



Major Oil Marketers
Association of Nigeria

NEWSLETTER

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THE WEEKLY POST

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ALTERNATIVE ENERGY POTENTIAL IN NIGERIA

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Over half of the impoverished people globally reside in the Sub-Saharan Africa (SSA) region, with a sizeable portion residing in Nigeria. The economic growth and social development of any nation depend greatly on the sufficiency of its energy sector, as such energy poverty and the importance of the equitable right to sustainable energy cannot be overemphasized.

Energy has been an important resource for socio-economic growth for Nigeria. On energy consumption pattern in Nigeria, the distribution of energy consumption by sectors shows that residential sector accounts for approximately 76.9% of the energy consumed in Nigeria while industrial, transport sectors, agriculture and commercial account for 12.1%, 10.6%, 0.1% and 0.3%, respectively. (Uju, Bernard & Maria, 2018 Journal of Economic Transformation)

In Nigeria and many other countries in the world, most energy sources are non-renewable: Petroleum, Hydrocarbon Gas Liquids, Natural Gas, Coal, Nuclear Energy. These energy sources are called non-renewable because their supplies are limited to the amounts that we can mine or extract from the earth. Coal, natural gas, and petroleum formed over thousands of years from the buried remains of ancient sea plants and animals that lived millions of years ago. That is why these energy sources are also referred to as fossil fuels. On the other hand, renewable energy sources such as Solar Energy, Wind Energy, Hydropower, Biomass, Geothermal Energy are so called because they are naturally replenished: as long as the sun shines, the rivers flow, plants grow and the wind blows. Numerous countries such as Germany, China, India, etc., are blazing the trails in renewable energy growth and utilization. However, these countries have proper legislation backing their efforts.



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A significant portion of the Nigerian population lives in rural communities – communities not in close proximity to the national grid. The adoption of alternative sources of energy is by far a sure way of closing the gap that exists between the ever-increasing energy demand due to the growing population and the current non-renewable energy supply. It is also an avenue to better allocate energy resources to Nigeria’s populace.

NATURAL GAS AS A FUEL SUBSTITUTE

Nigeria has many natural resources which can be used for electricity generation.

With mounting worldwide pressure to phase out petroleum production to reduce the direct and negative impact on the climate, Nigeria is strategically placed to harness its natural gas and create a better future for herself. With this clean-burning alternative, fewer fossil fuels will be produced, less carbon is emitted and the better protected the world is from climate change.

In recent years, many oil and gas companies are making deliberate efforts to diversify their portfolios to include alternative energy assets (other than petroleum). Some have even gone as far as being in the forefront of research that could lead to innovations in alternative energy sources. Thirteen African countries are currently using natural gas they produce themselves or import to generate electricity. Some statistics:

- Energy demand in SSA is envisaged to nearly double by 2040
- IRENA (The International Renewable Energy Association) has forecast that Africa could meet nearly a quarter of its energy needs from indigenous and clean renewable energy by 2030, with renewables amounting to 310GW – providing half the continent’s total electricity generation capacity.
- The African continent is home to over 7% of global reserves and SSA is estimated to have some 400GW of gas-generated power potential.
- Gas reserves have been identified in over 14 countries in SSA with Nigeria accounting for over 81% if proven reserves.

With natural gas clearly written in Africa’s future, what are the constraints in Nigeria? Do any exist?

Promotion of gas as an alternative source of fuel is not new. The 2016 Power Africa roadmap outlined plans for the public and private sector partners to work together to add 30,000MW of new electricity generation capacity and 60million new connections by 2030. With what we know as the benefits of using natural gas for electricity generation such as its domestic availability, relatively low cost and emission benefits, the absence of the necessary



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infrastructure required to transport, store and distribute is one of the major factors limiting its use in Nigeria. Other factors such as the size of the market, the financial position of the off takers, a challenging operating environment, a lack of transparency, regulatory policy uncertainties and the degradation of industry infrastructure also contribute to the constraint of natural gas in Nigeria.

To address these challenges and create a favourable environment for the development of gas resources, a few things need to be in place or need to be considered.

- Participation of government.

The involvement of a motivated government in gas (along with the support of the private sector) brings with it a reduction or elimination of any political risks; fiscal risks, i.e., policies not favourable to the gas initiative; risks of license refusals, necessary approvals, etc. This particular hurdle may be behind us in Nigeria as His Excellency, the Honorable Minister of State for Petroleum Resources, Chief Timipre Sylva announced as far back in June 2017 when the Federal Executive Council approved the National Gas Policy, that ‘Gas is Nigeria’s new petrol’. His Excellency also reiterated similar sentiments in 2020, declaring it the year of gas for Nigeria. We have also witnessed the Ministry of Petroleum launch the push for Autogas, sealing the commitment of the government to provide an alternative to fuel.

- Detailed and robust contractual / financial framework

This is very crucial in order to protect players as much as possible from associated commodity risks, currency risks, changes in laws, gas system events, unforeseeable events, etc.

- Transparent tariff structures

These need to be as clear as possible and reflective of true costs and foreign exchange risks.

- Internationally accepted fuel management technology

This will aid in reducing supply risks and allow for effective storage management, transportation, etc.

If the goal is to move Africa and most especially Nigeria towards reducing deficient energy use and to encourage energy efficiency and sustainability, then the switch to ‘gas-to-power’ is a good and cost-effective way of getting there. We just need to switch faster.

Sources:

Ø Iain Elder & Samuel Ogunlaja (Shearman & Sterling LLP) | Ø NJ Ayuk, Executive Chairman, African Energy Chamber | Ø Oxford Institute for Energy Studies, Forum | Ø Oxford Energy Insight 44, Opportunities for Gas in SubSaharan Africa | Ø Energy Information Administration



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Industry WATCH

MACROECONOMIC INDICES

INFLATION

	JAN 2021	FEB 2021	MAR 2021	APR 2021
Year on Year % Change	16.47%	17.33%	18.17%	18.12%
12 Month % Change	13.62%	14.05%	14.55%	15.04%
Month on Month % Change	1.49%	1.54%	1.55%	0.97%

CRUDE OIL PRICES

	MAY 17	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24
Brent Crude (USD/bbl)	69.46	68.71	66.66	65.11	66.44	68.50
WTI Crude (USD/bbl)	66.27	65.49	63.36	62.05	63.58	66.05

EQUITIES MARKET UPDATE

SECTOR	MAY 14	MAY 21	WEEKLY CHANGE	WTD	MTD	QTD	YTD
NSE 30	1,580.97	1,557.65	-23.32	-1.48	-2.55%	0.11%	-5.03%
Consumer Goods	563.58	563.43	-0.15	-0.03	0.92%	3.77%	-1.73%
Oil & Gas	285.47	306.58	21.11	7.39	13.92%	15.31%	35.53%
Banking	367.42	361.80	-5.62	-1.53	2.76%	-2.13%	-7.94%
Industrial	1,931.54	1,867.06	-64.48	-3.34	-4.14%	-1.20%	-9.03%
Insurance	204.89	203.38	-1.51	-0.74	0.94%	0.57%	7.32%



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FOREX RATES - CBN I/E WINDOW

=N=	MAY 17	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24
USD	408.00-412.00	408.00-412.00	408.00-412.00	408.00-412.00	408.00-412.00	408.00-412.00

*The CBN began sale of USD to the BDC segment, selling \$10,000 to each BDC

Source: CBN
*Year - 2021



FOREX RATES - CBN INTERBANK RATE (BID/OFFER)

=N=	MAY 17	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24
USD	411.00/412.00	411.00/412.00	411.00/412.00	411.00/412.00	411.00/412.00	411.00/412.00
MARKET CLOSING FX RATE (\$/=N=)	411.67	411.00	410.50	411.00	411.00	411.00

Source: CBN
*Year - 2021



FOREX RATES - PARALLEL MARKET

=N=	MAY 17	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24
USD	480 / 484	480 / 484	480 / 484	480 / 484	480 / 485	482 / 486
GBP	670 / 678	670 / 678	670 / 678	675 / 680	677 / 685	678 / 686
EURO	577 / 581	578 / 583	577 / 582	580 / 585	583 / 587	583 / 587

Source: abokiFX
*Year - 2021



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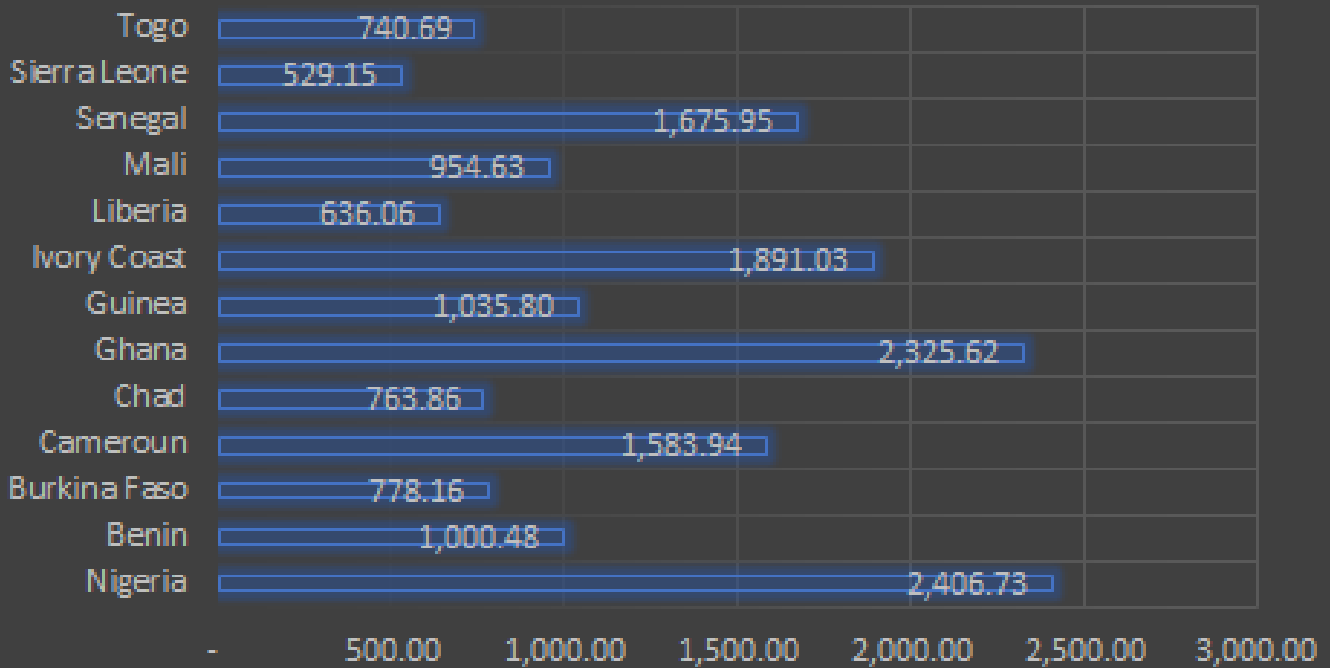
Industry WATCH



WEST AFRICA FOCUS



GDP PER CAPITA (\$)



Source: globalpetrolprices.com
*Year - 2021



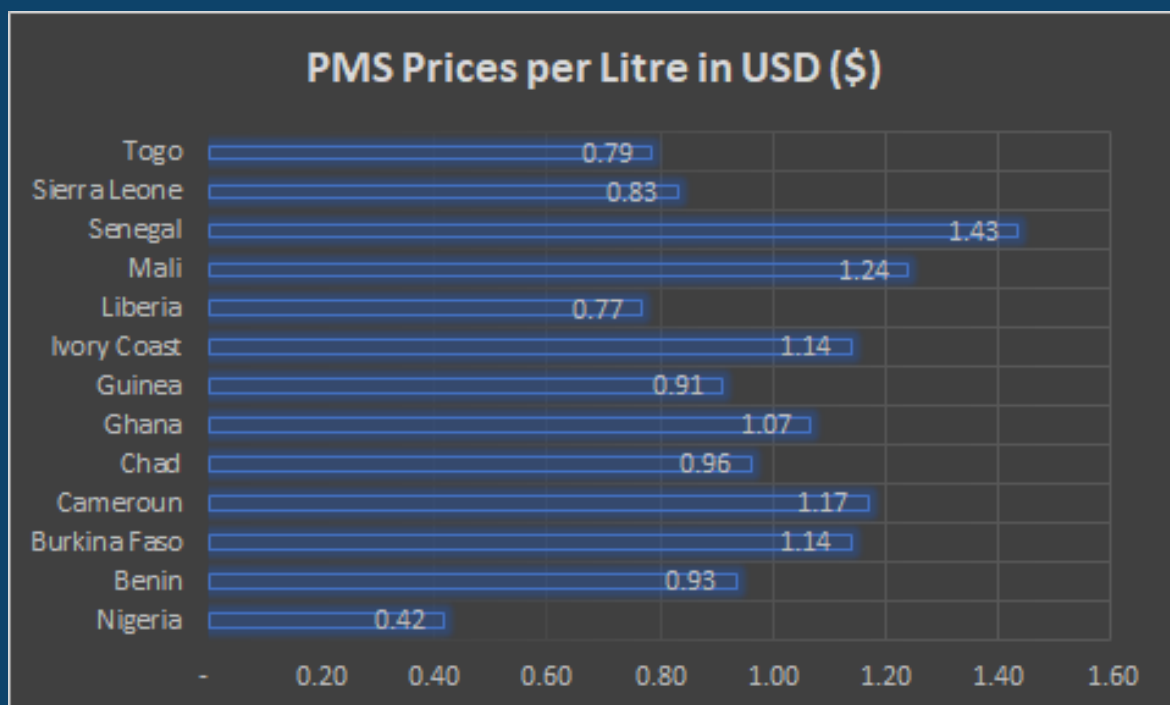
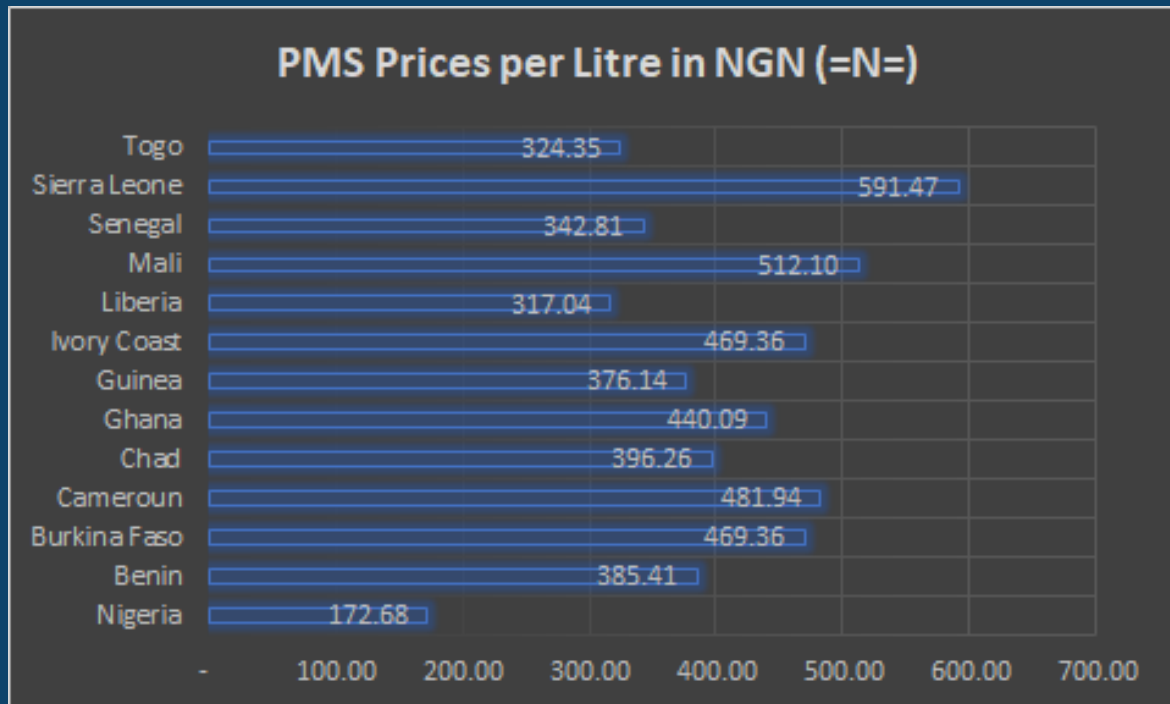
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GASOLINE PRICES

***Average gasoline prices around the Africa: =N=480.09 or \$1.16 USD as at 17 MAY. 2021**

WEST AFRICA (PMS)



Source: globalpetrolprices.com

*Year - 2021



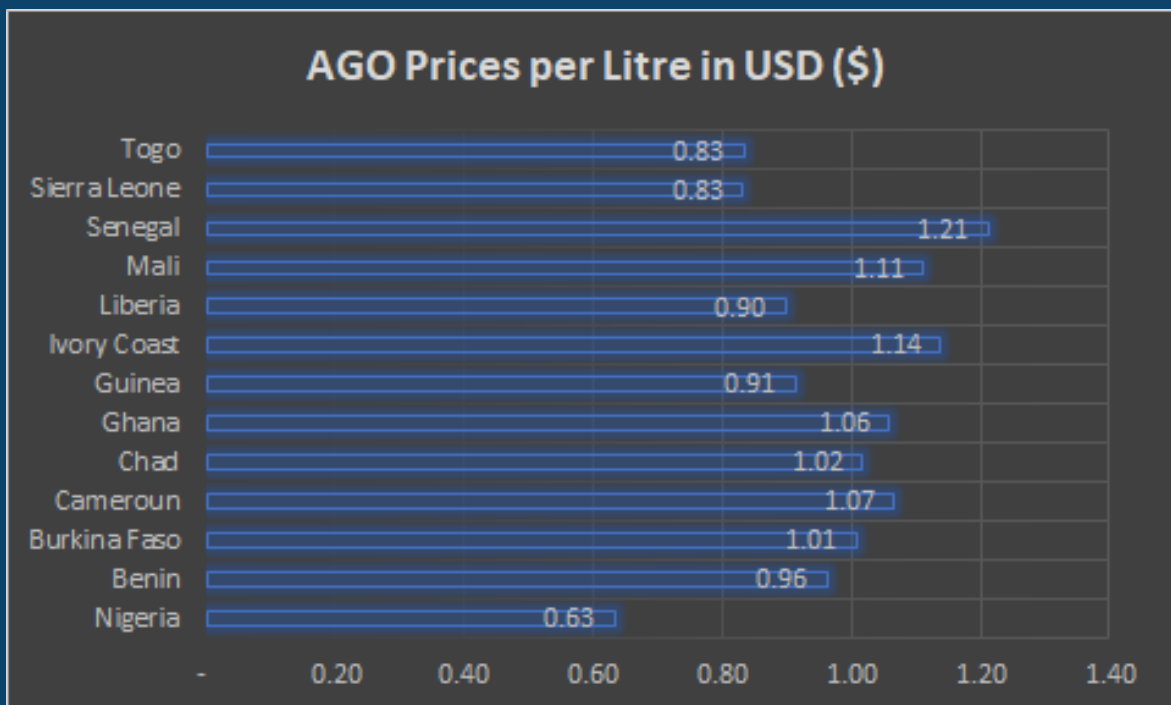
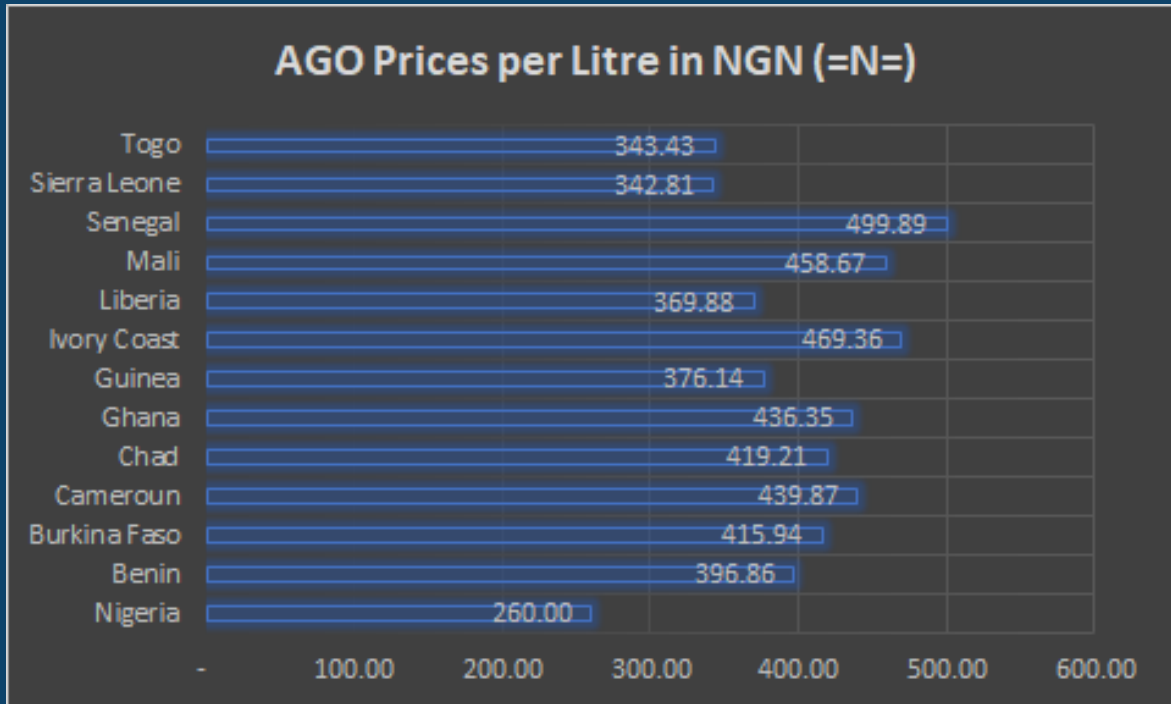
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DIESEL PRICES

***Average diesel prices around the Africa: =N=427.18 or \$1.04 USD as at 17 MAY. 2021
WEST AFRICA (AGO)**



Source: globalpetrolprices.com
*Year - 2021



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Industry WATCH

PLATTS

PMS

\$ (USD)	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24	APR. AVERAGE
FOB ROTTERDAM	660.000	632.000	640.000	640.750	650.750	629.697
FOB MED	645.500	620.000	623.000	624.750	637.250	618.829
CIFNWE	671.000	643.000	645.500	649.500	659.750	638.711

AGO

\$ (USD)	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24	APR. AVERAGE
CIFNWE	564.250	541.250	544.250	544.750	555.000	519.250

ATK

\$ (USD)	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24	APR. AVERAGE
CIFNWE	587.500	563.000	564.250	564.250	575.750	542.882

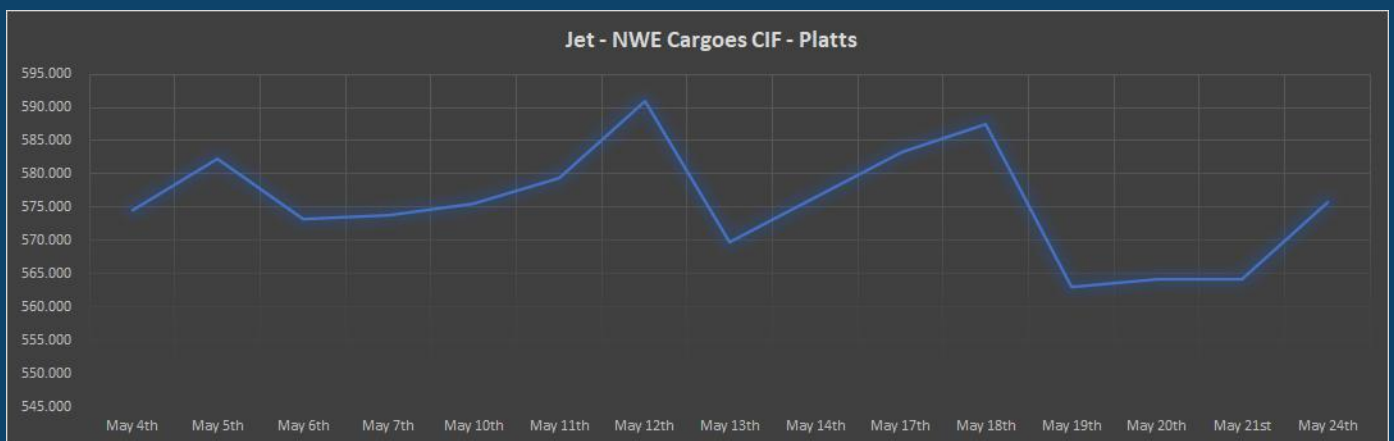
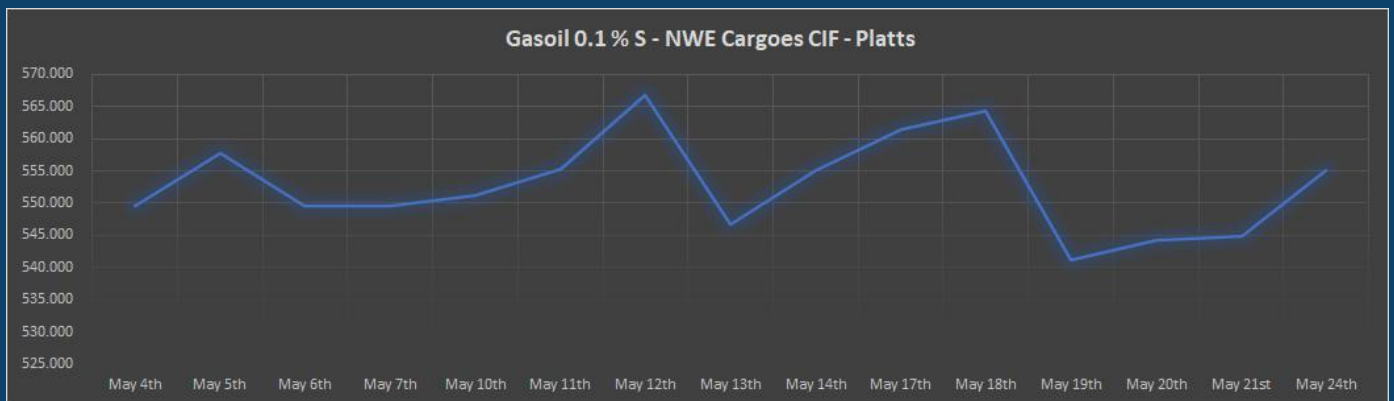
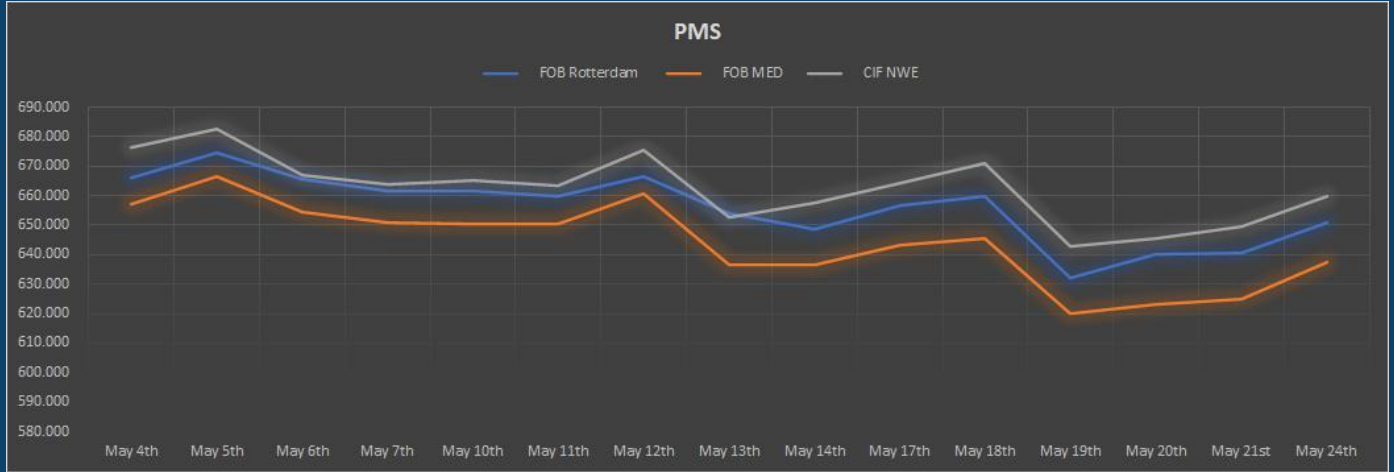
\$/BBL	MAY 18	MAY 19	MAY 20	MAY 21	MAY 24
ICE GASOIL (USD/MT)	560.000	547.500	536.750	546.500	561.250



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Source: S & P Global Platts
*Year - 2021



Source: S & P Global Platts
*Year - 2021



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EX-DEPOT PRICES

LAGOS, NIGERIA

=N=/Litre	MAY 21
PMS	151.00-153.00
AGO	248.00-251.00

*Year - 2021

PORT-HARCOURT, NIGERIA

=N=/Litre	MAY 21
PMS	152.50-153.00
AGO	255.00-259.00

*Year - 2021



DELTA, NIGERIA

=N=/Litre	MAY 21
PMS	154.00-154.50
AGO	255.00

*Year - 2021

CALABAR, NIGERIA

=N=/Litre	MAY 21
PMS	154.00-154.50
AGO	250.00

*Year - 2021



PREVENT THE SPREAD OF COVID-19

24-05-2021

#TakeResponsibility #COVID19Nigeria

S/N	STATE	Number of Cases
1	Lagos	58,885
2	FCT	19,857
3	Kaduna	9,071
4	Plateau	9,061
5	Rivers	7,228
6	Oyo	6,856
7	Edo	4,908
8	Ogun	4,683
9	Kano	3,986
10	Ondo	3,283
11	Kwara	3,123
12	Delta	2,627
13	Osun	2,578
14	Enugu	2,453
15	Nasarawa	2,383
16	Katsina	2,103
17	Gombe	2,046
18	Ebonyi	2,036
19	Anambra	1,909
20	Akwa Ibom	1,899
21	Abia	1,693
22	Imo	1,657
23	Bauchi	1,549
24	Borno	1,337
25	Benue	1,188
26	Adamawa	1,130
27	Taraba	992
28	Niger	935
29	Bayelsa	888
30	Ekiti	874
31	Sokoto	775
32	Jigawa	531
33	Kebbi	450
34	Yobe	444
35	Cross River	394
36	Zamfara	244
37	Kogi	5
TOTAL		166,061

@NCDCgov COVID19.NCDC.GOV.NG




NPHCDA
National Primary Health Care Development Agency

To register for COVID-19 vaccination in Nigeria, visit the website of the National Primary Health Care Development Agency (NPHCDA) nphcda.gov.ng and click on



'COVID-19 Vaccination e-registration' and follow the steps.



6232
Save Number: Emergency NCDC

If you have any health concerns
DIAL 6232

SAVE
MONEY ✓ TIME ✓ LIVES ✓

@NCDCgov COVID19.NCDC.GOV.NG

Sources: NCDC & NPHCDA

Better together

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