1st December 2017

GLADIUS

MARKET REPORT

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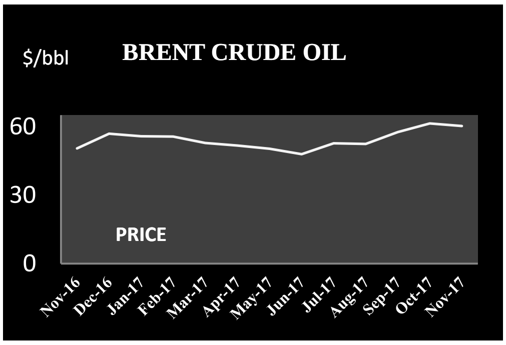

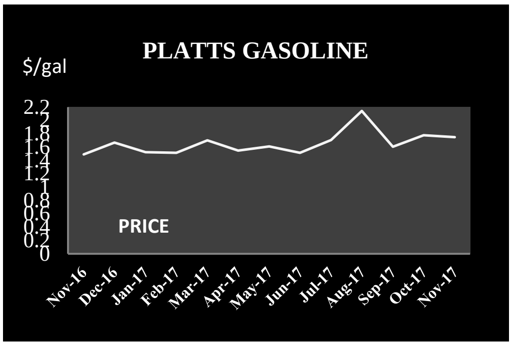

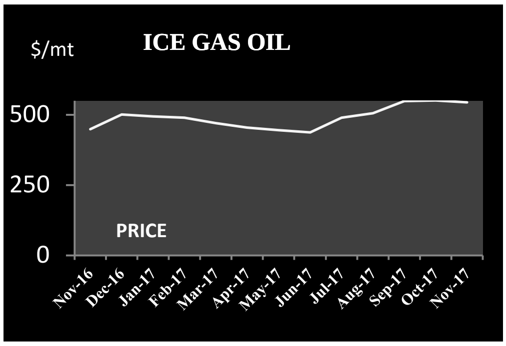

LOCATIONS	PMS	AGO	DPK
	[MT]	[MT]	[MT]
LAGOS	260,982	158,748	-
P.H.	34,855	4,950	-
DELTA	25,850	6,000	-
CALABAR	22,783	-	-

GLOBAL	PRICE
BRENT	63.11 $/bbl
ICE GAS OIL	561.25 $/mt
PLATTS GASOLINE	1.7309 $/gal
PLATTS 3.5% FUEL OIL FOB MED	337.593 $/mt

PRICE (EX DEPOT) NGN / Litre

	LAGOS	P.H.	DELTA	CALABAR
PMS	136 –137	137 – 138.30	137 –138	137 –138.50
AGO	177–178	185-187	183-185	183-187

FX RATES

30/11/17	USD	GBP	EUR
NGN (PARALLEL MARKET)	361 / 364	475/ 480	425/ 430
NGN (INTER BANK)	306.00	-	-
NAFEX	360.65	-	-

NIGERIA

On Monday 27th November, the Nigerian National Petroleum Corporation (NNPC) said the Federal Government's 2.3 million barrels per day (bpd) crude oil projection for the 2018 Budget is attainable and realistic. Mr Bala Wunti, Group General Manager, Corporate Planning and Strategy, made this statement during a presentation to the House of Representatives' Joint Committee on the 2018-2020 Medium Term Expenditure Framework and Fiscal Strategy Paper in Abuja. Wunti said Nigeria's current production capacity is more than 2.3 million bpd, noting, however, that the insecurity in the Niger Delta region over the years has been an impediment to achieving full production capacity. Wunti said, *"The 2018 crude oil national production projection for Joint Ventures, Modified Carry Arrangement or External Financing, Production Sharing Contracts, Independents, Marginal Fields and Service Contracts is about 2,298,000 barrels per day."* Wunti added that the 2018 price projection on the long-term price assumption was based on price scenarios of $35 (low), $45 (medium) and $55 (high); and with the medium price scenario having the highest probability of occurrence, it was then used as a benchmark for crude prices for the 2018 budget. However, the Organisation of Petroleum Exporting Countries (OPEC) has cautioned Nigeria against an increase in oil demand projection even as the Federal Government displayed "bullish" Return on Investment for international oil companies (IOCs).

The NNPC is targeting a $3.5 to $5 billion cash-for-crude prepayments deal with some of the world's top commodity traders, to fund oil and gas upstream projects, as well as related infrastructure. The NNPC hired Standard Chartered Bank as advisor on the deal and some weeks ago, a request for proposal was issued for a loan of $3.5 to $5 billion that will be repaid with crude oil over five to seven years. Seven commodity traders including the industry's biggest Vitol, Glencore, and Trafigura are strong contenders for the deal. A decision regarding successful contenders is expected by the end of 2017. NNPC has already leveraged over 300,000 bpd of crude to cover current fuel imports via a crude-for-product swap scheme, as well as debts to traders, dating back nearly a decade.

WAF

MAURITANIA

On Wednesday 29th November, Moustapha Bechir, Mauritania's Director General of Oil, Energy and Mines said Exxon Mobil is close to signing a deal to explore for oil and gas offshore Mauritania for the first time. Bechir made this statement on the sidelines of an Oil & Gas Council conference in Dakar. However, an Exxon Mobil spokeswoman declined to comment on the deal but said the company does not yet have drilling activities in Mauritania. Interest has surged in oil and gas fields offshore of Mauritania and Senegal since big discoveries by Cairn Energy and Kosmos Energy (with the latter now partnered with BP) in separate projects over the last three years. Both projects are expected to start production early next decade.

GLOBAL

On Thursday 30th November, oil prices settled higher after OPEC announced it would extend cuts in oil output by nine months, through 2018. The U.S. West Texas Intermediate crude for January contract was up 40 cents at $57.70 a barrel at 09:50 AM ET (13:50 GMT), while the ICE Futures Exchange in London Brent oil for February delivery was up 49 cents at $63.02 a barrel. The U.S Energy Information Administration (EIA) weekly report for Wednesday 29th November showed a fall in crude oil inventories by 3.4 million barrels in the week ending November 24, whereas market analysts' expected a draw of 2.3 million barrels.

OPEC and non-OPEC producers led by Russia have agreed to extend oil output cuts throughout 2018 in their continuous efforts to clear global glut, while also indicating a possible early exit from the deal if the market overheats. OPEC also decided to cap the combined output of Nigeria and Libya at 2017 levels below 2.8 million bpd. So far, the production agreement has reined in excess supplies, but further cuts are needed as Khalid Al-Falih, Saudi Energy Minister said a draw of about 150 million barrels would be required to bring global crude inventories back to the five-year average.

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