19th January 2018

GLADIUS

MARKET REPORT

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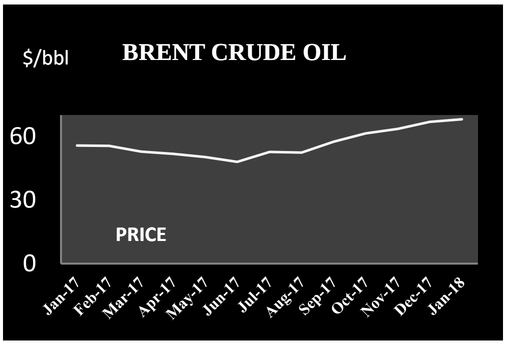

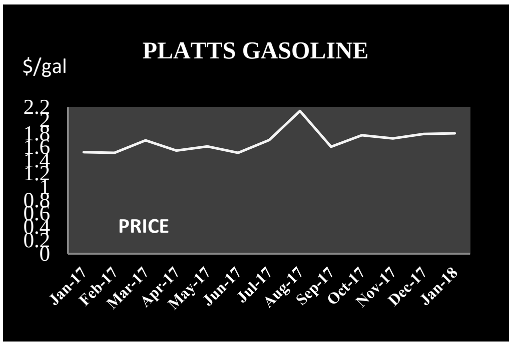

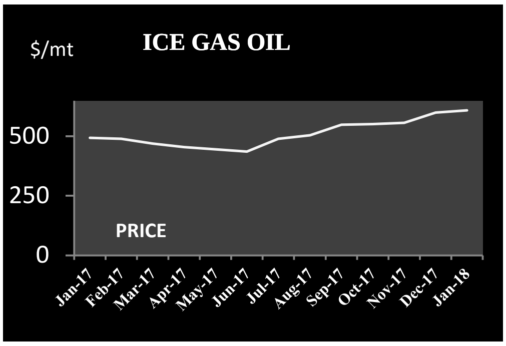

LOCATIONS	PMS	AGO	DPK
LAGOS	[MT] 519,860	[MT] 161,302	[MT] 22,405
P.H.	29,886	-	-
DELTA	14,941	5,000	4,977
CALABAR	9,998	-	-

GLOBAL	PRICE
BRENT	69.38 $/bbl
ICE GAS OIL	611.75 $/mt
PLATTS GASOLINE	1.8584 $/gal
PLATTS 3.5% FUEL OIL FOB MED	364.239 $/mt

PRICE (EX DEPOT) NGN / Litre

	LAGOS	P.H.	DELTA	CALABAR
PMS	155–159	150–160	151–160	151–160
AGO	182–190	183-190	183-191.50	185-191

FX RATES

18/01/18	USD	GBP	EUR
NGN (PARALLEL MARKET)	361/ 364	486/493	433/ 440
NGN (INTER BANK)	305.70	-	-
NAFEX	360.70	-	-

NIGERIA

On Tuesday 16th January, the Nigerian National Petroleum Corporation (NNPC) in conjunction with the Nigerian Maritime Administration and Safety Agency (NIMASA), convened a meeting of stakeholders in the maritime industry to explore the most viable and cost-effective options in the export of Nigeria's crude oil. Speaking at a maritime forum, Dr. Ibe Kachikwu, Minister of State for Petroleum Resources said in the past, attempts to transit from the Free-on-Board (FOB) to Cost, Insurance and Freight (CIF) system of exporting the nation's crude oil had failed. Kachikwu urged participants to come up with recommendations to help the Federal Government take appropriate decisions on the issue with a view to enhancing the nation's the economy. Also speaking at the forum, Dr. Maikanti Baru, Group Managing Director of the NNPC, explained that the corporation's preference for FOB was informed by the prevailing security situation and the need to guarantee steady revenue into the Federation Account. According to Baru, under CIF, petroleum cargoes are legally the property of the Federal Government, which could pose a danger to the country's earning as creditors could procure court orders to confiscate crude oil cargoes as a means of securing payment of Nigeria's indebtedness. Therefore, due to these peculiarities, it is most appropriate to transfer the potential risks associated with the ownership of the cargo to the buyer at the load port in Nigeria which FOB incoterm allows. However, Baru disclosed that the NNPC was not unmindful of the value erosion inherent in the FOB sale arrangement, adding that the corporation was open to new ideas on the proper mix that could enable synergy and collaboration amongst different stakeholders to guarantee security of federation revenue as well as guard against associated risks involved in the delivery of crude oil and gas to customers.

After a 17 year struggle, Nigeria has moved closer to turning an oil industry bill into law to complete the legislation which aims to increase transparency and stimulate growth in the country's oil industry. The House of Representative passed a version of the bill which is the same as one approved by the Senate in 2017. This is the first time both houses have approved the same version of the bill, however, It still needs the president's signature to become law. The legislation - known as the Petroleum Industry Bill (PIB) - was broken up into sections to help to get it through. The House of Representatives passed the first part called the Petroleum Industry Governance Bill (PIGB) on Wednesday 17th January. The PIGB would create four new entities whose powers would include the ability to conduct bid rounds, award exploration licenses and make recommendations to the oil minister on upstream licenses. .Alhaji Yakubu Dogara, the speaker for the House of Representatives said that *"the new legislation will be transmitted to the President within the next few days."* The passage of the first bill means the government can move forward with new taxation legislation, which could make it more attractive for companies to invest, particularly offshore.

WAF

IVORY COAST

On Wednesday 17th January, Ivory Coast awarded Tullow Oil two new oil and gas blocks, including one along the maritime boundary with Ghana. Africa-focused Tullow now holds stakes in nine Ivorian blocks, eight of which it has picked up since an international tribunal in September ruled in favour of Ghana in a dispute over the countries' sea border. It also has a 21.33 percent position in Ivory Coast's Espoir field, which is operated by Canada's CNR. Speaking after a cabinet meeting, Bruno Kone, a government spokesman said the government had awarded Tullow blocks CI-520, an onshore block near the commercial capital Abidjan, and CI-524, which is adjacent to its acreage in Ghana. Tullow operates the Jubilee oil and gas field in Ghanaian waters and is developing the TEN fields. Having emerged from one of the longest downturns in the sector's history, Tullow is now cautiously reviving its search for new oil and gas resources in Africa and Latin America.

GLOBAL

On Thursday 18th January, oil prices settled lower as traders fretted over a sharp rebound in US production which offset data showing crude supplies fell for the ninth-straight week. The U.S. West Texas Intermediate crude for February contract was down 5 cents at $63.91 barrel at 3:30 a.m. ET (08:30 GMT), while the ICE Futures Exchange in London Brent oil for March delivery was down 16 cents at $69.22 a barrel. The U.S Energy Information Administration weekly report for Thursday 18th January showed a fall in crude oil inventories by 6.861 million barrels in the week ending January 12, whereas market analysts' expected a decline of 3.536 million barrels. The American Petroleum Institute reported a supply draw of 5.121 million barrels on Wednesday 17th January. The report also showed that gasoline inventories increased by 3.620 million barrels, compared to expectations for a build of 3.426 million barrels, while distillate stockpiles fell by 3.887 million barrels, compared to forecasts for an increase of 0.086 million.

Analysts and traders have recently warned that U.S. shale oil producers are looking to take advantage of the higher prices and could ramp up production in the coming weeks, potentially derailing an OPEC-led effort to curb excess supply. In fact, OPEC in its monthly report raised its forecast for oil supply from non-member countries in 2018 by 1.15 million barrels per day (bpd) up from 990,000 bpd expected previously.

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