

Market Information

According to BNA data, there was a year-on-year drop of 9.6% in exports of goods in the first quarter of 2019: these stood at USD 8.7 billion. The decrease was mainly due to crude oil exports, which dropped 10.6% yoy, as a result of the reduction in volume exported (-5.7%) and the price (-5.2%). On the other hand, non-oil exports increased 45.8% yoy, mainly due to diamond exports, whose value rose 64.9%. At the same time, imports rose 44% yoy to USD 4.7 billion. One should note that part of this increase was due to capital goods imports (+188% yoy), which are significantly more volatile than the rest of imports. Imports of intermediate goods also increased (+33.8%), while consumer goods imports fell 9% yoy. This resulted in a USD 4 billion trade balance surplus, 37.5% below the USD 6.4 billion surplus in Q1 2018. The current account balance was thus practically null between January and March 2019 (USD 34 million surplus), compared with the positive balance of USD 2.3 billion in Q1 2018. According to our expectation, the current account balance will deteriorate in 2019 as compared to last year, although remaining at a surplus of around USD 1.5-2.0 billion (USD 7.4 billion in 2018).

Angolan public accounts posted a slight fiscal surplus of AOA 0.1 trillion, equivalent to about 1.3% of GDP. A budget execution report for Q1 2019 was approved last week by the parliament specialty committees. Revenue amounted to AOA 1.56 billion, while expenditure stood at AOA 1.46 trillion. Based on data from the 2019 Revised General State Budget and disregarding the seasonality effects, on the revenue side the amount collected is 4% above expectations; spending was 2.6% below initial estimations. For the first half of 2019, the information provided to Mercado by the Tax Agency (AGT) indicates a cumulative total tax revenue of AOA 2.9 trillion. Also according to the same piece of news, this amount represented about 11% more than expected in the State Budget. The main contribution to this positive gap comes from oil revenue, which was 16% above target (AOA 1.9 trillion); non-oil revenue, on the other hand, was 4% above planned.

In the forex market, the Kwanza depreciated 1.20% last week. The gap between the formal and the informal market narrowed slightly to 40.7%. On the other hand, BNA has announced that USD 546 million in foreign exchange will be allocated to retail banks in August, for all purposes.

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Indicator	2018*	2019**	2020**
GDP change (%)	-1.2	0.6	2.0
Average Inflation (%)	19.6	16.5	14.6
Current Account (% GDP)	7.0	1.4	0.8

*GDP - IMF forecast; Inflation - INE; Current Account - BNA with BFA calc.
** Average of forecasts from Bloomberg

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B	Negative	12/07/19
Moody's	B3	Stable	27/04/18
Standard & Poor's	B-	Negative	08/02/19

Monetary and ForEx data*

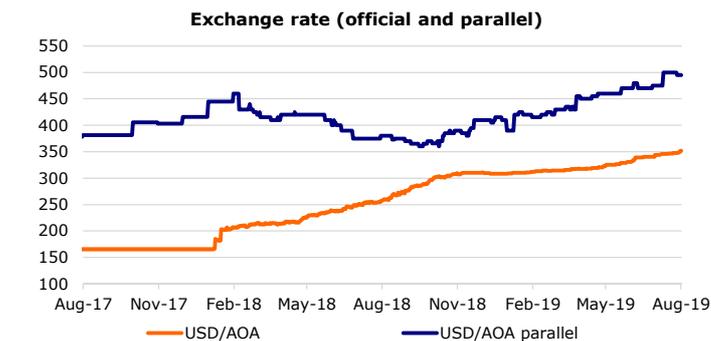
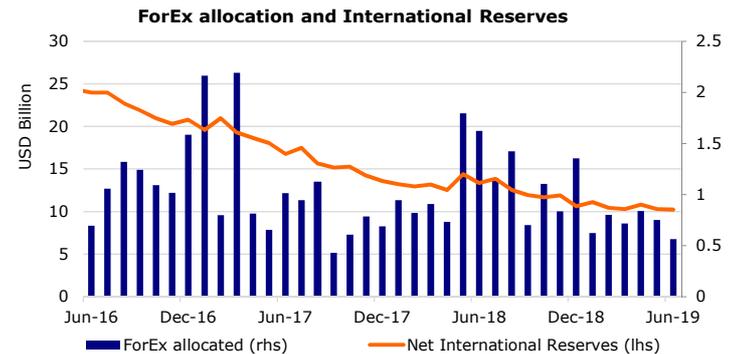
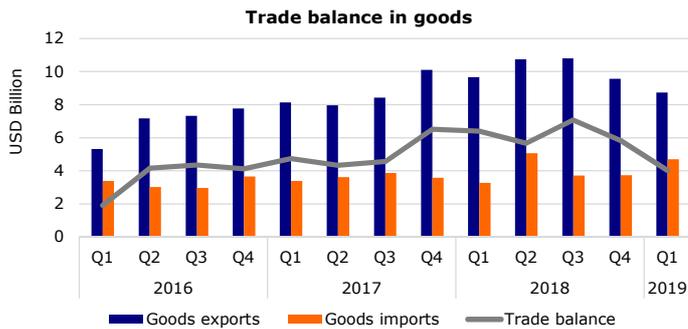
	02/08/19	7 days (p.p./%)	Change	
			YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	13.80%	-0.02	-2.95	-2.70
USD/AOA	351.9	1.21%	14.02%	36.56%
AOA/USD	0.00284	-1.20%	-12.30%	-26.77%
EUR/AOA	390.5	0.86%	10.61%	29.72%
EUR/USD	1.109	-0.32%	-3.27%	-4.26%
USD/ZAR	14.68	2.67%	2.31%	9.14%

*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.

Auctions of Treasury bonds and bills last week

Maturity	Rate	Supply	Demand	Allocated
BT (1 year)	14.70%	37,362	78	78

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



Sources: Bloomberg, BNA, INE, Finance Ministry