

# OIL & GAS



## MARKET SUMMARY

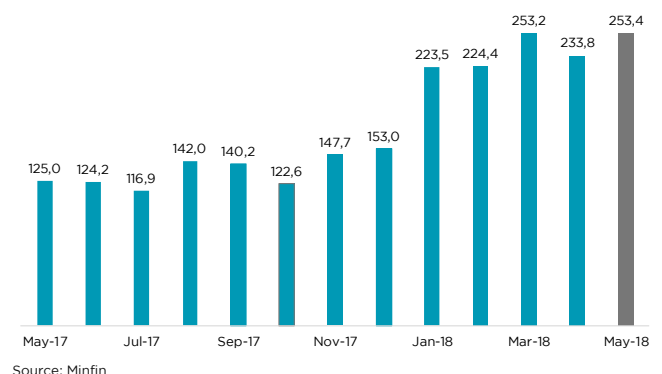
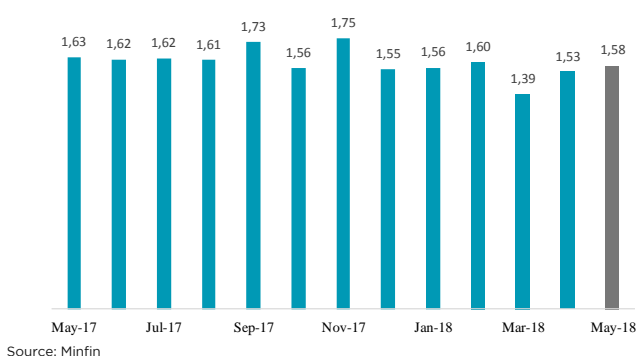
- The price of crude oil in May showed no definitive trend. According to Bloomberg data, Brent increased 3.22% to 77.59 USD/barrel, while the WTI experienced a reduction of 2.33% to stand at 67.04 USD/barrel. The increase in US oil production and investor optimism stems from the possibility of a supply shock as a result of the imposition of sanctions on Iran following the United States departure from the nuclear accord, influenced the prices in the period under review.
- The latest Organization of Petroleum Exporting Countries (OPEC) report points to a growth in world oil demand of 1.65 million barrels per day in 2018, up from the previous year to 98.85 million barrels/day. Similarly, in May of 2018, world supply of crude oil increased by 270 thousand barrels/day compared to the previous month, standing at 97.86 million barrels/day.
- The five-year National Development Plan for 2018-2022 foresees a contraction in average oil and gas sector growth of 2%, as well as an average oil production of 1.591 million barrels/day.

## ANGOLA

- Oil production reached 1.525 million barrels/day in May, representing an increase of 14 thousand barrels/day compared to April. Over the same period crude oil export revenues amounted to 253.359 billion AOA, an increase of 8% compared to the previous month, which may reflect the 6% and 5% increase in volume exported and the price, which stood at 48.83 million barrels and 68.81 USD/barrel, respectively.
- The five-year National Development Plan for 2018-2022 foresees a contraction in average oil and gas sector growth of 2%, as well as an average oil production of 1,591 million barrels/day. The outlook for natural gas production is 128.5 barrels of oil equivalent.
- It should be noted that Government projections for the average oil price over the next five years is 54.90 USD/barrel lower than the average price of Angolan crude released at the beginning of the current year by the Ministry of Finance (Minfin).

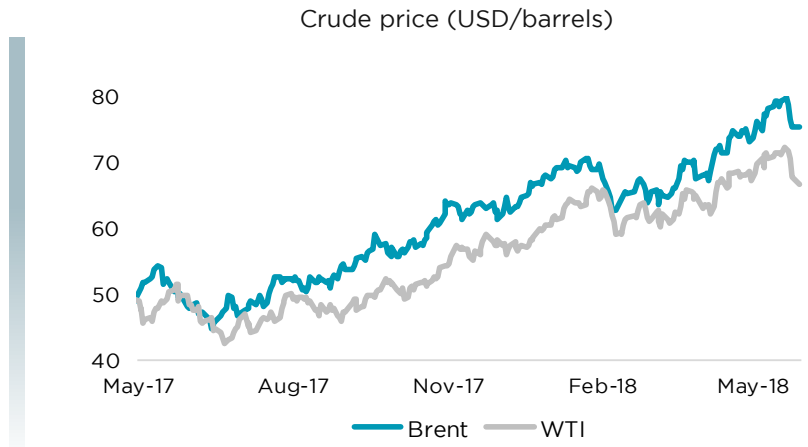
Export of Oil (mn of barrels/day)

Average Total Revenue (mn AOA)



## PRICE

- The possibility of a disruption in the supply of oil due to US sanctions on Iran, fears over Venezuelan oil production and increased oil production in the US, dominated perspectives of the oil markets throughout May.
- The price of crude oil in the period under review showed no definite trend. According to Bloomberg data, Brent increased 3.22% to 77.59 USD/barrel, while the WTI experienced a reduction of 2.33% to stand at 67.04 USD/barrel.

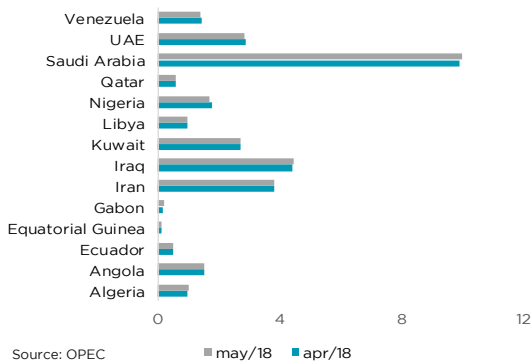


Source: Bloomberg

## SUPPLY

- World oil supply in May reached an average of 97.86 million barrels/day corresponding to an increase of 270 thousand barrels/day compared to the previous month. For the current year, total non-OPEC supply has been revised upwards, by 130 thousand barrels/day, to 59.75 million barrels/day, an increase of 1.86 million barrels/day compared to the same period last year. The revision was supported by first quarter changes in the Organization for Economic Cooperation and Development (OECD) production, with emphasis on the USA and Canada.
- OPEC oil output in May reached 31.869 million barrels/day, corresponding to an increase of 35.4 thousand barrels/day compared to the previous month. However, it remained below the initial OPEC target of 32.5 million barrels/day. Cartel performance reflects production in Saudi Arabia, Algeria and Iraq of 86, 39 and 28 million barrels/day, respectively, which was sufficient to overcome the 54, 43 and 24 million barrels/day reductions recorded in production in Nigeria, Venezuela and Libya, respectively. During the period under review the OPEC share stood at 32.6%, the same ratio as in May.

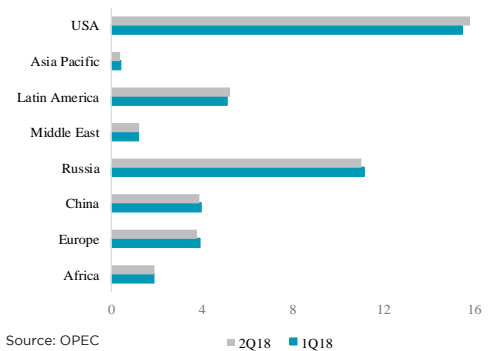
OPEC (mn barrels/day)



Source: OPEC

■ may/18 ■ apr/18

Non-OPEC (mn barrels/day)



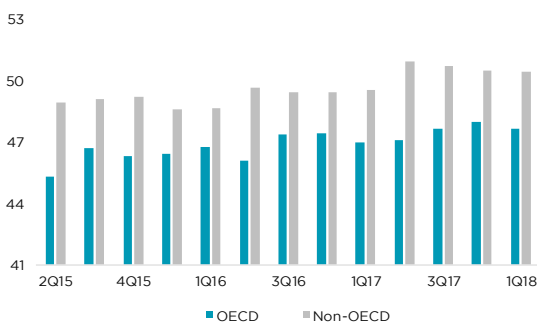
Source: OPEC

■ 2Q18 ■ 1Q18

## DEMAND

- Oil consumption for 2018 could reach 98.85 million barrels/day, an increase of 1.65 million barrels/day compared to 2017 as a result of the increase in demand in some countries such as India (4.66%) and China (3.40%). Demand in the non-OECD region may increase by 1.27 million barrels/day.
- Estimates for demand from OECD countries point to a growth of 400 thousand barrels/day in 2018 compared to the same period of the previous year, standing at 47.81 million barrels/day as a result of positive forecasts for OECD America.
- The International Energy Agency estimates an increase in world demand of 1.4 million barrels/day throughout 2019, supported by solid economic growth in some countries and the stabilization of price levels of the commodity.

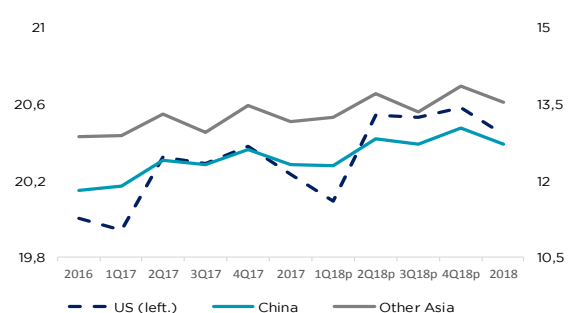
Demand of Oil (mn barrels/dia)



Source: Bloomberg

■ OECD ■ Non-OECD

Demand of Some countries (mn barrels/day)

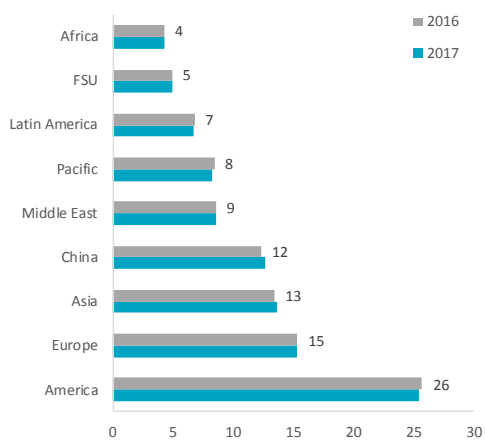


Source: OPEC

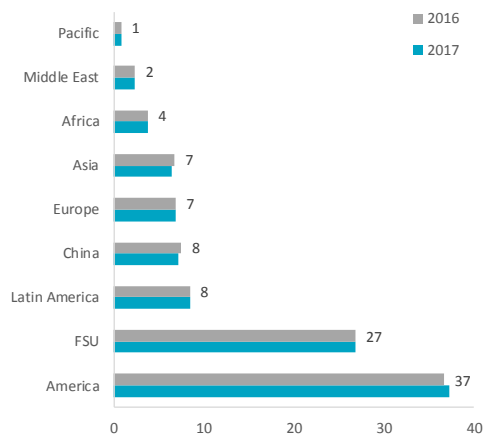
■ US (left.) ■ China ■ Other Asia

# INTERNATIONAL MARKET STRUCTURE

### Oil – Demand by Region (%)



### Oil – Supply by Region (%)



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