## Angola Weekly| February 1

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According to the Angolan National Diamond Trading Company - Sodiam, Angola raised USD 16.7 million in the first gross diamond auction in the country's history. The auction had seven "special stones" with proposals in "closed letter" from 31 participating companies in the Sodiam electronic platform. This was the first auction in compliance with the new diamond marketing policy approved on 27th of July last year; the first of six that Sodiam intends to hold annually - the remaining five with dates yet to be announced.

The central bank has reduced the reference rate from 16.50% to 15.75% at the Monetary Policy Committee (CPM) a meeting of last Friday, the lowest since March 2016. This decision is a continuation of the easing cycle of the monetary policy in order to facilitate credit to the economy, which started in May last year, despite the mandatory reserve ratios remaining at 17% and 15%, respectively, for domestic and foreign  $\,$ currency. There will be two more CPM sessions be in the first semester, in March and May. BNA has also announced that, in April, it will start the process of assessing the quality of assets of commercial banks in operation, in order to evaluate the financial health of banks. This evaluation aims in particularly to looking at the credit granted and management of non-performing loans of banks. Likewise, the governor announced the intention to adopt measures to end the issuance of credit indexed to foreign currency.

As stated in the Presidential Decree at 30th of January, the Finance Ministry will carry out a "special issue" of National Currency Treasury Bonds in the amount of EUR 1,530 million, with repayment periods of four to eight semesters. This public debt issue will mainly be used to recapitalize the public bank BPC and pay the arrears arising from the process of executing the OGE between 2012 and 2018. The government has announced a possible revision to the General State Budget during the first quarter due to the continuing downward trend in the oil price, which is considerably below the forecast of the executive for the budget - USD 68 per barrel. It is a reasonable decision, since the oil sector represents about 80% of the state's revenue and given all uncertainties around the international oil market.

			Oil	ехро	orts and	d tax re	venues	s*		
	2.50									1400
	2.00						_	1.44		1200
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	1.50		V	ĭ		1.11	₩	$\mathcal{M}$	W	- 800 <u>≡</u>
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_		ш	ш	Ш	шш	шш	Ш	Ш		400 QS
	0.50	ш					Ш	Ш		200
	0.00	ш				шш	ш	ш	щ	- 0
	Jur	n-16	Dec-1	6	Jun-17	Dec-1	7 Ju	n-18	Dec-	18
		Oi	l tax rev	enue	(rhs)		Oil (	exports	(lhs)	
*Inc	*Includes revenue collected by Sonangol									

	Exchar	nge rate	(official a	nd parall	el)	
550 —						
500 ——						
450				_		
400			_ ~		_ ~	<b>~</b> √/~
350 —						
300 ——					_	
250 ——						
200 —			- January			
150						
100						
Feb-17	Jun-17	Oct-17	Feb-18	Jun-18	Oct-18	Feb-19
	USD/A	AOA	_	-USD/AOA	parallel	

Macroeconomic Forecasts						
Indicator	2018*	2019**	2020**			
GDP change (%)	-1.7	2.5	2.8			
Average Inflation (%)	19.6	15	14.4			
Current Account (% GDP)	2.0	2.4	0.75			

\*IMF forecasts

\*\* Average of forecasts from Bloomberg

Sovereign Rating						
Rating Agency	Rating	Outlook	Last change			
Fitch	В	Stable	25/04/18			
Moody's	В3	Stable	27/04/18			
Standard & Poor's	B-	Stable	11/08/17			

Monetary and ForEx data						
		Change				
	01/02/19	7 days (p.p./%)	YTD (p.p./%)	12 months (p.p./%)		
LUIBOR O/N	15.75%	-0.75	-1.00	-3.70		
USD/AOA	312.25	0.46%	1.18%	50.89%		
AOA/USD	0.0032	-0.46%	-1.17%	-33.73%		
EUR/AOA	358.17	1.71%	1.46%	38.98%		
EUR/USD	1.15	0.53%	0.00%	-8.34%		
USD/ZAR	13.32	-2.17%	-7.13%	12.37%		

\*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.

Weekly auctions of Treasury bonds and bills							
Maturity	Rate	Supply	Demand	Allocated			

## No auctions were held this week

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







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