

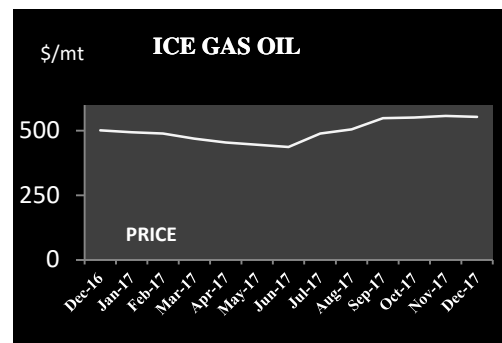
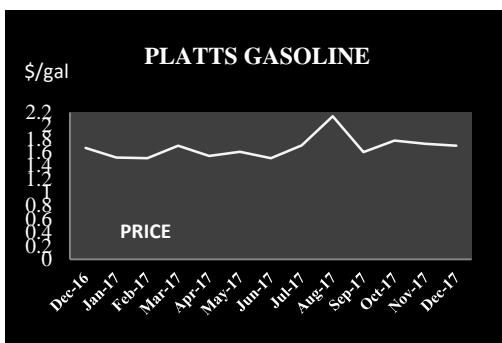
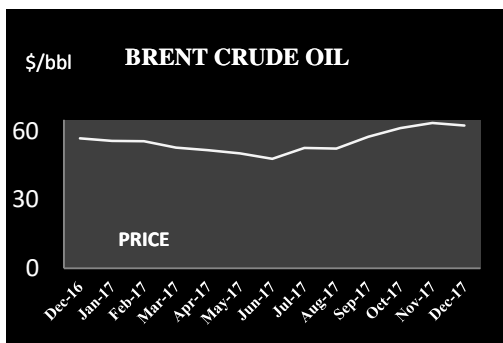
GLADIUS

MARKET REPORT

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LOCATIONS	PMS	AGO	DPK
LAGOS	[MT] 390,622,244	[MT] 169,905	[MT] 27,430
P.H.	-	1,000	-
DELTA	13,970	-	-
CALABAR	29,490	-	-

NIGERIA

On Wednesday 13th December, the Federal Executive Council (FEC) approved the award of a contract of over \$2.7 billion to three consortiums that will complete the Abuja-Kaduna-Kano gas pipeline. Dr Ibe Kachikwu, the Minister of State for Petroleum Resources said that this will enhance movement and utilization of gas from the southern corridor to the north and also increase power generation. Kachikwu said the council had also awarded a contract to a consortium for the Odidi pipeline from Warri and the Southern marshlands which will move the additional gas produced through the Niger Delta Development Commission (about 364 million cubic meters) to be fed into the Abuja-Kaduna-Kano pipeline. Kachikwu also said the combination of both pipelines will boost gas delivery into Nigeria and for the first time, gas delivery for power generation has begun to take very definitive steps in Nigeria. Additionally, Kachikwu disclosed that Nigeria had lost about \$21 billion (N7.6 trillion) to International Oil Companies (IOCs) operating in the country due to non-implementation of the Production Sharing Contract (PSC) Act of 1993, otherwise known as the Deep Offshore Act. The Deep Offshore and Inland Basins PSC Act was enacted in 1993 to provide the fiscal framework for foreign investments in deep offshore and inland basin acreages in the oil and gas sector. It was also targeted at addressing the challenges confronting the joint operating agreements, which paved the way for the Nigerian National Petroleum Corporation (NNPC) to become the concession holder while the IOCs became the contractors. Kachikwu appealed to FEC to amend the Deep Offshore Act, in order to increase government's revenue from crude oil sales when prices exceed \$20 a barrel.

An indigenous oil company, Petrolex Oil and Gas Limited, opened an ultra-modern 300 million-litre capacity tank farm built at Ibefun, Ogun State. At the official commissioning of the facility, Dr. Maikanti Baru, the Group Managing Director of the NNPC stated that "NNPC has taken the lead in supporting local players in both the upstream and downstream sub-sector of the Petroleum Industry. We are therefore willing to support Petrolex in whatever way we can." Baru said the 300 million litre-capacity tank farm would help in the federal government's efforts to maintain strategic reserves of petroleum products to ensure uninterrupted supply. Baru also commended Petrolex for its vision of establishing a 250,000 barrels per day (bpd) refinery close to the tank farm by 2020. Vice President, Yemi Osinbajo lauded Petrolex for taking such bold initiative to develop an integrated energy mega city capable of transforming the oil and gas landscape of the country.

WAF

EQUATORIAL GUINEA

On Monday, 11th December, the Ministry of Mines and Hydrocarbons of Equatorial Guinea announced that ExxonMobil has struck oil with its Avestruz-1 well in Block EG-06. The well was drilled in October 2017 and the operator is now assessing potential commerciality. Avestruz-1 is located approximately 160 kilometres offshore Malabo in an exploration area adjacent to ExxonMobil's Zafiro field, a prolific oilfield in Equatorial Guinea's northern maritime area. The company signed its Production Sharing Contract for Block EG-06 in 2015, followed by its entry into nearby Block EG-11 in 2017. Mr Gabriel Mbaga Obiang Lima, Minister of Mines and Hydrocarbons H.E. said "Equatorial Guinea's partnership with ExxonMobil continues to yield new oil discoveries, testifying to the huge potential in this country and our enabling environment for oil and gas exploration. We hope that commerciality will be established at Avestruz-1 and look forward to seeing more developments in the areas surrounding Block B." The government of Equatorial Guinea has partnered with ExxonMobil in Block EG-06 through a 20% stake held by national oil company GEPetrol. An ExxonMobil local subsidiary is the operator with 80%, while at the Zafiro field in Block B, ExxonMobil's affiliate has a 71.25% interest, GEPetrol has 23.75% and the state has 5%.

GLOBAL

On Thursday 14th November, oil prices remained higher even after the International Energy Agency (IEA) increased its forecast for growth in U.S. oil output for 2018, raising the prospect of excess supply. The U.S. West Texas Intermediate crude for January contract was down 11 cents at \$56.48 a barrel at 10:00 AM ET (14:00 GMT), while the ICE Futures Exchange in London Brent oil for February delivery was up 16 cents at \$62.59 a barrel. The U.S Energy Information Administration (EIA) weekly report for Wednesday 13th November showed a fall in crude oil inventories by 5.1 million barrels in the week ending December 8.

The IEA in its monthly oil market report, published on Thursday 14th December, revised upward its projection for US oil production, warning that total supply growth could exceed demand growth in the months ahead. The IEA raised US crude oil growth to 390,000 bpd for 2017 and 870,000 bpd for 2018. Non-OPEC output, led by the US, will rise by 630,000 bpd in 2017, followed by an increase of 1.6 million bpd during 2018. This is also supported by OPEC, who said in its monthly report, published on Wednesday 13th December, that non-OPEC production would rise faster than expected by 120,000 barrels per day (bpd) to 990,000 bpd in 2018. Rising non-OPEC output has weighed on the efforts of OPEC attempts to rid the global market of excess oil supplies.

GLOBAL	PRICE
BRENT	62.44 \$/bbl
ICE GAS OIL	562.75 \$/mt
PLATTS GASOLINE	1.6467 \$/gal
PLATTS 3.5% FUEL OIL FOB MED	333.383 \$/mt

PRICE (EX DEPOT) NGN / Litre				
	LAGOS	P.H.	DELTA	CALABAR
PMS	143 –145	143 –145	142 –143	142 –143
AGO	177–179	183-185	183-185	190-192

FX RATES			
14 /12/17	USD	GBP	EUR
NGN (PARALLEL MARKET)	361 / 365	477/ 484	420/ 426
NGN (INTER BANK)	306.25	-	-
NAFEX	360.66	-	-

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