GLADIUS

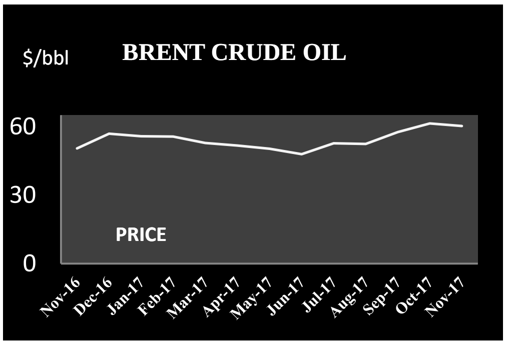
10th November 2017

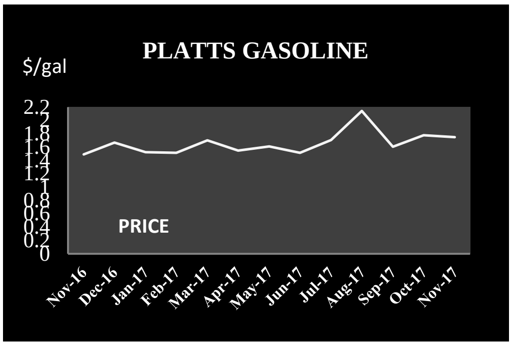
MARKET REPORT

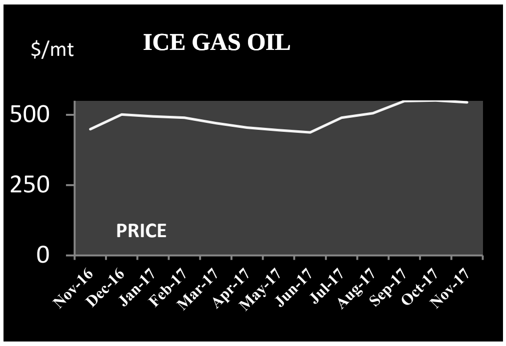
Gladius Energy Desk

research@gladiuscommodities.com

Tel: **+234-1-2931855**







LOCATIONS	PMS	AGO	DPK
LAGOS	[MT] 435,316.644	[MT] 166,075	[MT] 15,000
P.H.	20,005	-	-
DELTA	14,952	-	-
CALABAR	15,069	-	-

GLOBAL	PRICE
BRENT	**63.49 $/bbl**
ICE GAS OIL	**563.00 $/mt**
PLATTS GASOLINE	**1.8213 $/gal**
PLATTS 3.5% FUEL OIL FOB MED	**353.231 $/mt**

PRICE (EX DEPOT) NGN / Litre

	LAGOS	P.H.	DELTA	CALABAR
PMS	**134 –135**	**134 –135**	**134 –135**	**134 –135.50**
AGO	**180–195**	**183-189**	**182-189**	**183-190**

FX RATES

09/11/17	USD	GBP	EUR
NGN (PARALLEL MARKET)	**360 / 363**	**469/ 473**	**415/ 420**
NGN (INTER BANK)	**305.95**	**-**	**-**
NAFEX	**360.55**	**-**	**-**

NIGERIA

On Tuesday 7th November, the Nigerian National Petroleum Corporation (NNPC) guaranteed a steady supply of petroleum products nationwide to serve the nation throughout the forthcoming festive period and beyond. This commitment was made by Dr. Maikanti Baru, the Group Managing Director of the NNPC during the inauguration of the Board of Directors of the Petroleum Products Marketing Company (PPMC), a subsidiary of the NNPC. Baru encouraged the Management of the PPMC to re-strategize to ensure leaner operating costs and enable the subsidiary continuously add value to the NNPC Corporate entity. The PPMC is one of the three new companies that emerged from the old Pipelines and Products Marketing Company after the recent reorganization of the NNPC. It is mainly saddled with the responsibility of marketing petroleum products, whereas, the other two companies (the Nigerian Pipeline and Storage Company and Marine Logistics) are responsible for managing storage & distribution assets of the Corporation and execution of petroleum products haulage respectively.

The NNPC has also pledged to provide more support to indigenous companies in Nigeria's Oil and Gas Industry. Baru made this pledge while commissioning the Lagos Midstream Jetty (LMJ) at the Apapa Harbour. Baru said, "*NNPC will continue to support all players in the downstream sector of the Oil and Gas industry towards efficient product supply and distribution across the Country.*" Baru explained that the commissioning of the jetty was in line with NNPC's corporate vision of 12 Business Focus Areas, one of which is centred on the provision of critical oil and gas infrastructure. The LMJ will allow up to 45,000 Dead Weight (DWT) vessels to berth and discharge products while easing out the congestion around the Apapa corridor. The Jetty is available for the use of all sector players, peers and competitors alike, and is expected to boost the delivery of petroleum products to terminals nationwide.

Dr. Ibe Kachikwu, the Minister of State for Petroleum Resources, said Nigeria will support an extension of a deal between OPEC and non-members to cut oil supply until the end of 2018, as long as the right terms are put in place. OPEC, along with Russia and 9 other producers agreed to cut oil output by about 1.8 million barrels per day (bpd) until March 2018 in an attempt to ease a global glut. In the nation's quest to rebuild oil output, Kachikwu urged Shell and Eni to continue with the development of the much-disputed Oil Prospecting License (OPL) 245. Kachikwu also said the government has called for early talks to renew oil licenses held by Shell, Total and others. Licences for several key fields expire in two years and oil firms are typically reluctant to make big investments without long-term assurances. Kachikwu said although negotiations – to be handled by the Department of Petroleum Resources have not yet started, talks could be concluded by the first quarter of next year.

EAF

SOUTH SUDAN

South Sudan's newest oil and gas entrant, Oranto Petroleum has begun its exploration program through an agreement with BGP Inc. South Sudan. The deal comes just 8 months after Oranto signed its Exploration and Production Sharing Agreement with the government, committing $500 million to the development of the 24,415 km^2 acreage, with the Oranto expected to kick off its three-year first exploration commitment period. Following a competitive tender process, geophysical specialist, BGP, was selected to perform an airborne gravity and magnetic survey of the contract area, Block B3. The block is believed to be highly prospective, with productive parts of the Muglad basin to the northwest and estimated reserves in place of more than three barrels of oil. Prince Arthur Eze, founder and executive chairman of Oranto Petroleum said *"The development of our assigned contract area and fulfilment of our contractual obligations in South Sudan is a priority for Oranto. The government and the Ministry of Petroleum have been working very hard to create an enabling environment for investors and we are fortunate to benefit from their assistance. South Sudan is a nation with a great future, and we are proud to be a part of that, contributing with a purposeful, well-resourced exploration and development campaign."*

GLOBAL

On Thursday 9th November, oil prices settled higher amid ongoing unrest in the Middle East while Saudi Arabia's plan to slash crude exports lifted sentiment. The U.S. West Texas Intermediate crude for December contract was up 11 cents at $56.92 a barrel at 09:50 AM ET (13:50 GMT), while the ICE Futures Exchange in London Brent oil for January delivery was up by 7 cents at $63.56 a barrel. The U.S Energy Information Administration (EIA) weekly report for Wednesday 8th November showed an increase in crude oil inventories by 2.2 million barrels in the week ending November 3, whereas market analysts' expected a crude-stock loss of around 2.9 million barrels.

Saudi Arabia plans to cut its crude exports by 120,000 bpd in December, thus slashing allocations to all regions. The reports of Saudi's plan to reduce exports came as investor fears grew due to the instability in the Middle East. However, oil prices remained supported by mounting expectations that oil producing countries will agree to extend an output cut at their meeting to be held at the end of November. Originally, OPEC and non-OPEC countries led by Russia agreed to cut production by 1.8 million bpd for six months. The agreement was then extended in May 2017 for a period of nine more months until March 2018 in a bid to reduce global oil inventories and support oil prices. However, discussions are ongoing in the run-up to the November 30th meeting for which oil ministers from OPEC and the participating non-OPEC countries will attend.

GLADIUS COMMODITIES LIMITED

Website: www.gladiuscommodities.com

Address: Elephant House, 214 Broad Street, Lagos – Marina, NIGERIA

192, Old Bakery Street, Valletta VLT 1455, MALTA