

OIL & GAS



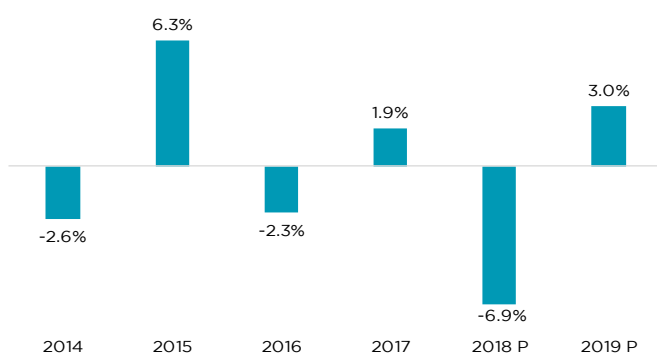
MARKET SUMMARY

- The month of October was characterized by the reversal of the upward trend in international crude oil prices in the last two months. According to data provided by Bloomberg, the price of the commodity registered a reduction above 8%.
- Oil supplies during the period under analysis rose by 440 thousand barrels/day on a monthly basis, reaching an average of 99.76 million barrels/day, as a result of increased OPEC output, as well as non-OPEC countries. At the same time, oil demand for the current year was revised downwards to 98.79 million barrels/day, a growth of 1.50 million barrels/day compared to the same period, but a reduction of 40 thousand barrels/day projections for the previous month.
- The 2019 State Budget proposal foresees a growth of 46.4 thousand barrels/day in Angola's production during the next year compared to the projections for 2018 closure, to around 1.570 million barrels/day. The estimated average price reached 68 USD/barrel, which represents an increase of 36% when compared to the OGE 2018 estimates.

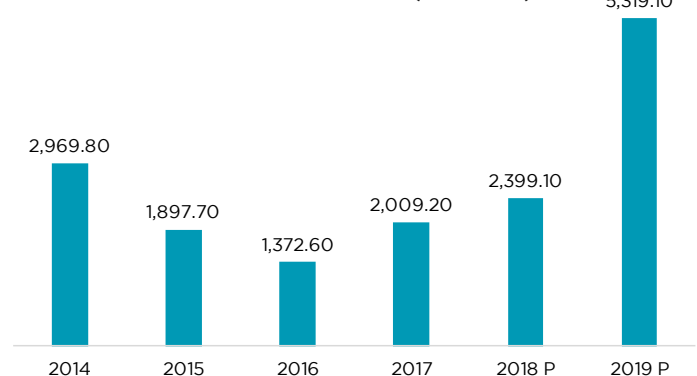
ANGOLA

- Oil production for next year could reach about 1.570 million barrels/day, which represents an increase of 46.4 thousand barrels/day compared to the projections for closure to 2018 and the estimate of the oil price has been set at 68 USD/barrel, which represents an increase of 36% in relation to OGE 2018 and a reduction of 5.4% in relation to the closing of 2018. However, the fall in the price of Brent, which serves as a reference for national exports, to levels close to 65 USD/barrel, may suggest a revision of the assumptions, and in OGE 2019, the Government warns against the risk of oil price volatility, with effects on the oscillation of the sector's revenues.
- Petroleum's Gross Domestic Product (GDP) may grow by 3% in 2019, after a contraction of 6.9% in 2018. In parallel, it is estimated that oil revenues could reach 5,319.10 billion AOA, which corresponds to an increase of 122% compared to OGE 2018. It should be noted that the estimated amount represents about 47% of the total Budget Revenue and 15% of GDP estimated for the period under review.

Growth Rate (oil sector)

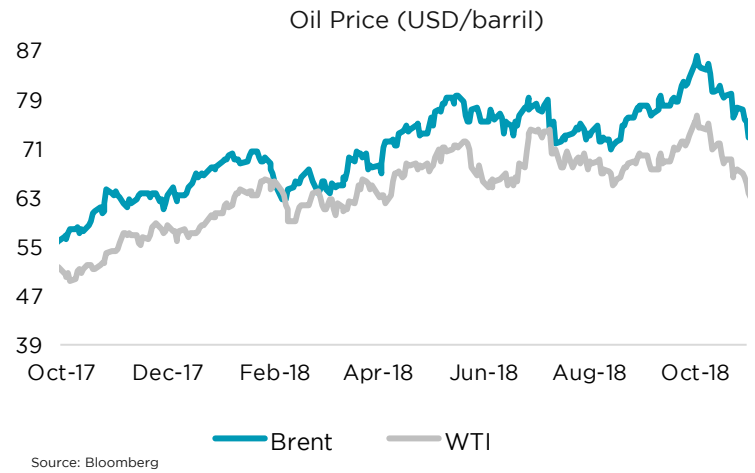


Oil Revenue (mn AOA)



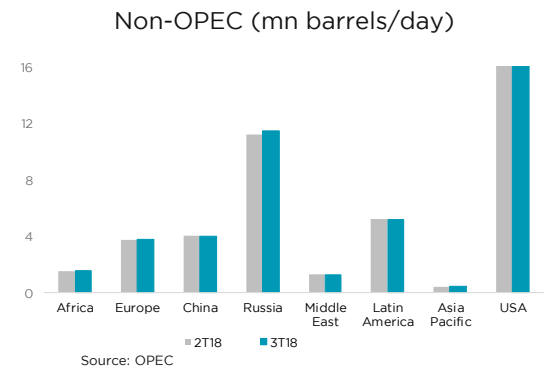
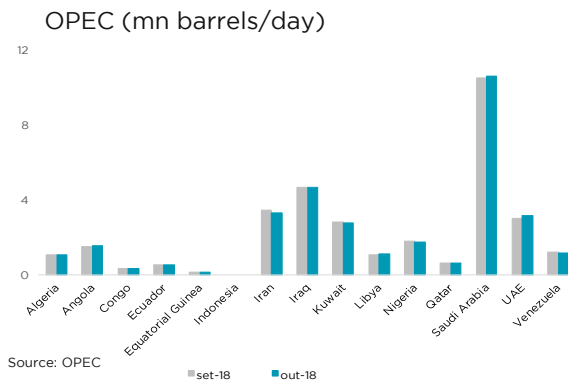
PRICE

- The international price of crude has reversed the upward trend seen in the previous two months. According to data released by Bloomberg, crude oil prices fell by more than 8%, which may reflect an increase in OPEC's oil production and US oil reserves, coupled with the projected demand moderation estimates of OPEC and the International Energy Agency.
- Brent reached 75.47 USD/barrel, a decrease of 8.76%, while the WTI decreased by 10.84% to 65.31 USD/barrel. It should be noted that the variation recorded in October represents the largest monthly decrease since July 2016.



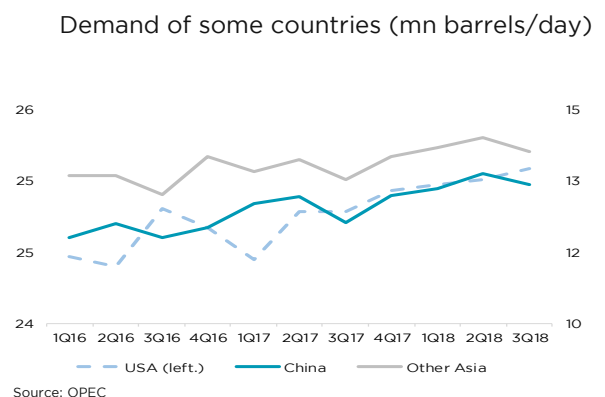
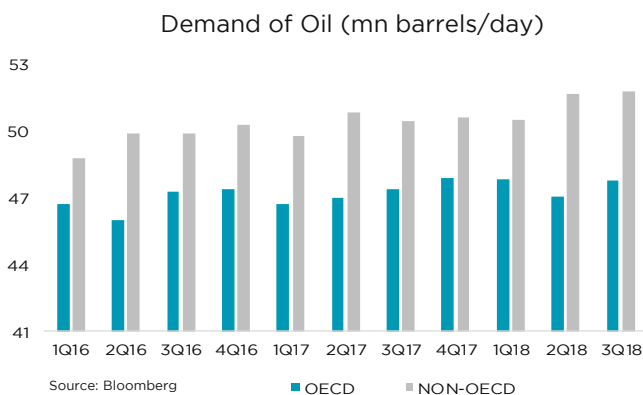
SUPPLY

- World crude oil supply in October increased by 440 thousand barrels/day from the previous month to an average of 99.76 million barrels per day. According to the International Energy Agency, global oil supply has grown rapidly as record output from Saudi Arabia, Russia and the US more than offset the declines in Iran and Venezuela.
- Non-OPEC crude supply is expected to reach 59.86 million barrels/day by 2018, up 90 thousand barrels/day from the previous month's estimate. For the coming year, oil supplies are expected to average 62.09 million barrels/day, driven by expected growth in United States, Brazil, Canada and United Kingdom production.
- During October OPEC's oil production increased by 127 thousand barrels/day from the previous month, to a total of 32.90 million barrels/day, according to secondary sources. The performance reflects increased production from the United Arab Emirates, Saudi Arabia, Libya and Angola. The cartel's share remained unchanged at 33%.

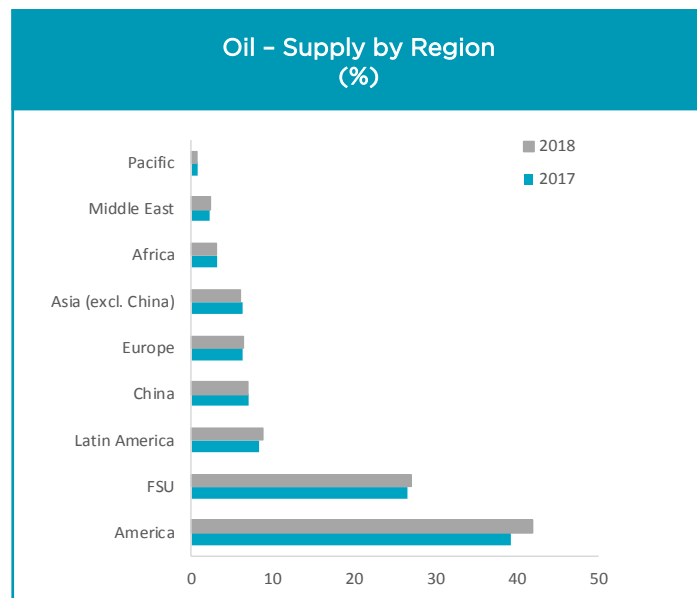
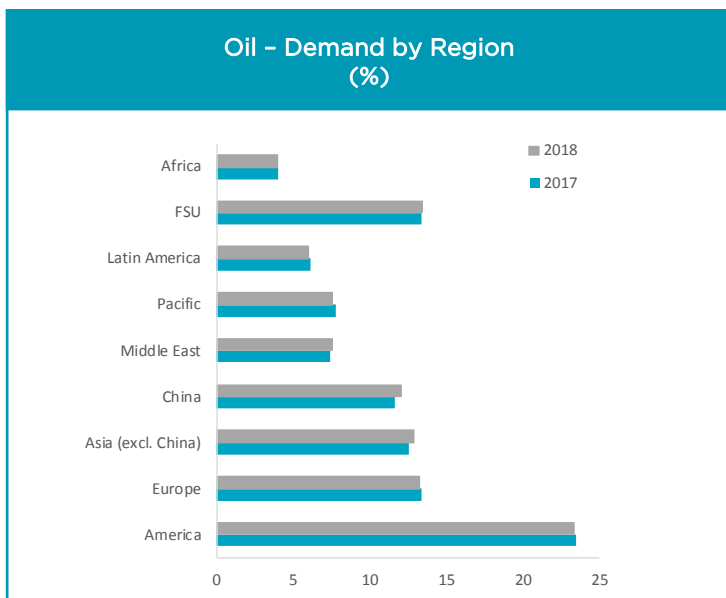


DEMAND

- Estimates point to an increase in global demand for crude oil in 2018 from 1.50 million barrel/day over the previous year to 98.79 million barrels a day. However, the new projections represent a reduction of 40 thousand barrels/day in relation to the perspective of the previous month. By 2019, an increase of 1.29 million barrels / day is expected, at which time it could reach 100.08 million barrels/day.
- The International Energy Agency warns of the deceleration of crude oil consumption in some non-OECD countries due to factors such as the slowdown in economic activity, influenced by the commercial tension, and the devaluation of the currency. For the coming year, OPEC forecasts that demand growth will result from an increase of 250 thousand barrels/day of OECD member countries, while non-OECD countries are expected to increase by 1.04 million barrels/day.



INTERNATIONAL MARKET STRUCTURE



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