



Major Oil Marketers
Association of Nigeria

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INDUSTRY DATA SHEET

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EDITORIAL

The Economic Impact of Removing Fuel Subsidies in Nigeria.

By Olise' Wakwe



Fuel subsidies have been a contentious topic in Nigeria for many years now. On one hand, supporters of the policy argue that it is necessary to keep fuel prices affordable for low-income households. On the other hand, critics argue that the subsidies are costly, inefficient, and open to abuse by corrupt officials and briefcase businessmen.

In this article, we will explore the potential economic impact of removing fuel subsidies in Nigeria, taking into account factors such as government spending, industry efficiency, and consumer prices.

First and foremost, it is important to understand the current state of fuel subsidies in Nigeria. The Petroleum Industry Act 2021 was signed into law in August 2021 by the President of the Federal Republic of Nigeria. In March 2022, the government suspended the implementation of price deregulation contained in the Act for the next 18

months, kicking the can down the road. The policy flip flop impacts the petroleum downstream sector negatively.

The country has a long history of subsidizing the cost of fuel, which has led to artificially low prices at the pump. However, this has also led to a number of problems, including a lack of investment in the country's refining capacity, a reliance on imported fuel, and widespread abuse of the system. Despite these problems, fuel subsidies have remained in place for many years, due in part to the political sensitivity of the issue.

One of the main arguments for removing fuel subsidies in Nigeria is that it would free up a significant amount of government spending. The government currently spends a large portion of its budget on fuel subsidies, which could be redirected towards other areas such as education, health, transportation and infrastructure.

EDITORIAL



Muhammadu Buhari, GCFR - President, Federal Republic of Nigeria

This is particularly relevant in Nigeria, where government spending on key sectors is often inadequate. By redirecting funds from fuel subsidies to these other areas, the government could potentially improve the overall well-being of the population.

Another potential benefit of removing fuel subsidies is that it could lead to increased efficiency in the petroleum downstream sector of the oil and gas industry in Nigeria. With subsidies in place, companies are not required to compete on a level playing field. This can lead to inefficiency and a lack of investment in the sector. By removing subsidies, companies would be forced to compete on price and quality, which could ultimately lead to improved efficiency and better services for the Nigerian consumers.

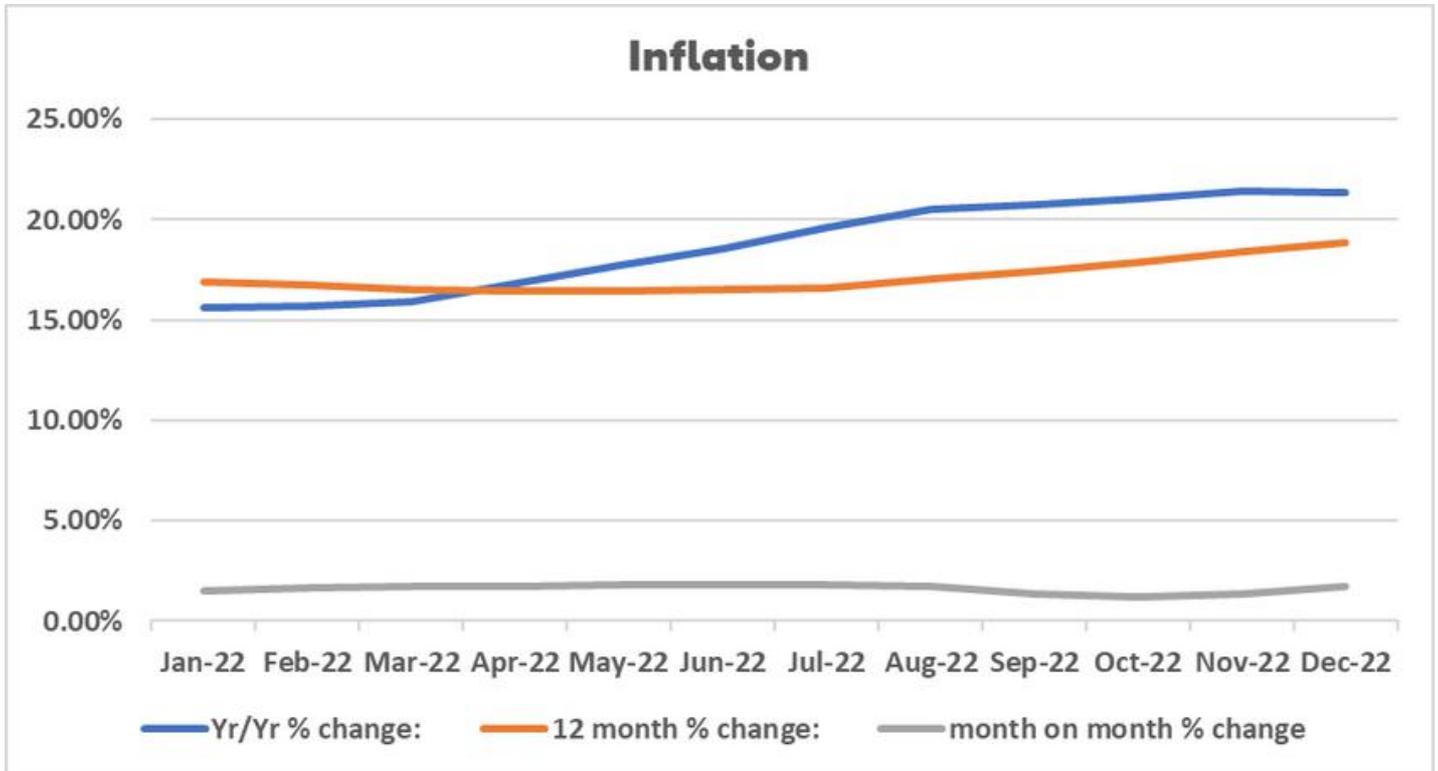
One of the main concerns is that the removal of subsidies could lead to increased prices for consumers. Without subsidies, fuel prices would likely increase and be unaffordable to many Nigerians. The government needs to put palliatives in place to serve as shock absorbers for Nigerians when fuel prices go up.

Additionally, it is important to consider the impact on the industry. Removing subsidies could lead to increased efficiency in the industry, as companies would then have to compete on a level playing field. It could also lead to industry consolidation which is good for the sustainability of the industry.

The emergence of some local refineries the soon to be commissioned Dangote refinery in Lagos is a positive on the horizon and strengthens the case for the full deregulation of the petroleum downstream sector in Nigeria. Nigeria could become a refining hub for Africa in the nearest future.

In conclusion, the economic impact of removing fuel subsidies in Nigeria is complex and multifaceted. While it could lead to increased government spending on key sectors of the economy and increased efficiency in the petroleum downstream industry, it could also lead to increased prices for consumers. One thing is clear, fuel subsidy is draining Nigeria and is no longer sustainable. ■

MARKETS WATCH



Annual inflation has been rising steadily since the beginning of 2022. The annual inflation rate in Nigeria accelerated to 20.52% in August 2022 from 19.64% in the previous month, and above market expectations of 20.25%. This remains the highest since September 2005.



EQUITIES MARKET UPDATE

SECTOR	Jan. 6	Jan. 13	Weekly Change	WTD	MTD	QTD	YTD
NSE 30	1,844.44	1895.52	51.08	2.77	2.88%	2.88%	2.88%
Consumer Goods	626.84	631.1	4.26	0.68	7.16%	7.16%	7.16%
Oil & Gas	462.75	477.51	14.76	3.19	3.25%	3.25%	3.25%
Banking	435.34	450.51	15.17	3.48	7.91%	7.91%	7.91%
Industrial	2389.38	2469.29	79.91	3.34	2.75%	2.75%	2.75%
Insurance	179.03	176.1	-2.93	-1.64	1.00%	1.00%	1.00%



MARKETS WATCH



FOREX RATES - INTERBANK I & E MARKET

NGN	Jan. 9	Jan. 10	Jan. 11	Jan. 12	Jan. 13
Minimum	460.00	460.00	460.00	460.00	460.00
Maximum	462.00	462.00	462.00	462.00	462.00
Interbank Official Closing (FX Rate (\$/N))	461.00	461.00	460.00	461.00	461.00

CLOSING USD / NGN FX RATES

INTERBANK (CLOSING IND)	Bid	Offer	Market Closing FX Rate (\$/NGN)
Jan. 9	460.00	462.00	460.00
Jan. 10	460.00	462.00	460.00
Jan. 11	460.00	462.00	460.00
Jan. 12	460.00	462.00	460.00
Jan. 13	460.00	462.00	460.00



FOREX RATES - PARALLEL MARKET

NGN	Jan. 9	Jan. 10	Jan. 11	Jan. 12	Jan. 13
USD					
GBP					
EURO					

abokiFX

INDUSTRY WATCH

AVERAGE EX-DEPOT PRICES (NAIRA/LITRE)

9 JANUARY - 13 JANUARY 2023

9-JAN-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	231.50	236.00	225.00	223.00	214.63
AGO	775.00	N/A	790.00	754.20	754.60	755.00
DPK	N/A	N/A	N/A	760.33	768.00	768.00

10-JAN-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	235.50	235.00	224.20	223.00	214.30
AGO	775.00	N/A	790.00	751.80	751.60	752.00
DPK	N/A	N/A	N/A	760.33	768.00	768.00

11-JAN-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	235.50	234.00	226.20	224.00	215.00
AGO	775.00	N/A	800.00	760.80	750.00	757.20
DPK	N/A	N/A	N/A	762.00	768.00	762.00

12-JAN-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	N/A	233.50	227.20	226.50	225.00
AGO	775.00	N/A	800.00	741.00	741.00	742.00
DPK	N/A	N/A	N/A	765.00	770.00	765.00

13-JAN-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	N/A	233.50	228.40	226.75	227.50
AGO	775.00	N/A	795.00	755.60	742.00	751.70
DPK	N/A	N/A	N/A	760.67	760.00	760.00

INDUSTRY WATCH



AVERAGE WEEKLY PRICES

 Available on the [Argus Publications App](#)

Week	Gasoil Eurobob Delivered West Africa \$/t	Gasoil Eurobob Delivered West Africa NGN/Litre	Jet/Kerosine Delivered West Africa \$/t	Gasoil Diesel 1000ppm Delivered West Africa \$/t	Gasoil Diesel 1000ppm Delivered West Africa NGN/Litre
Week 51 2022	760.63	255.23	1,003.85	926.80	349.62
Week 52 2022	806.04	271.52	1,024.83	948.50	358.58
Week 01 2023	792.58	267.52	985.69	895.38	339.79
Week 02 2023	817.31	277.18	1,016.40	928.35	353.95

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INDUSTRY WATCH

PLATTS

	9-Jan-23	10-Jan-23	11-Jan-23	12-Jan-23	13-Jan-23
PMS					
FOB Rotterdam	768.25	775.00	815.50	831.00	839.50
FOB MED	759.25	768.25	806.00	827.50	844.25
CIF NWE	844.75	853.75	893.00	915.00	921.25
GASOIL					
CIF NWE	853.00	856.00	881.00	906.75	918.75
ATK					
CIF NWE	947.50	947.50	973.25	1,012.25	1,028.50
ICE Gasoil					
USD / MT	881.00	897.00	919.00	923.00	935.00

S&P Global
Platts

PLATTS MONTHLY AVERAGE

	DEC. 2022 AVERAGE	NOV. 2022 AVERAGE	OCT. 2022 AVERAGE	SEP. 2022 AVERAGE	AUG. 2022 AVERAGE	JUL. 2022 AVERAGE	JUN. 2022 AVERAGE	MAY. 2022 AVERAGE	APR. 2022 AVERAGE	MAR. 2022 AVERAGE	FEB. 2022 AVERAGE	JAN. 2022 AVERAGE
PMS												
FOB Rotterdam	743.55	885.94	977.10	844.14	955.93	1,156.94	1,379.51	1,249.64	1,053.95	1,084.55	907.51	816.13
FOB MED	739.45	921.09	889.68	820.60	919.41	1,124.98	1,360.78	1,227.46	1,047.29	1,065.54	900.16	802.00
CIF NWE	814.35	937.74	1,021.45	917.73	1,031.66	1,212.44	1,473.09	1,328.50	1,078.78	1,114.26	925.08	826.73
GASOIL												
CIF NWE	833.86	935.84	1,059.76	995.92	1,064.01	1,092.98	1,324.20	1,109.49	1,088.20	1,091.32	822.71	746.79
ATK												
CIF NWE	954.96	1,064.65	1,082.92	1,054.96	1,126.09	1,161.10	1,398.05	1,265.46	1,211.62	1,153.00	872.03	808.83

WEST AFRICAN PUMP PRICES

GlobalPetrolPrices.com



PMS			
Country	USD/Litre	Naira/Litre (CBN rate of 1USD = 450 NGN)	Naira/Litre (Blended rate of 1USD = 699.05 NGN)
Nigeria	0.45	202.50	314.57 (568.49 [^])
Cameroon	1.03	463.95	720.72
Benin	1.07	479.25	744.49
Sierra Leone	1.02	459.90	714.43
Togo	1.15	516.15	801.81
Burkina Faso	1.23	553.05	859.13
Ivory Coast	1.27	571.05	887.09
Ghana	1.23	553.95	860.53
Guinea	1.37	615.60	956.30
Mali	1.44	649.35	1008.73
Senegal	1.62	729.90	1133.86

AGO			
Country	USD/Litre	Naira/Litre (CBN rate of 1USD = 450 NGN)	Naira/Litre (Blended rate of 1USD = 699.05 NGN)
Nigeria	1.16 [*]	520.65	808.87
Cameroon	0.94	423.45	657.81
Benin	1.15	516.15	801.81
Sierra Leone	1.02	459.90	714.43
Togo	1.39	626.40	973.08
Burkina Faso	1.11	497.70	773.15
Ivory Coast	1.07	482.85	750.08
Ghana	1.51	679.50	1055.57
Guinea	1.37	615.60	956.30
Mali	1.44	648.00	1006.63
Senegal	1.24	556.65	864.72

Note:

**The blended rate is the rate at which most private sector operators import product. This blended rate 699.05 NGN per USD was calculated by MOMAN using the rate of 15% of the CBN rate (450 NGN per USD) + 85% of the parallel market rate (743 NGN per USD) advised by The NMDPRA.*

PMS Pump Prices

- All USD per litre prices sourced from Globalpetrolprices.com.
- Naira per litre price using CBN rate of 450 NGN per USD was calculated by MOMAN.
- Naira per litre price using the blended rate of 699.05 NGN per USD was calculated by MOMAN.
- [^]Pump price, taking into consideration the PLATTS and Forex Adjustment: 568.49 NGN per litre.

AGO Pump Prices

- All USD per litre prices sourced from Globalpetrolprices.com **EXCEPT for Nigeria.**
- Nigeria's USD per litre price was calculated by dividing the pump price of 808.87 NGN by the blended rate of 699.05 NGN per USD. This calculation was done by MOMAN.
- Naira per litre price using CBN rate of 450 NGN per USD was calculated by MOMAN.
- Naira per litre using the blended rate of 699.05 NGN per USD was calculated by MOMAN.



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