

Angola Weekly | 22/07

Market Information

According to data from the National Statistics Institute (INE), domestic inflation continued its deceleration behaviour in June to 16.93%, down 21 basis points (bp) - the lowest since January 2016. The first semester of 2019 had a monthly accumulative price of 6.49% - 1.43 percentage point (pp) below the first half of 2018. **Monthly inflation was 1.08%, slightly lower than in May (1.09%), and 18 bp less than in June 2018.** For July, we expect an increase in the price variation, to be between 2 and 3%, with the implementation of the new energy tariff. **INE also reported that Angolan GDP fell -0.4% yoy in the first quarter of the year, returning to the negative growth already seen in the third quarter of 2018.** Year-on-year only four indices of economic activity performed positively - Construction and Electricity had a positive variation of 11.3% and 9.9%, respectively. Likewise, Indirectly Measured Financial Intermediation Taxes and Services had the largest decreases comparing to the same period in the previous year (30.2% and 28.3%, respectively).

The financial rating agency Fitch changed the outlook for the Angolan economy, from stable to negative, on 12 July. The rating agency kept the country at level B, below investment grade, due to the slow economic recovery and the increase in public debt.

Last week, the World Bank increased the funding value for the project portfolio of Angola from USD 1.2 billion to USD 2.52 billion. This increase will be applied in three government structuring initiatives - USD 320 million for the strengthening of the Social Protection System, USD 500 million for Budgetary Support and USD 500 million for the Bita Project (Energy and Water).

The central bank governor said last week that banks have the liquidity to move funds from customers' foreign currency accounts. In the statement, the BNA announces that every legal person can move their own foreign currency funds to settle goods import operations, current invisible and capital. After approval by this body, banks have 2 business days to carry out the transfer, prepaid card loading or credit card limit assignment and cash withdrawal for their customers.

In the international market, Brent closed last week at USD 62.81 a reduction of USD 3.67 relative to the beginning of the week. This variation was due to a series of disappointing corporate profits, along with signs of little progress in the China-US trade talks.

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*

	19/07/19	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.92%	-0.07	-2.83	-8.19
USD/AOA	345.9	0.00%	12.09%	35.63%
AOA/USD	0.00289	0.00%	-10.79%	-26.27%
EUR/AOA	388.5	0.23%	10.05%	30.74%
EUR/USD	1.121	0.03%	-2.23%	-4.27%
USD/ZAR	13.95	-1.62%	-2.77%	5.50%

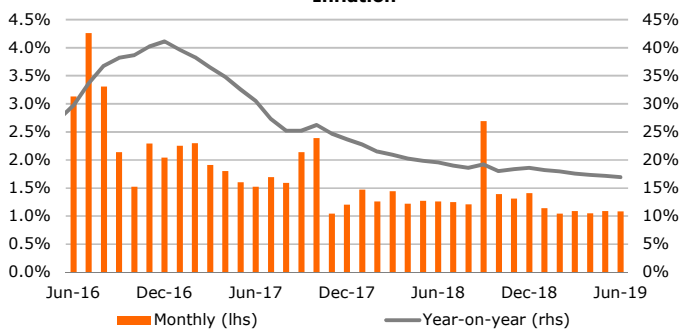
*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanzas; the change of AOA/USD shows the appreciation/depreciation of the Kwanzas against the USD.

Auctions of Treasury bonds and bills last week

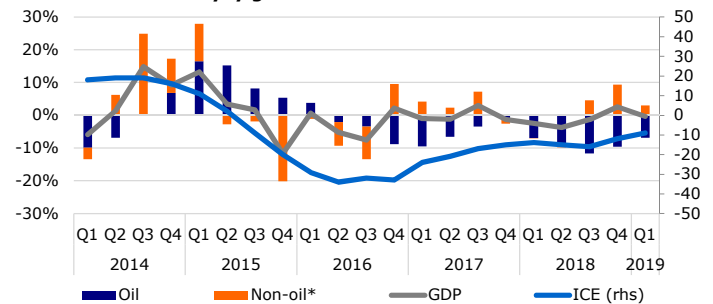
Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.70%	38,652	1,136	1,136

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

Inflation

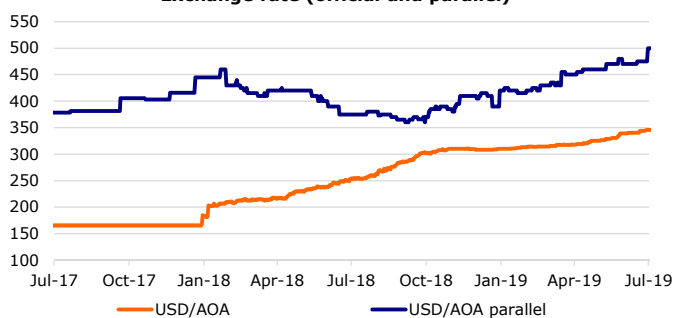


GDP yoy growth and economic sentiment

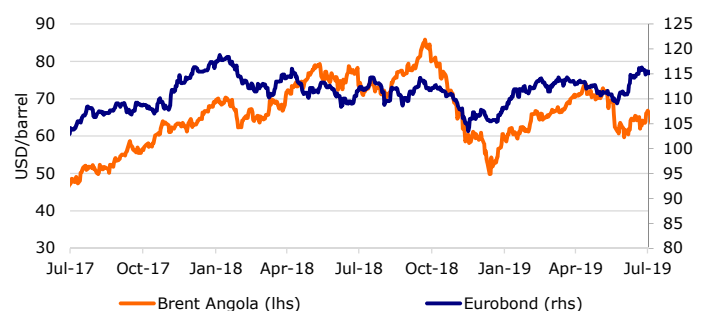


*Statistical proxy

Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry