

# Angola Weekly | June 1

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## Market Information

**Angolan trade in goods posted a AOA 3.48 trillion surplus in 2017, according to official statistics.** Using the preliminary GDP numbers from the Finance Ministry, this surplus translates to 18.9% of the GDP, an increase of 3.1 percentage points (p.p.) in comparison to 2016. Despite the slight improvement, this positive balance is still well below levels seen until 2013 (surplus over 30% of the GDP). Oil exports amounted to 94.7% of total goods sold abroad, about 1.3 p.p. more than in the previous year - a rise resulting mostly from the moderate recovery of oil prices. In the final quarter of 2017, trade showed a surplus of AOA 1.16 trillion (+88% yoy).

**On the other hand, economic climate slightly improved in the first quarter of 2018:** the Economic Climate Indicator (ICE) rose to -14 (-15 in the previous quarter). However, the index remains well in negative ground - levels have been below zero since Q3 2015. Business confidence remains fragile: the most significant drops occurred in the mining industry (from -4 to -15) and manufacturing (from -8 to -17); the sector with the lowest confidence level is still construction (-46). Retail and transport were the sectors where confidence improved.

**Angola agreed to a financing framework of USD 2 billion with Afreximbank, towards supporting fundamental imports (food and medicine).** The line should be positive for the financial sector, by "enabling selected Angolan banks to issue letters of credit, to be confirmed by Afreximbank", according to Reuters.

**Total announced a positive final investment decision (FID) regarding Zinia Phase 2, with an estimated output around 40 thousand barrels per day.** According to Total itself, this investment - on Block 17, expected to start in 2021 - benefits from the "favourable fiscal framework introduced by the Angolan authorities for satellite developments" - the company also stated that other similar projects are currently "under consideration on Block 17". Finally, the French oil company is now the operator of Block 48 (previously operated by Sonangol), with exploration extended for 2 additional years.

## Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.4	2.1	2.4
Inflation (%)	31.7	21.8	15
Current Account (% GDP)	-0.9	-3.1	-2.4

\*GDP and Current Account Balance: Finance Ministry estimate; Inflation: INE  
\*\* 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-	Stable	11/08/17

## Monetary and ForEx data

	01/06/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	21.02%	0.00	4.62	-1.38
USD/AOA*	238.23	-1.55%	-30.35%	-30.35%
EUR/AOA*	277.80	-1.01%	-33.26%	-33.26%
EUR/USD	1.17	0.32%	-2.64%	4.24%
USD/ZAR*	12.66	-1.28%	-2.22%	1.82%

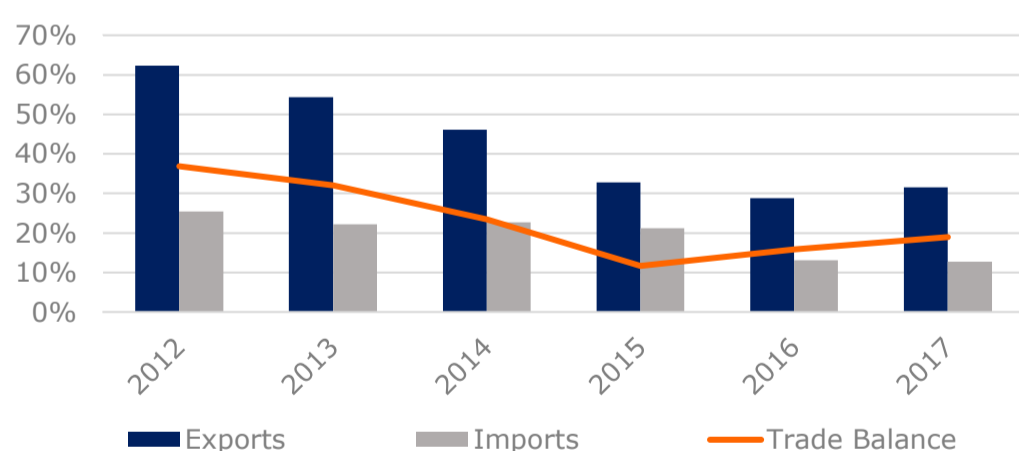
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

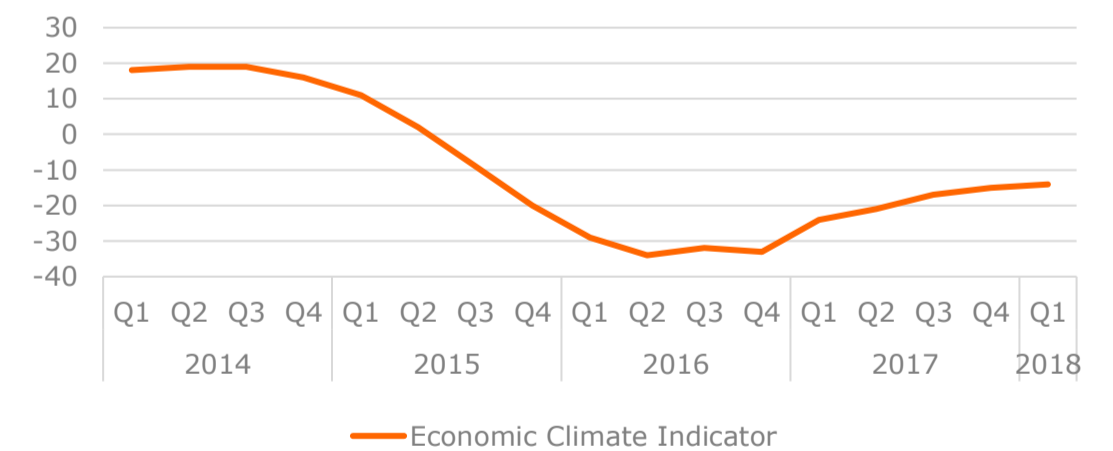
Maturity	Rate	Supply	Demand	Allocated
BT (180 days)	16.00%	9,000	2,829	2,829
BT (182 days)	16.00%	9,000	1,501	1,501
BT (362 days)	17.90%	9,000	635	635
BT (364 days)	17.89%	9,000	564	164
OT* (5 years)	5.00%	813	213	213

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

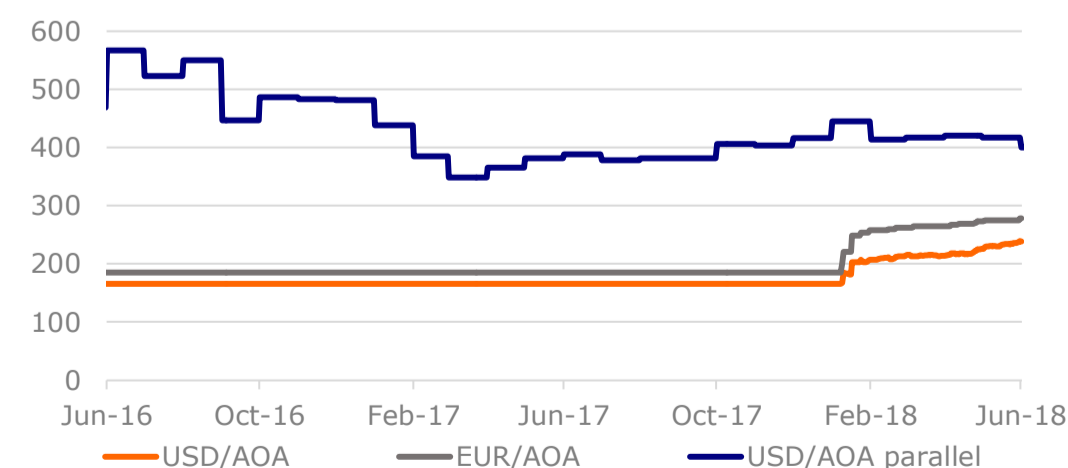
## Trade in goods as % of the GDP



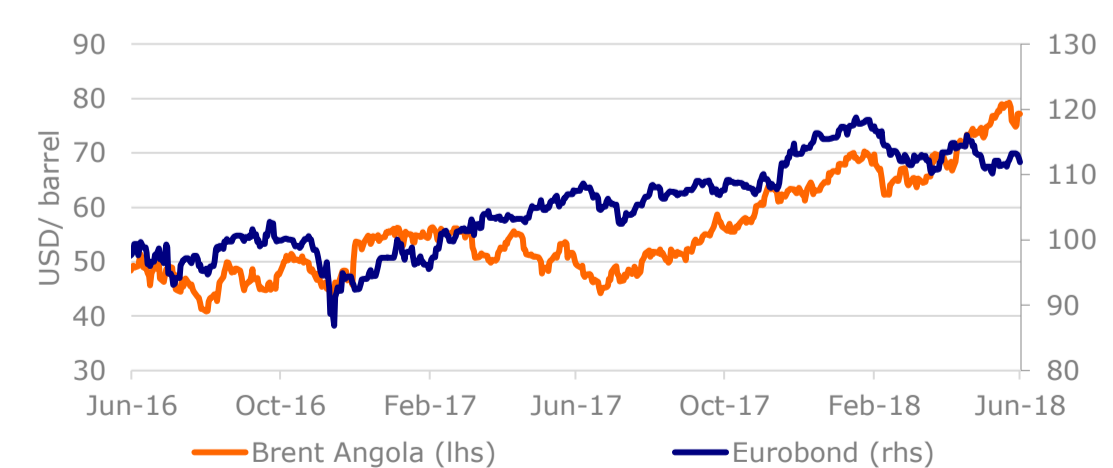
## Economic Climate Indicator (ICE)



## Exchange rate (official and parallel)



## Oil prices (Brent Angola) and Eurobond 2025



Sources: Bloomberg, BNA, INE, Finance Ministry

