26th April 2019

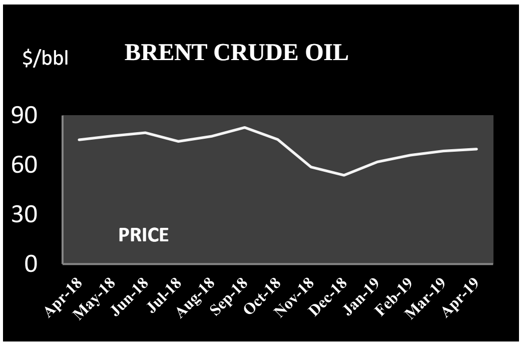
GLADIUS

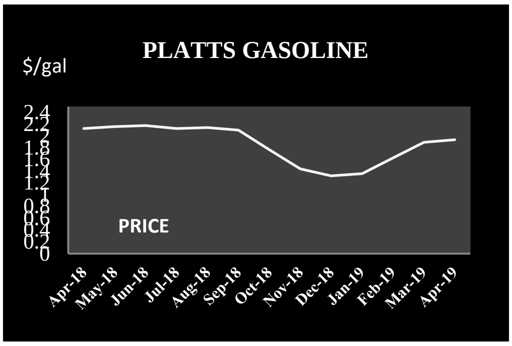
MARKET REPORT

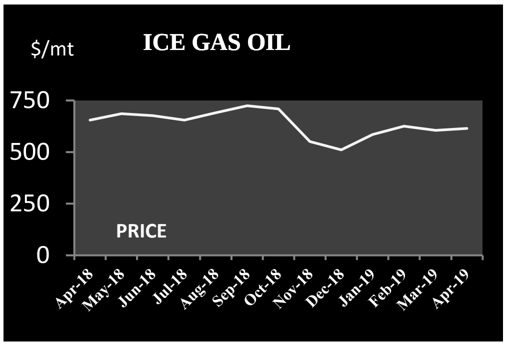
Gladius Energy Desk

research@gladiuscommodities.com

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







LOCATIONS	PMS	AGO	DPK
	[MT]	[MT]	[MT]
LAGOS	922,587	125,058	-
P.H.	15,705	-	-
DELTA	38,444	-	-
CALABAR	49,598	15,000	-

GLOBAL	PRICE
BRENT	**74.57 $/bbl**
ICE GAS OIL	**644.25 $/mt**
PLATTS GASOLINE	**2.1285 $/gal**
PLATTS 3.5% FUEL OIL FOB MED	**408.568 $/ mt**

PRICE (EX DEPOT) NGN / Litre

	LAGOS	P.H.	DELTA	CALABAR
PMS	**137-140**	**139.5-143**	**138-141**	**135-140**
AGO	**202-207**	**200-215**	**205-210**	**199-200**

FX RATES

25/04/19	USD	GBP	EUR
NGN (PARALLEL MARKET)	**358/360**	**470/474**	**400/403**
NGN (INTER BANK)	**306.90**	**-**	**-**
NAFEX	**360.69**	**-**	**-**

NIGERIA

On Tuesday 23rd April, the Nigerian National Petroleum Corporation (NNPC), Nigeria Customs Service (NCS) and the Department of Petroleum Resources (DPR) held a meeting agreeing to inaugurate a joint committee to tackle petroleum products smuggling. The meeting was attended by the Group Managing Director, NNPC, Dr Maikanti Baru; Comptroller General, NCS, Col. Hammed Ali (rtd.); and the Director, DPR, Mr Mordecai Ladan. Dr Baru mentioned that the smuggling of petroleum products across the nation's borders was causing serious loss to the country's revenue generation and subverting government's efforts to ensure an adequate supply of petroleum products around the country. Dr Baru also said the corporation had not relented in its efforts to flood the nation's petroleum products market and avoid shortages at all times. However, the activities of unscrupulous marketers remained a major concern as diversion and smuggling seemed to continue unabated. According to Dr Baru, records showed that there was an upsurge in incidents of petroleum product smuggling across Nigeria's borders in recent months. Dr Baru called for stiffer punitive measures against unscrupulous marketers found diverting and smuggling petroleum products and charged the NCS to intensify surveillance along the identified border.

Dr Ibe Kachikwu, the Minister of State for Petroleum Resources stated that the Federal Government is asking Saudi Aramco for some investment into the nation's refineries. Dr Kachikwu said: *"We are asking for investments into four of our refineries, the nation's refineries, which are located in Port Harcourt, Kaduna and Warri, have a combined installed capacity of 445,000 barrels per day."* Dr Kachikwu also mentioned: *"We are looking at straight trade deals in terms of our DSDP programme, to see how Saudi Arabia can participate and bring in products into the country."* Under the DSDP model (The Direct Sale of crude oil and the Direct Purchase of products started in 2017), overseas refiners, trading companies and indigenous companies are selected and allocated crude supplies in exchange for the delivery of an equal value of petrol and other refined products to the NNPC. Dr Kachikwu and the President of Saudi Aramco had discussed investment options in the mid and downstream sector. Aramco is expanding downstream operations such as refining and petrochemicals production as part of its drive to become the world's largest integrated energy firm.

WAF

GHANA

Oil and gas company Tullow Oil's output was below expectations during the first quarter of 2019 due to issues on its operated fields located offshore Ghana. As a result, Tullow has lowered its 2019 production forecast range from 93,000-101,000 bpd to 90,000- 98,000 bpd. In an operational update on Thursday 25th April, Tullow said that its working interest production for Q1 2019 averaged 84,600 barrels per day (bpd), including production-equivalent insurance payments. This performance was below expectations due to gas compression constraints on the Jubilee field during February and a delay in completing the Enyenra-10 production well at the TEN field. Both issues have now been resolved. Namely, gas compression on Jubilee has been reinstated and the Enyenra-10 production well has been successfully completed and came on stream in early March.

Tullow noted that the lower production from Ghana had been partially offset by a strong performance from the Central and West Africa non-operated portfolio, with the new Simba and Ruche fields in Gabon significantly exceeding expectations. The group is currently producing over 95,000 bpd and with an additional TEN production well due on stream before the half-year, Tullow's net oil production is expected to rise to 100,000 bpd in the second half of 2019. Tullow's two drillships, the Stena Forth and Maersk Venturer, have been working in tandem on Ghana drilling and completion operations throughout the first quarter with three wells drilled and two wells completed.

GLOBAL

On Thursday 25th April, oil prices returned to the upward trend with Brent topping the $75 mark for the first time in nearly six months, as analysts weighed the impact of U.S. attempts to shut down Iranian crude exports. The U.S. West Texas Intermediate crude futures gained 25 cents at $66.14 a barrel at 7:58 AM ET (11:58 GMT), while Brent crude futures traded up 62 cents to $74.28. The U.S. Energy Information Administration (EIA) weekly report for Wednesday 24th April showed a rise in crude inventories by 5.48 million barrels in the week ending April 19, compared with forecasts for a build of 1.26 million barrels.

Reuter's traders cited that Brent was receiving support from a halt of Russian oil exports to Poland and Germany via a pipeline due to quality concerns. Oil prices are on track for possible gains of 3%, boosted by reports of the U.S. ending all sanction waivers for importers of Iranian oil after May 2, heightening concerns about supply in the market. The sanctions have slashed Iran's government more than $10 billion in oil revenue. The U.S. waivers for sanctions on Iranian oil would add to OPEC-led efforts to tighten global supply, pushing prices higher. Analysts stated that among the key factors to consider is the amount of pressure the U.S. can put on Saudi Arabia to increase output and the strength of the kingdom's resistance. Outside of sanctions, analysts emphasized that Russia was also looking to increase production this summer when the current production cut agreement ends. They also suggested that OPEC and Russia could *"maintain quotas with only a modest increase in production, and that would keep prices from soaring too high or going too low."*