

**Main headlines and last session:**

## Headlines:

- (+) EDP Renováveis: Secured a long-term PPA in Brazil
- (=) CPI annual rate of change estimated at 1.2% in August
- (=) Gross Domestic Product registered a year-on-year rate of change of 2.3%

Ticker	Δ%	price	Portugal sovereign yields*			Today	Source
			Maturity	Δb.p.	yield		
EGL	-4,5%	2,68	2y	1,6	-0,13%	Interest rate on bank loans - households for house purchases, new business - Euro Zone and Portugal (July)	BoP
SEM	-2,3%	17,80	5y	0,7	0,71%		
RENE	0,2%	2,44	10y	0,5	1,92%		
COR	2,1%	11,50	10y Bund spread	2,4	1,59%		

\* last trading day

Source: Bloomberg

**News and commentary:**

## Equity:

**(+) EDP Renováveis:** EDPR secured a power purchase agreements (PPA) in Brazil, for a period of 20 years. The contract are associated with the energy produced by two wind farms to be installed in the country – Jerusalem, with a registered capacity of 176 MW and a awarded sale price of energy in the contract of BRL 94/MWh; and Monte Verde with a registered capacity of 253 MW and a awarded price of BRL 87/MWh (both prices are indexed to inflation). The commercial operations in the wind farms will begin in 2024.

**(=) Sonae SGPS:** The Portuguese conglomerate, whose Board of Directors, is considering the possibility of listing a portfolio of retail assets has just released a new presentation focused on the food retail business, Sonae MC. It is worth remembering that a couple of months ago, Sonae SGPS had also put out a presentation on its comprehensive retail segment, including units that go beyond food retail.

## Macro:

**(=) Inflation:** According to the flash estimate provided by INE, the Consumer Price Index (CPI) annual rate stood at 1.2% in August 2018 (final value in July was 1.6%). The estimated annual core inflation rate, which excludes energy and unprocessed food products components was 0.6% (vs 1.0% in the previous month). The annual rate of change of the index for energy products is estimated to have decelerated from 7.7% in July to 7.4% in August. The estimate for the Portuguese Harmonised Index of Consumer Prices (HICP) annual rate of change was 1.3% (the final value for July was 2.2%). (INE)

**(=) Housing market:** Together with inflation estimates using CPI, INE forecasted housing rents to increase by 1.15% in 2019, after a growth of 1.1% in 2018. The annual update of rents is indexed to the CPI variation rate, excluding the housing component, accounting for the last 12 months ending in August. (INE, Negócios))

**(=) GDP Growth:** The Portuguese economy registered a year-on-year rate of change of 2.3% in the second quarter of 2018. The contribution of domestic demand to the year-on-year GDP rate of growth increased to 2.9 percentage points (2.6 p.p. in the 1st quarter), reflecting the acceleration of private consumption. Even though investment registered a less intense annual growth, it advanced 4.7%, in the second quarter *vis-à-vis* the first, amounting to 8.38 bn, a pre-crisis level as high as last seen in 2011. Net external demand presented a slightly more negative contribution. (INE, Negócios, ECO)

**Analysts:**

João Lampreia  
 Diana Oliveira, CFA  
 João Sáágua  
 João Calado

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  - Buy, expected absolute return above 15%;
  - Accumulate, expected absolute return between +5% and +15%;
  - Keep/Neutral, expected absolute return between -5% and +5%;
  - Reduce, expected absolute return between -5% and -15%;
  - Sell, expected absolute return below -15%;

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PSI20 Notes in the last 12 months as of 30<sup>th</sup> of June of 2018:

	Number of Recommendations	%
Accumulate/Buy	3	75,0%
Keep/Neutral	0	0,0%
Reduce/Sell	1	25,0%
<b>Total</b>	<b>4</b>	<b>100,0%</b>

Source: BiG Research

Trading Ideas in the last 12 months as of 30<sup>th</sup> of June of 2018:

	Number of Recommendations	%
Profit Taking	11	78,6%
Stop Loss	1	7,1%
In Place	2	14,3%
<b>Total</b>	<b>14</b>	<b>100,0%</b>

Pair Trades in the last 12 months as of 30<sup>th</sup> of June of 2018:

	Number of Recommendations	%
Profit Taking	0	0%
Stop Loss	0	0%
In Place	0	0%
<b>Total</b>	<b>0</b>	<b>0%</b>

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