

## Angola Weekly | 18/11

### Market Information

**Angolan inflation decreased in October to 16.07% yoy, relatively unchanged compared to September.** Prices increased by 1.38% mom, 0.07p.p. lower than in the previous month, and well below our expectations for the first month of VAT implementation. Inflation was pulled up by increases in Food & Non-alcoholic Beverages (1.92%), Hotels & Restaurants (1.50%) and Alcoholic Beverages & Tobacco (1.47%). On the other hand, inflation was dragged down by Housing, Water, Electricity & Fuel (0.09%), Transports (0.99%) and Other Goods & Services (0.96%), all of which saw slower increases in prices than in the previous month. **We expect average inflation to end the year just above 17%.**

**Angola is expected to return to the Eurobond market in the near future, between the end of 2019 and the beginning of 2020.**

Approved legislation points to one or more series up to a high of USD 3 billion. According to market sources, the roadshow is already underway, with Deutsche Bank, ICBC and Standard Chartered supporting the issue.

**Proposals by Sonangol, Total and ENI were accepted on the Namibe and Benguela basins oil block auction, with the procedure winners to be announced on January 17.** The process, with ensuing direct negotiations, should formally end by late April 2020.

**ENI acquired shares in two oil blocks from the Angolan oil & gas concessions agency (ANPG):** in the offshore Block 1/14 (with the Italian firm having 35% and operator role, together with Equinor, 30%, Sonangol, 25%, and ACREP, 10%), and in the onshore Cabinda Block (also as operator, with 42.5%, together with ExxonMobil, 32.5%, and Sonangol, 25%). In addition, the Government and ENI signed an agreement for a concession contract on a 50 MWp photovoltaic plant in the Namibe province. **According to secondary sources data reported to OPEC, Angola has produced an average of 1.41 million barrels per day (mbd) since the beginning of the year, 0.10 mbd lower than in the same period of 2018 - a decrease of 6.4% yoy.**

**In the forex market, the Kwanza remained relatively stable, losing only 0,22% against the Dollar.** In the parallel market, the Angolan currency appreciated 7.8% to USD/AOA 640, according to Kinguila Hoje. In the interbank monetary market, the LUIBOR overnight rate continued to climb, reflecting the scarce liquidity of Kwanzas in the market.

### Market Information

Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	-0.1	2.0
Average Inflation (%)	19.6	17.0	15.0
Current Account (% GDP)	7.0	0.8	-0.3

\*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	Negative	12/07/19
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Negative	08/02/19

### Monetary and ForEx data\*

	15/11/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	20.07%	2.62	3.32	3.32
USD/AOA	462.1	0.22%	49.75%	48.93%
AOA/USD	0.00216	-0.22%	-33.22%	-32.86%
EUR/AOA	509.6	0.04%	44.37%	45.40%
EUR/USD	1.105	0.30%	-3.63%	-2.45%
USD/ZAR	14.71	-0.96%	2.54%	3.77%

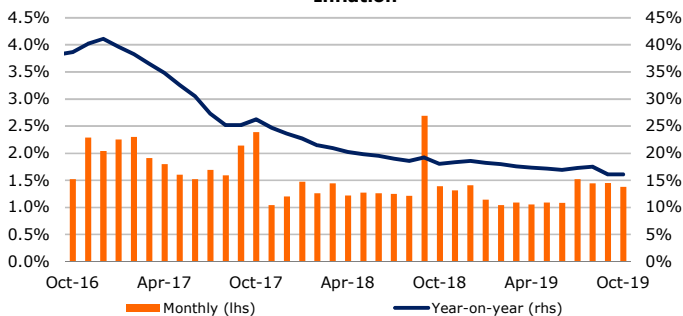
\*Change of USD/AOA (or EUR/AOA) shows the appreciation/depreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

### Auctions of Treasury bonds and bills last week

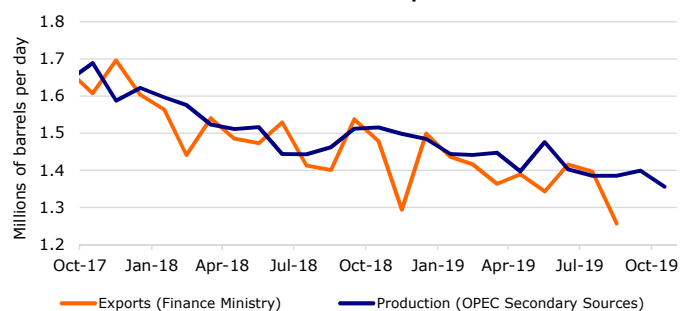
Maturity	Rate	Supply	Demand	Allocated
BT (6 months)	12.00%	9,998	2	2
BT (1 year)	14.68%	9,999	157	157

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

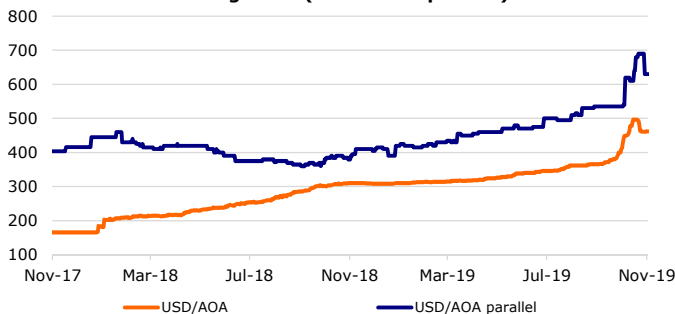
**Inflation**



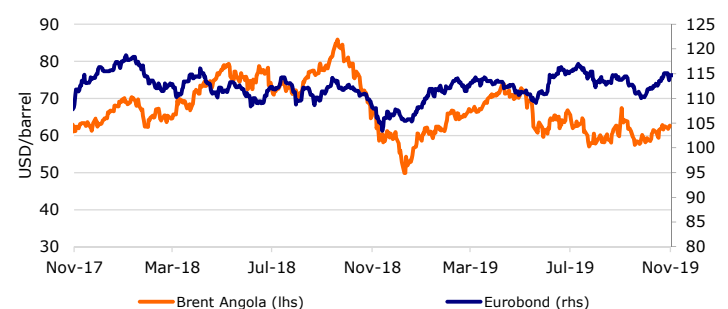
**Oil Production and Exports**



**Exchange rate (official and parallel)**



**Oil price (Brent Angola) and Eurobond 2025 price**



Sources: Bloomberg, BNA, INE, Finance Ministry, OPEC