

# Weekly Note | March 23

Banco de Fomento Angola  
www.bfa.ao | Email: bfa@bfa.ao

## Market Information

**According to the Finance Ministry, oil production stood at 1.595 million barrels per day (mbd) in February, being the third consecutive month below 1.6 mbd, which did not happen since 2011.** From Jan. to Feb. production decreased 6.4% yoy, keeping below Government's expectation of 1.7 mbd. In contrast, the average price of USD 61.7 (16.6% above Feb. 2017) led to an increase of revenues towards a value above USD 1000 million, in both January and February; these figures were not reached since 2015. The S&P Global Platts report also stated that production is expected to be around 1.58 mbd for the first four months of the year, followed by an estimated increase of 0.23 mbd in mid-2018 with the start-up of production in Block 32 (Kaombo). In addition, news from MacauHub reported that the Ochifugu field (Block 15/06) began production last Saturday, adding 0.03 mbd to the Angolan output.

**In the oil market, the Brent price has risen significantly, from around USD 65-66 last Friday to USD 69 this Friday.** On the one hand, Saudi officials have voiced their intention of maintaining OPEC cuts in 2019; moreover, the USA-Iran agreement seems more likely to be suspended - two factors supporting the increase in oil prices.

**A Competition Law has been approved for the first time, establishing a better foundation to fair competition in the Angolan market.** It was also reported that Glencore and Total won fuel supply contracts with Sonangol, while ending the contract with Trafigura, thus breaking a long-standing "de facto" monopoly in the market.

**The African Free Trade Agreement has been signed by Angola and another 44 countries, although without the participation of Nigeria and South Africa.** The agreement still has to be ratified by each country's national institutions.

**According to BMI Research, the budget deficit is likely to improve to 2.9% this year and 2% in 2019 due to the recovery in oil prices.** On March 16th, the IMF had revised 2018 GDP forecast to 2.25%, at the end of their Article IV staff visit.

## Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.1	1.8	2.3
Inflation (%)	31.7	28.0	14.8
Current Account (% GDP)	-4.8	-3.5	-2.1

\*GDP: Finance Ministry estimate; Inflation: INE; Current Account Balance: IMF estimate  
\*\* Average of forecasts from Bloomberg

## Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B	Stable	23/09/16
Moody's	B2	Negative	07/02/18
Standard & Poor's	B-	Stable	08/11/17

## Monetary and ForEx data

	15/03/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	20.09%	0.03	3.69	-3.58
USD/AOA*	215.19	-0.51%	-22.89%	-22.90%
EUR/AOA*	264.38	0.00%	-29.87%	-29.88%
EUR/USD	1.23	-0.02%	2.47%	13.94%
USD/ZAR	11.85	0.39%	4.48%	6.02%

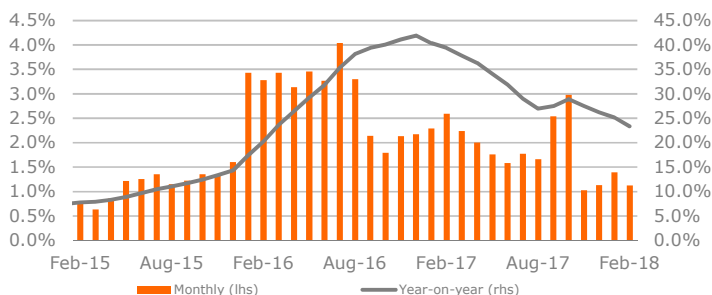
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwana/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

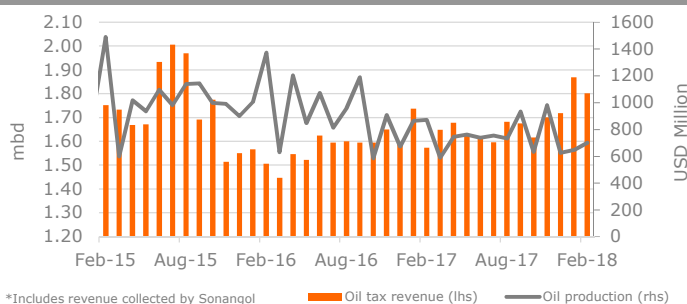
Maturity	Rate	Supply	Demand	Allocated
----------	------	--------	--------	-----------

**No auctions were held in the week of March 16-22**

## Inflation



## Oil production and government oil revenues\*

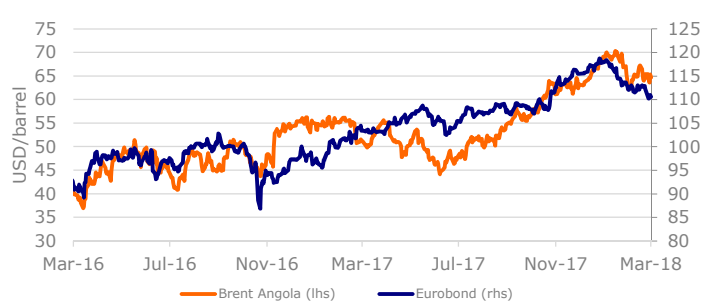


\*Includes revenue collected by Sonangol

## Exchange rate (official and parallel)



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



Sources: Bloomberg, BNA, INE, Finance Ministry

