

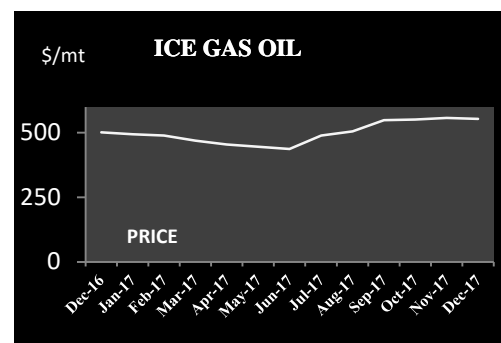
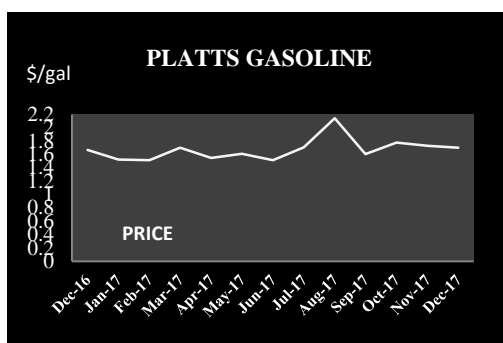
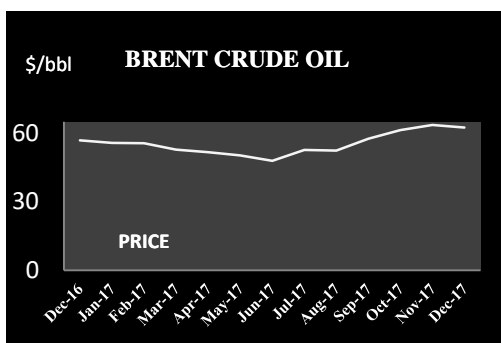
# GLADIUS

## MARKET REPORT

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LOCATIONS	PMS	AGO	DPK
LAGOS	[MT] 563,517	[MT] 79,922	[MT] 27,430
P.H.	17,812	4,954	-
DELTA	24,858	4,955	-
CALABAR	6,650	-	-

GLOBAL	PRICE
BRENT	66.44 \$/bbl
ICE GAS OIL	594.50 \$/mt
PLATTS GASOLINE	1.7915 \$/gal
PLATTS 3.5% FUEL OIL FOB MED	336.563 \$/mt

PRICE (EX DEPOT) NGN / Litre				
	LAGOS	P.H.	DELTA	CALABAR

PMS	165-168	145-160	145-160	145-160
AGO	175-193	180-182	180-181	180-185

FX RATES				
28 /12/17	USD	GBP	EUR	
NGN (PARALLEL MARKET)	360/ 364	477/ 484		
NGN (INTER BANK)	306.05	-		
NAFEX	360.60	-		

### NIGERIA

On Monday 25<sup>th</sup> December, Dr Ibe Kachikwu, the Minister of State for Petroleum Resources said there would be a review of the list of companies allowed to participate in the Direct Sale of Crude Oil and Direct Purchase of Products (DSDP) programme over suspicion of profiteering and lack of capacity. The DSDP arrangement is a model introduced in 2016 to replace the controversial crude swap arrangement and is carried out through direct sales of crude oil to refiners, who in turn supply the Nigerian National Petroleum Corporation (NNPC) with the equivalent worth of refined products. No fewer than 128 Indigenous and International oil and gas companies indicated interest to participate in NNPC's DSDP programme when bids were announced in February 2017. However, some failed on their deadlines and sheer capacity reasons. Kachikwu said that the review of these companies will determine who performed this year or breached and also ensure that those who did not perform are not back on the list again moving forward. Kachikwu also said that long-term solutions include involving the major marketers in petroleum imports and fixing Nigeria's moribund refineries.

Amidst the recent scarcity of Premium Motor Spirit (PMS), the NNPC disclosed that the landing cost of PMS is N171 per litre, meaning that at N145 per litre, the Federal Government is currently paying a subsidy of N26 on a litre of the commodity. Dr Maikanti Baru, Group Managing Director of the NNPC, explained that Cost, Insurance and Freight price of PMS was \$620 per metric tonne, adding that at N305 to a dollar, the landing cost translates to N171 per litre. However, Baru said that despite the high landing cost, there is no plan to increase the price of the commodity, adding that the N145 per litre price was guaranteed and marketers are being supplied the product at N133.28, giving them ample opportunity to make a profit. Baru added that the NNPC would like to see a thriving and vibrant private sector that would participate actively in product importation going forward. In addition to the importation of the product, Baru disclosed that the Port Harcourt and Kaduna refineries are currently contributing about one million litres per day and 2.8 million litres per day of PMS respectively to the country's fuel supply, adding that since the fuel crisis began, both refineries had contributed a total of about 61 million litres. Baru said that products are being released from strategic reserves to support normalisation.

### WAF IVORY COAST

BP along with its partner Kosmos Energy Ltd recently received five new oil blocks offshore Ivory Coast. The partners will work with state-run oil company, Petroci on these blocks. The deal includes the CI-526, CI-602, CI-603, CI-707 and CI-708 blocks. Although the percentage of shares to be held by BP and Kosmos in the abovementioned blocks is yet to be disclosed. However, Petroci will own 10% stake in each block. The blocks are located at the Centre of the Gulf of Guinea. The blocks offshore Ivory Coast has the potential to fetch significant cash flows for BP in the long run. It is also expected to increase the production capacity of the company and take it closer to its target of adding 800,000 barrels of oil equivalent per day by 2020. London-based exploration and production company, Tullow Oil PLC, which is currently focusing on Africa, recently received six blocks in the region. BP and Kosmos are also working on other West African blocks, which are located offshore Senegal and Mauritania.

### GLOBAL

On Thursday 28<sup>th</sup> December, West Texas Intermediate (WTI) oil underwent extreme volatility in North American trade after data showed that oil supplies in the U.S. registered a larger-than-expected inventory draw. The U.S. WTI crude for February contract was down 0.15% at \$59.56 barrel at 11:08 AM ET (16:08 GMT), while the ICE Futures Exchange in London Brent oil for March delivery was down 0.12% at \$65.91 a barrel by 11:12 AM ET (16:12 GMT). The U.S Energy Information Administration weekly report for Wednesday 27<sup>th</sup> December showed a fall in crude oil inventories by 4.609 million barrels in the week ending December 22, whereas the American Petroleum Institute late Wednesday reported a supply draw of 6.0 million barrels. The report also showed that gasoline inventories increased by 0.591 million barrels, compared to expectations for a build of 1.278 million barrels, while distillate stockpiles rose by 1.090 million barrels, compared to forecasts for a draw of 0.584 million.

Oil prices have rallied more than 10% in 2017 thanks to the agreement between the Organization of Petroleum Exporting Countries (OPEC) and other non-OPEC producers led by Russia to curb output by about 1.8 million barrels per day until the end of 2018 in a bid to rebalance the global market. However, as market participants turn their attention to 2018, there are concerns that increasing U.S. shale production may offset OPEC attempts to cut down on the global supply glut.

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