

MARKET REPORT

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BRENT CRUDE OIL

PLATTS GASOLINE

ICE GAS OIL


LOCATIONS	PMS	AGO	DPK
	[MT]	[MT]	[MT]
LAGOS	992,112	142,129	-
P.H.	-	33,449	-
DELTA	20,260	-	-
CALABAR	15,726	-	-

NIGERIA

The Group Managing Director of the Nigerian National Petroleum Corporation (NNPC), Alhaji Mele Kyari stated that with the completion of the Ajaokuta-Kaduna pipeline project, fuel will be cheaper and more environmentally friendly. The project will enable gas which is a cheaper option than other fuels to propel moribund textile industries in Kaduna and Kano, reviving these factories and creating jobs for the masses. The GMD further stated that the NNPC was currently transforming its traditional oil and gas entity into an integrated energy outfit with an interest in power generation and transmission. The corporation is also engaged in the development of renewable energy to create a low-carbon economy and link the Oil and Gas Sector to the Agricultural Sector. Addressing the declining crude oil revenue being experienced due to the crash in oil prices of oil as a result of the coronavirus (COVID-19) and the price wars initiated by the disagreement on further production cuts between Saudi Arabia and Russia during the OPEC meeting, Alhaji Kyari proffered two solutions to deal with the lower oil prices, as well as stressing that the brunt of current low prices will still be borne if oil prices rockets towards \$58 a barrel, with as many as 50 Nigerian Crude Cargos and 12 LNG cargoes yet to be sold. The first solution is to lower the cost of production as the current cost of production in Nigeria is around \$30. The second solution proffered was the country ramping up production above the current volumes of less than 2 million barrels a day to 3 million barrels a day (bpd).

The Petroleum Product Pricing Regulatory Agency has stated that Nigerians consumed 89,910 metric tonnes (MT) of Liquefied Petroleum Gas (LPG) in the first month of 2020, which represents a 7.9% jump from 83,330 which is the national consumption target for the month. This rise in consumption was attributed to the impact of Federal government Policy and programs of deepening LPG nationwide and increased awareness and utilization of LPG in the domestic economy. The Executive Secretary of PPPRA, Abulkadir Saidu, further stated that given the upward trend of consumption, the Federal Government's target of five million metric tonnes by 2022 is achievable if the current tempo of sensitization and coordination is sustained and improved upon by the government, regulators and industry players. Saidu also praised the Federal Government in its commitment to a gas revolution in its constitution and inauguration of the National Gas Expansion Program, NGEPP committee to drive the deepening of LPG penetration and Compressed Natural Gas (CNG) Auto-Gas utilization among other projects embarked on by the Federal Government.

CAF
GABON

BW announced it has reached first oil from the DTM-4H Gamba well drilled as part of the Tortue Phase 2 development project in the Dussafu Marin permit offshore Gabon. The well began production on March 7, 3 days after first oil from the DTM-5H well. With the addition of the two wells, the overall field production continues to stabilize, the operator said, with current output of 20,000 bpd of oil gross. Phase 2 consists of four production wells tied back to the FPSO BW Adolo. The DTM-4H and DTM-5H are the first of two clusters. The second cluster is being drilled and is scheduled to begin production by June 2020. Total production after the completion of Phase 2 is projected to be 17,300-21,600 bpd of oil gross for 2020 from six producing wells, compared with an average of 11,800 bpd of oil gross produced in 2019. The Dussafu Marin JV consists of BW Energy (operator, 73.5%), Tullow Oil (10%), Gabon Oil Co. (9%), and Panoro Energy (7.5%).

GLOBAL

On Thursday 12th March, Brent crude slid 7% after the U.S. restricted travel to the United States from Europe as part of measures to try to halt the spread of coronavirus after the World Health Organization (WHO) described the outbreak as a pandemic. The U.S. West Texas Intermediate (WTI) settled down \$1.48, or 4.5%, at \$31.50 per barrel; while Brent lost \$2.57, or 7.2%, to settle at \$33.22. The Energy Information Administration (EIA) in its weekly report showed that U.S. crude oil inventories increased by 7.7 million barrels from the week ending March 6. At 451.8 million barrels, U.S. crude oil inventories are about 2% below the five-year average for this time of year.

A flood of cheap supply coming onto the market from Saudi Arabia and the United Arab Emirates compounded pressure on prices. The Gulf Arab producers are raising production as they go on the offensive in an oil price war with Russia. Global oil demand is set to contract in 2020 for the first time in more than a decade, with the International Energy Agency lowering its annual forecast by almost 1 million bpd or 1% of global demand. Demand in the first quarter has fallen sharply on the year, mostly because of the impact of the virus on economic activity in China. Both Brent and WTI are down about 50% from highs reached in January. They suffered their biggest one-day declines since the 1991 Gulf War on Monday after Saudi Arabia launched a price war. Saudi Arabia moved quickly to boost output, Russia stuck by the decision that led last week to the collapse of its alliance with Riyadh and other producers. Moscow said that there was no point cutting output because it would likely be too little to compensate for the virus' impact on global demand. For now, both sides are digging in for the price war.

GLOBAL	PRICE
BRENT	33.22 \$/bbl
ICE GAS OIL	376 \$/mt
PLATTS GASOLINE	0.8975 \$/gal
PLATTS 3.5% FUEL OIL FOB MED	220.667 \$/mt

PRICE (EX DEPOT) NGN / Litre

	LAGOS	P.H.	DELTA	CALABAR
PMS	132.5-133.5	133.8	133-133.1	133.28-134
AGO	160-198	-	-	184-200

FX RATES

12/03/2020	USD	GBP	EUR
NGN (PARALLEL MARKET)	375/380	480/490	410/416
NGN (INTER BANK)	306.95	-	-
NAFEX	374.00	-	-

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