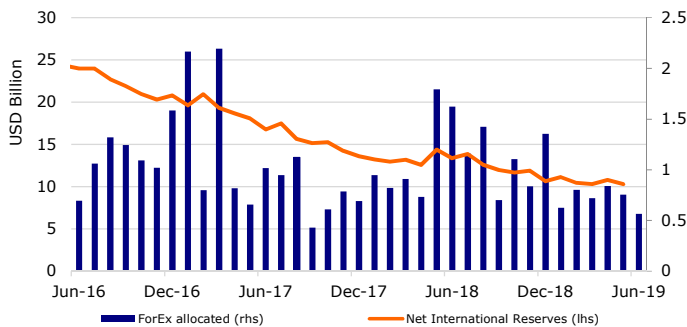
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Auctions of Treasury bonds and bills last week

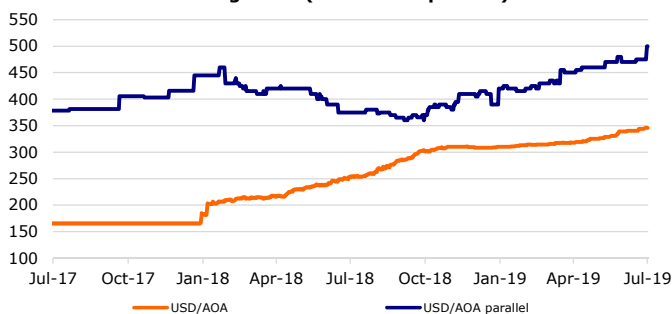
Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.70%	39,999	1,347	1,347

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

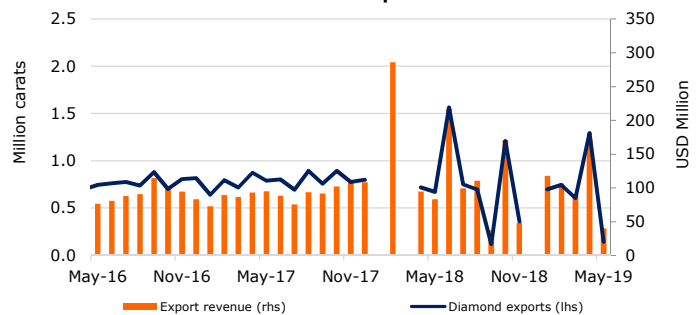
ForEx allocation and International Reserves



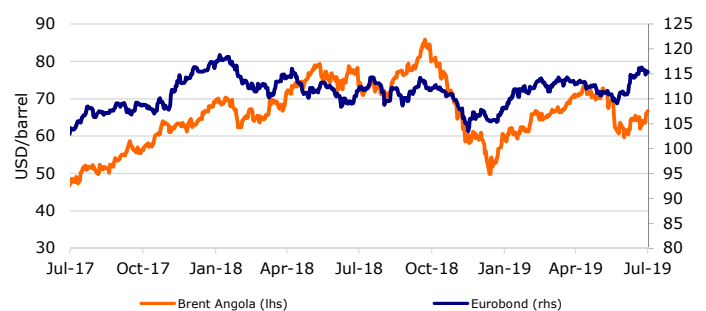
Exchange rate (official and parallel)



Diamond exports



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry