

Angola Weekly | 13/01

Market Information

According to BNA data, the current account balance remained positive at USD 3.2 billion (Bn) in the first 9 months of 2019, about half compared to the same period last year. In particular, the trade balance of goods fell by USD 4.3Bn to a surplus of USD 14.9Bn; The decrease was mainly due to the 16.1% yoy (USD 4.5Bn) decrease in crude oil exports, as a result of the continuous reduction in volume exported (-7.4% yoy) and export price (-9.3% yoy). On the other hand, non-oil exports increased by 6.8% over the same period of 2018, due to a 13.7% increase in diamond sales. **On the import side, there was a decrease of 8.4% yoy to USD 11.0 Bn.** This reduction was marked by a 9.9% decrease in imports of consumption goods; Imports of capital goods decreased by 8.0%, while intermediate goods fell slightly (-2.6% yoy). On the other hand, the balance of services deficit decreased by about USD 1.2Bn, due to a drop of USD 1.3Bn in service imports. **For the whole of 2019, we expect the current account balance to be positive, amounting to USD 3-4 Bn, possibly exceeding USD 4Bn if there are no above normal capital goods imports during the last quarter.** On the capital and financial account, the deficit narrowed to USD 2.3Bn, rather smaller than the -6.3Bn recorded in the same period last year. **In total, the balance of payments posted a surplus of around USD 0.9Bn in the period - we expect a similar figure at the end of the year, which points to an increase in Net International Reserves by the same amount compared to the end of 2018, ending the year just below USD 12.0Bn.**

In the first 11 months of the year, the state collected AOA 1.84 trillion in non-oil tax revenue, according to data from the tax authority. Compared to the same period of 2018, revenues were 21.3% higher when expressed in Kwanzas. In US Dollars, non-oil revenues totaled 5.2Bn (-14.8% yoy). Budget revenue is expected to reach almost AOA 6.8 trillion, ensuring a significant surplus in 2019.

In international markets, the week was marked by volatility in oil prices, with the Brent closing the week slightly above USD 65, after tensions between the US and Iran eased significantly.

No domestic debt issues are expected until the approval of the 2020 Annual Debt Plan.

Market Information

Indicator	2019*	2020**	2021**
GDP change (%)	-0.6	1.3	2.4
Average Inflation (%)	17.5	15.0	10.0
Current Account (% GDP)	0.8	-0.3	-0.5

*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

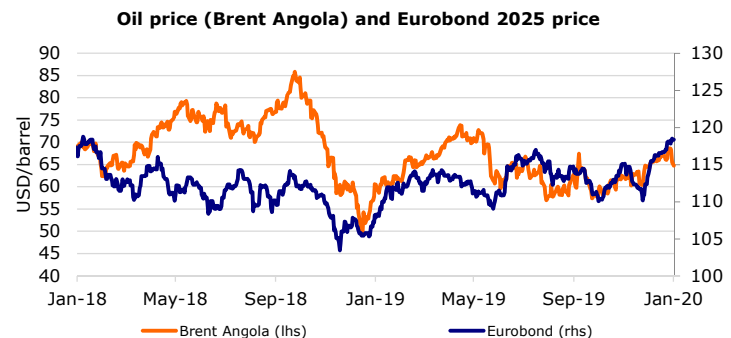
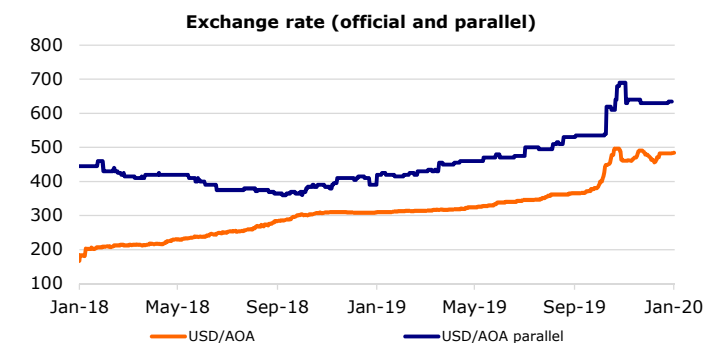
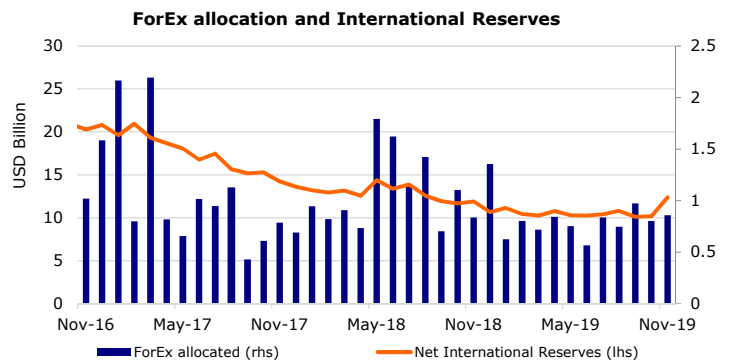
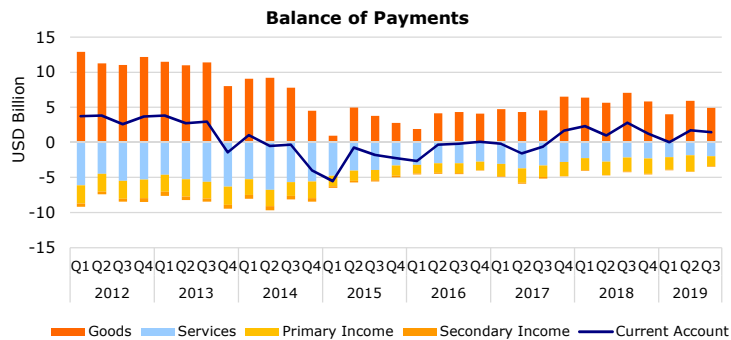
Monetary and ForEx data*

	10/01/20	7 days (p.p./%)	Change YTD (p.p./%)	12 months (p.p./%)
LUIBOR O/N	20.99%	-1.53	4.24	4.39
USD/AOA	484.3	0.42%	0.42%	56.09%
AOA/USD	0.00206	-0.42%	-0.42%	-35.93%
EUR/AOA	537.2	0.04%	-0.67%	50.19%
EUR/USD	1.111	-0.47%	-0.94%	-3.41%
USD/ZAR	14.23	-0.50%	1.65%	2.72%

*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



Sources: Bloomberg, BNA, INE, Finance Ministry, OPEC