

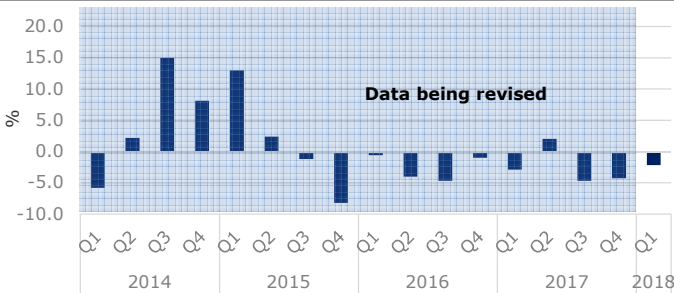
## Market Information

According to data from the Angolan Statistics Office, GDP dropped 2.2% yoy in the first 3 months of 2018. The oil sector declined 7.3%, while non-oil activity grew about 1.4%. The sectors with better performance were Financial Intermediation and Insurance (+22.5%) and Electricity and Water (+20.8%). This decrease in economic activity was not surprising given the natural decline of output in more mature oil fields since the start of 2018 – year-on-year drop in volume of 7.3% in Q1 2018. Quarterly GDP data between 2010 and 2017 was also revised. However, detailed numbers on this revision are not yet available – these are to be disclosed on the next GDP data release (predicted for October 10), allowing a more thorough analysis. **The forecast economic recovery should only occur in the second half of the year:** the oil sector will face a decline in 2018 – the Kaombo filed 1st phase begun production at the end of August, allowing the oil sector to grow in the last quarter; the non-oil sector should post moderate growth.

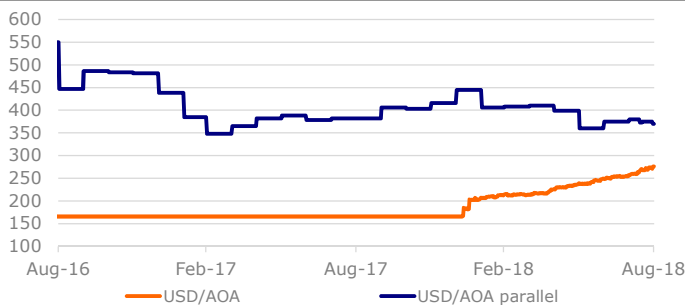
**The Kwanza depreciated again at a forex auction (in USD), trading now at a weighted average of Kz 276.562 per USD; resulting in a weekly depreciation of 2.45% against the dollar.** It should be noted that the central bank had not conducted any USD auctions since February 2016, due to restrictions on USD payments by part of the Angolan commercial banking sector. Moreover, the gap between the official and parallel market exchange rate continues to gradually close, now at 34%. The central bank intends to bring this gap close to 20% by the end of the year.

**A South-Korean syndicate was awarded a contract to evaluate, construct and operate a combined cycle gas plant in Benguela.** The agreement contemplates the construction of a power plant with a production capacity of 750 megawatts. The selected syndicate, Busan Korea Biotechnology (BKB), is comprised of four of the largest South-Korean companies in the energy sector. **In the international markets, Brent oil traded between USD 76-78 throughout the week, a high since the drop in prices that occurred in early July.** Taking into account the current market dynamics and the growing uncertainty regarding the sanctions to Iran, one should expect a rise of prices in the short-run.

## GDP - year-on-year variations



## Exchange rate (official and parallel)



## Macroeconomic Forecasts

Indicator	2017*	2018**	2019**
GDP change (%)	1.4	2.1	2.5
Inflation (%)	31.7	21.0	15.0
Current Account (% GDP)	-0.9	0.4	0.35

\*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

	31/08/18	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	16.52%	0.09	0.12	-5.48
USD/AOA*	276.29	-2.45%	-39.95%	-39.95%
EUR/AOA*	322.10	-3.22%	-42.44%	-42.44%
EUR/USD	1.17	0.41%	-2.79%	-2.02%
USD/ZAR*	14.68	-2.94%	-15.65%	-11.42%

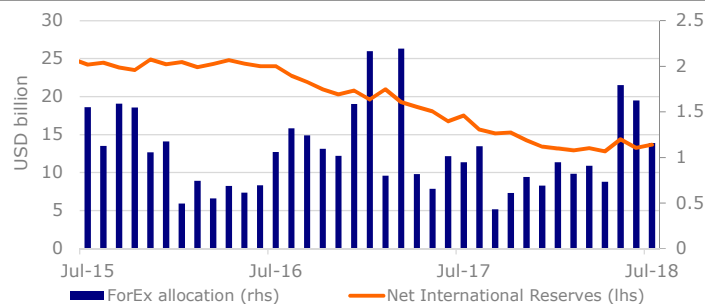
\* USD/AOA, EUR/AOA and USD/ZAR change is calculated inversely in order to directly evaluate the appreciation/depreciation of the Kwanza/Rand relative to the other currency

## Weekly auctions of Treasury bonds and bills

Maturity	Rate	Supply	Demand	Allocated
BT (91 days)	12.00%	2,951	2,737	2,737
BT (168 days)	16.00%	3,846	2,018	2,018
BT (362 days)	18,42%	7,941	3,792	3,792
BT (364 days)	18,42%	8,000	59	59
OT* (5 years)	5.00%	2,047	2,047	1,874
OT* (5 years)	5.00%	874	874	874
OT* (6 years)	5.25%	2,076	1,826	1,826

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

## Net International Reserves and ForEx allocation



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



Sources: Bloomberg, BNA, INE, Finance Ministry