

Market Information

According to the national statistics office, national inflation stood at 1.44% mom in March, a slight increase from 1.26% mom in February. Prices rose 20.9% yoy, the fifth consecutive month declining (and the lowest since February 2016). Luanda's CPI, however, fluctuated 1.38% between February and March (1.12% in the previous month) with an year-on-year inflation of 22.3%, also in decline for 5 months. "Goods and Services" have shown the highest price increase in the country, at 3.20% mom (2.99% in Luanda). By regions, Cuanza Sul, Lunda Norte, Cunene and Namibe registered the highest monthly increase of CPI, around 2%.

Following two auctions of foreign currency, between last Friday and the end of this week, Kwanza is now trading at EUR/AOA 268.46 (USD/AOA 217.85), resulting in a depreciation of 0.51% for the last 7 days; the loss in value since the beginning of the year already amounts to 30.94%. According to Bloomberg, with the exception of Venezuela, Angola is the oil-producing country that has experienced the largest drop in value of its currency against the dollar since 2014, with a loss of 55%.

Brent oil price has peaked from USD 67.5 on Monday to USD 73 yesterday, the highest level since November 2014 (a daily increase of almost USD 2). This rise occurred even after the IEA and API reports showing an increase in North American production in 2019 and higher stocks of oil and gasoline. The surge was driven by geopolitical tension about market expectations on US intervention in the Middle East. The market anticipate a higher probability of certain actions by US, such as non-renewal of the suspension of sanctions on Iran (to be decided by May); sanctions on Russian oil companies; and the adoption of a tougher stance in the war in Syria, with threats of missile attack. This morning, however, Brent traded around USD 72. The price is expected to decrease with an easing of tension around the matters mentioned, as the current balance between supply and demand does not support the current level. **According to OPEC, Angola's production has dropped by 81.7 thousand barrels in March, producing 1.52 million barrels per day (mbd).** This confirms the downward trend in production seen at the beginning of the year, significantly below the government target of 1.7 mbd.

Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.1	1.8	2.0
Inflation (%)	31.7	28.0	14.8
Current Account (% GDP)	-4.8	-3.5	-2.2

*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

	13/04/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	20.12%	0.00	3.72	-2.28
USD/AOA*	217.85	0.18%	-23.83%	-23.84%
EUR/AOA*	268.46	-0.51%	-30.94%	-30.94%
EUR/USD	1.23	0.30%	2.61%	16.07%
USD/ZAR*	12.05	-0.15%	2.75%	11.70%

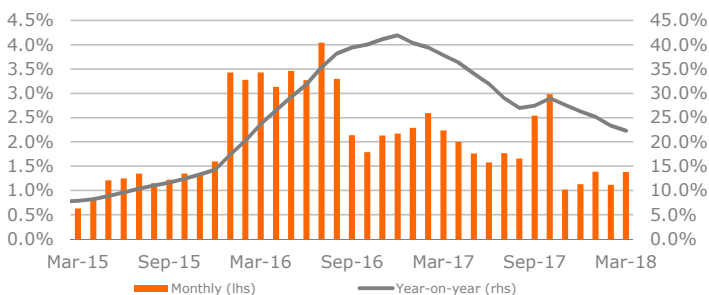
* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

Weekly auctions of Treasury bonds and bills

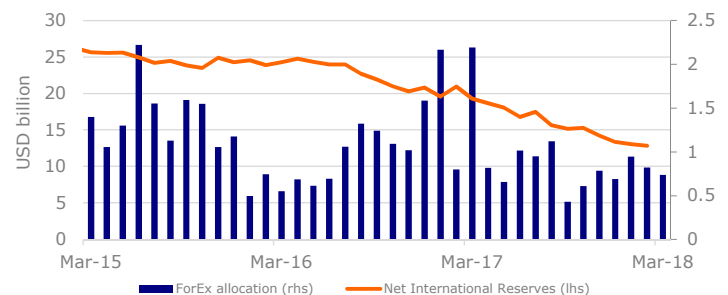
Maturity	Rate	Supply	Demand	Allocated
BT (182 days)	20.25%	9,397	9,397	4,848
BT (362 days)	23.90%	9,000	6,703	6,703
BT (364 days)	23.89%	22,356	22,356	22,356
OT (2 years)	24.00%	3,057	3,057	3,057
OT (3 years)	24.00%	3,296	3,296	3,296
OT (4 years)	24.00%	3,665	3,665	3,665
OT (5 years)	24.00%	3,665	3,665	3,665

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

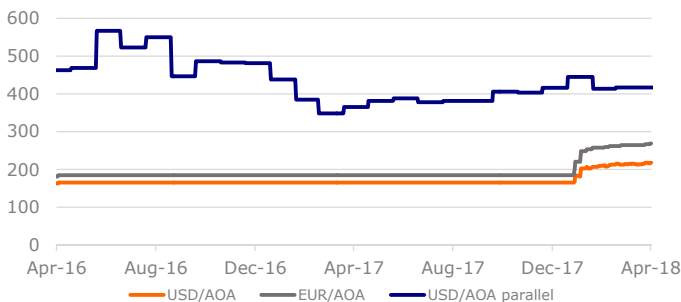
Inflation



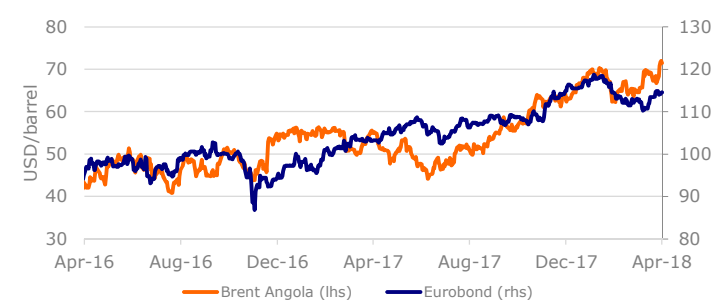
Net International Reserves and forex allocation



Exchange rate (official and parallel)



Oil price (Brent Angola) and Eurobond 2025 price



Sources: Bloomberg, BNA, INE, Finance Ministry