

OIL & GAS



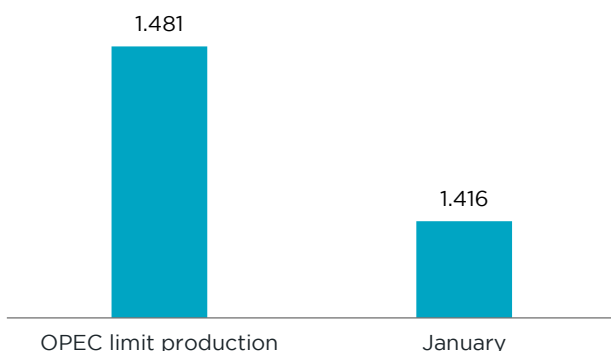
MARKET SUMMARY

- The oil price showed a positive performance in January of this year. WTI increased by 18.45% to 53.79 USD/barrel while Brent increased by 15.04% to 61.98 USD/barrel. The price increase, which has been the biggest since April 2016, is largely due to the reduction in OPEC output, due to the implementation of the new agreement to cut production.
- The downward revision of global economic growth estimates for 2019 constrained oil demand projections for the same period, which were revised downwards by 50 thousand barrels/day to an average of 1.24 million barrels/day.
- The Angolan government plans to award new oil production licenses in 2019. Operating licenses have been frozen since 2011, a factor that contributed to disinvestment in oil infrastructure and the decline in production in recent years.

ANGOLA

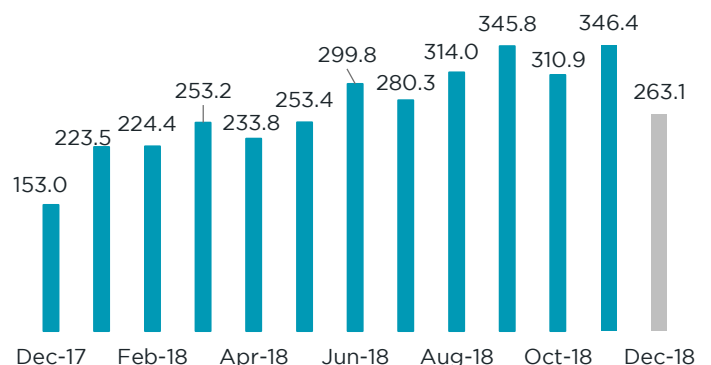
- According to OPEC secondary sources, oil production reached 1.416 million barrels/day in January, representing a reduction of 75 thousand barrels/day compared to the previous month. The production level registered was below the production quota stipulated in the new OPEC cut-off agreement, which stood at 1.481 million barrels/day. It should be noted that the limit set by OPEC differs from the average production estimated by the Government set out in the 2019 General State Budget (OGE), where it is expected to be around 1.57 million barrels/day.
- The Angolan Government plans to allocate new oil production licenses in 2019. Operating licenses have been frozen since 2011, a factor that has contributed to disinvestment in oil infrastructure and a decline in production in recent years. According to Angolan Government sources the production license concessions should be extended until 2025 with the aim of guaranteeing a production level of 1.5 million barrels/day.

January Oil Production, barrel / day



Source: OPEC

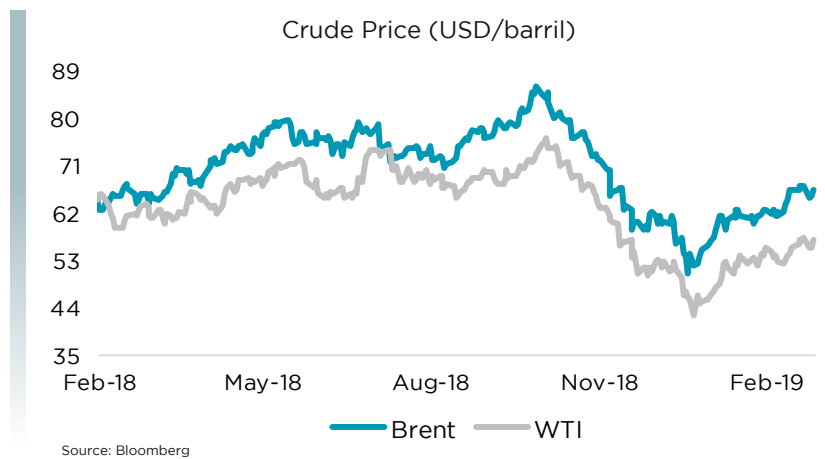
Oil Revenues, Bilion Kz



Source: Minifin

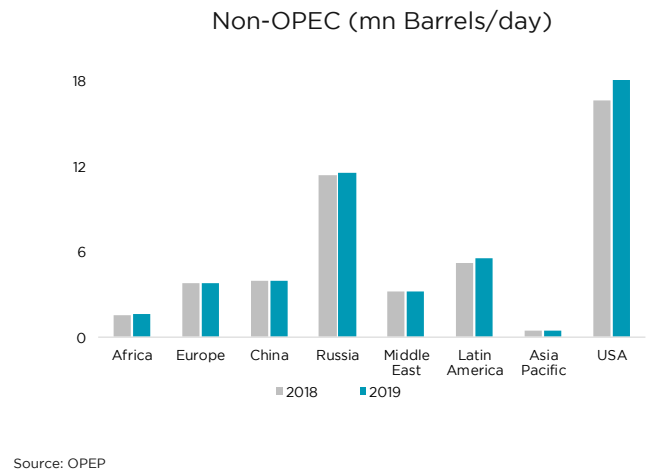
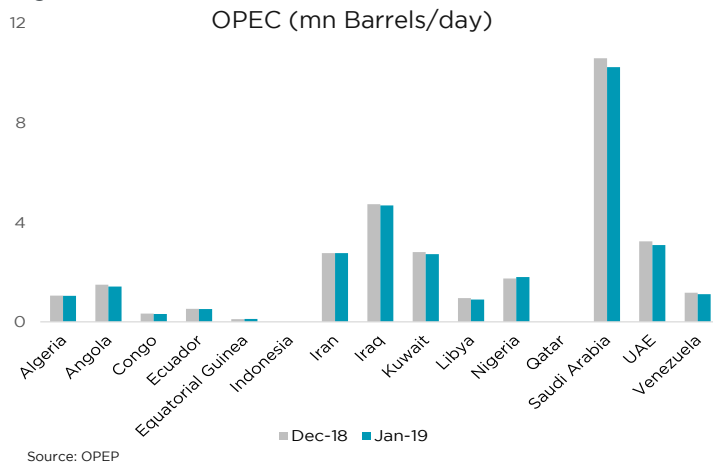
PRICE

- The price of oil showed a positive performance during the month of January. WTI increased by 18.45% to 53.79 USD/barrel, while Brent gained 15.04% to 61.98 USD/barrel, the largest monthly increase since April 2016.
- The implementation of the OPEC production cut-off agreement and allies, coupled with the political constraints in Venezuela and the imposition of US sanctions on Venezuela's State Oil Production Company (PDVSA), may justify the evolution of the commodity quotation.



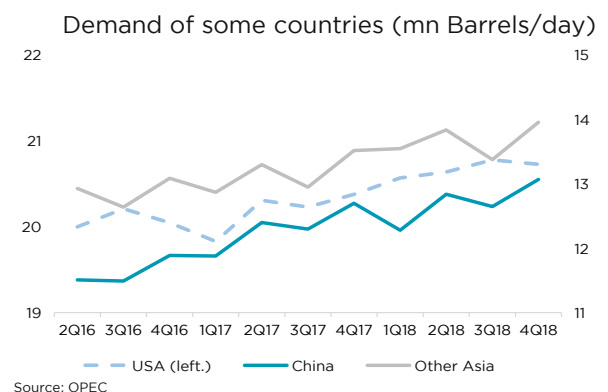
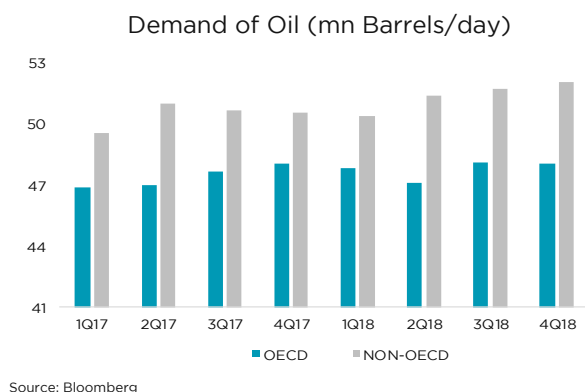
SUPPLY

- World oil supply fell by 1.03 million barrels/day to 99.32 million barrels/day in January, with non-OPEC production reduced by 230 thousand barrels/day, to an average of 68.52 million barrels/day. At the same time, OPEC supplies reached 30.8 million barrels/day, representing a reduction of 797 thousand barrels/day compared to the previous month, an agreement compliance of approximately 98%. It should be noted that the OPEC reduction was set at below 812 thousand barrels/day estimated in the new agreement reached in December 2018, which was to be in force from January of the following year.
- OPEC production share fell by 0.5 p.p., reaching 31% of global supply as a result of the significant decreases in production in Saudi Arabia, the United Arab Emirates and Kuwait by 350, 146 and 90 thousand barrels/day, to 10.213, 3.078 and 2.71 million barrels/day, respectively. According to the International Energy Agency, the non-OPEC countries which signed the agreement also reduced their production by 25%, close to 7 p.p., below that agreed on.

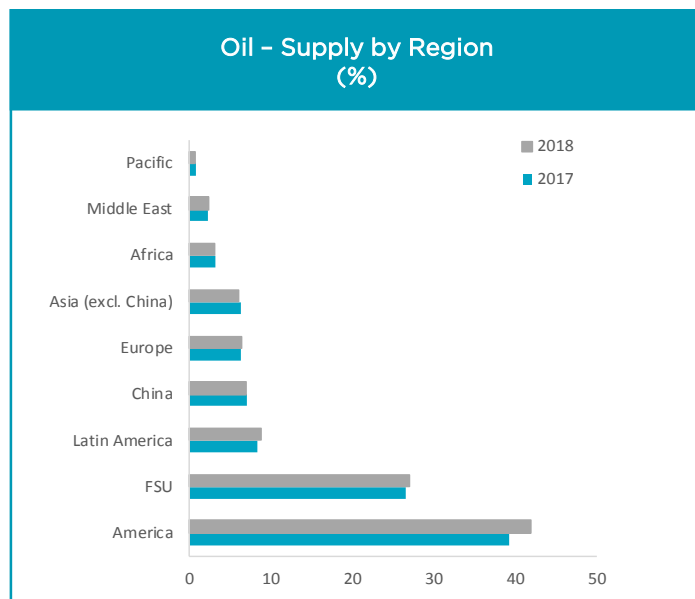
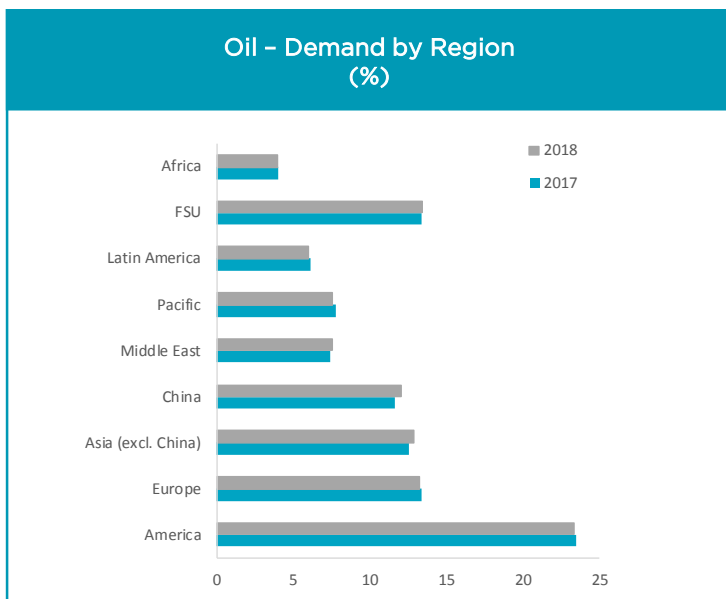


DEMAND

- The downward revision of global economic growth estimates for 2019 constrained oil demand projections for the same period, which were revised downwards by 50 thousand barrels/day to an average of 1.24 million barrels/day. Nonetheless, the psychological barrier in oil demand of 100 million barrels/day is expected to be reached by 2019.
- Oil demand in OPEC member countries for 2018 stood at 31.6 million barrels/day, below 2017 levels. At the same time for 2019, the contraction in world demand is expected to continue, down 1 million barrels/day from the previous year, to an average of 30.6 million barrels/day.



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RESEARCH ATLANTICO

E-mail | research@atlantico.ao | Tel 226 432 445 | 923 169 045

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