



Major Oil Marketers
Association of Nigeria

THE WEEKLY POST

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INDUSTRY DATA SHEET



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THE COMPETITION AND DOWNSTREAM MARKET DEVELOPMENT IN THE ENERGY SECTOR

By Olise' Wakwe

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s an experienced petroleum downstream industry professional, I can attest that the debate for a full price-deregulated market has been ongoing for quite some time.

The government is pushing forward a reform agenda that will ensure local self-sufficiency in refining and the opportunity for the export of refined products, attract investment in refining, transportation, and distribution infrastructure, create value across the entire chain, and provide gainful employment. Achieving these goals requires a market that fosters competition as it is a better tool than price control for protecting consumers, attracting investments, driving efficiency, and growing the sector.

It is worth noting that section 317(8) of the Petroleum Industry Act (PIA 2021) is predicated on the assumption that domestic refining would help resolve Nigeria's current FOREX challenges. While local refining capacity (used domestically or exported) will help with the exchange rate, it is also important to note that if the government sells crude to the refineries in local currency as proposed, it will further reduce our FOREX earnings significantly (oil and gas contribute about 97% of FOREX earnings presently) and further exacerbate our foreign exchange challenges.

It is believed that the reason for escalating import volumes of PMS is the smuggling of products across the borders. This will abate significantly once price controls are removed and prices are allowed to respond to market dynamics, removing the



opportunities for arbitrage occasioned by significant price differences.

Industry experts encourage the Minister of State and The Authority to honor and enforce regional fuel quality standards, specifications, and timelines for both domestically produced and imported refined products, as it allows Nigeria to tap into regional cost economies of scale, synergies, as well as enable more stringent vehicle emissions standards and protect the local and regional environment. Nigeria can fully benefit from significant opportunities presented by AfCFTA to boost economic growth, create jobs, and diversify its exports. However, work needs to be done to overcome several challenges, including improving its infrastructure and enhancing its competitiveness.

In a deregulated market, profits are not guaranteed, and each operator participating in the distribution chain negotiates their rates with other operators to ensure that they capture their operating costs and make a profit. However, where the activities of these groups become anti-competitive or amount to price gouging or breaches antitrust regulations, The Authority is empowered by sections 164, 210, and 211 of the PIA to intervene, sanction, penalize, or dismantle such associations or operator groupings.

Downstream industry experts recommend the development and implementation of a Petroleum Products Pricing Regulation that would provide a framework for full price deregulation which insists that all costs are fully recoverable, and all applicable taxes and levies are fully paid by all market operators. Additionally, no operator, including the National Oil Company (NOC), should be permitted to sell products at a loss and risk driving competition out of the market based on market dominance, direct, exclusive, or limited access to government-owned or government-constructed logistics capacity. Transparent, equal, and equitable access to these government-owned logistics infrastructures such as jetties, pipelines, storage facilities, and other infrastructure should be continuously verified and guaranteed by the Regulator.

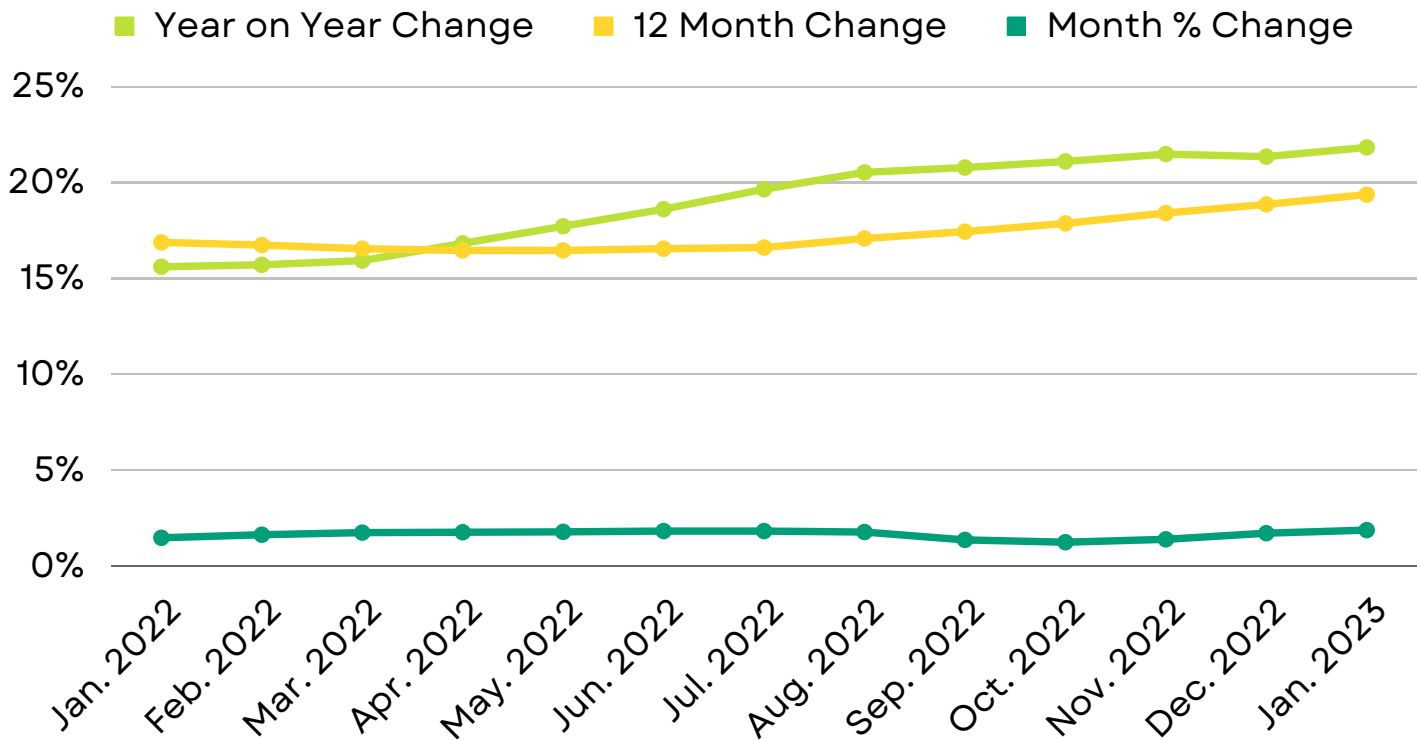
In implementing the objective of achieving full cost recovery by market operators, The Authority shall take into account the equally important objective of minimizing considerable pump price fluctuations and towards this purpose may take a maximum of the average of forty-five (45) day pricing periods into consideration in determining whether any operator is pricing their product below its product and operating cost price.

Industry enthusiasts strongly believe that fostering competition and implementing full-price deregulation, combined with other recommended strategies, will create a more robust downstream market, ensure regular and uninterrupted domestic supply of petroleum products, and ultimately benefit the Nigerian economy and its people.

MARKETS WATCH



INFLATION



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	Feb. 10	Feb. 17	Weekly Change	WTD	MTD	QTD	YTD
NSE 30	1952.62	1932.08	-20.54	-1.05	1.02%	4.86%	4.86%
Consumer Goods	615.14	619.25	4.11	0.67	-0.46%	5.15%	5.15%
Oil & Gas	535.51	540.38	4.87	0.91	10.84%	16.84%	16.84%
Banking	453.02	446.97	-6.05	-1.34	-0.42%	7.06%	7.06%
Industrial	2471.03	2472.44	1.41	0.06	0.72%	2.88%	2.88%
Insurance	175.08	177.15	2.07	1.18	-3.57%	1.60%	1.60%

Note:

No updates from NGX for the week in review (week ending Feb. 24)



MARKETS WATCH



FOREX RATES - INTERBANK I & E MARKET

NGN	Feb. 20	Feb. 21	Feb. 22	Feb. 23	Feb. 24
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	461.00	461.50	461.00

CLOSING USD / NGN FX RATES

INTERBANK (CLOSING IND)	Bid	Offer	Market Closing FX Rate (\$/NGN)
Feb. 20	460.00	462.00	460.00
Feb. 21	460.00	462.00	460.00
Feb. 22	460.00	462.00	460.00
Feb. 23	460.00	462.00	460.00
Feb. 24	460.00	462.00	460.00



CENTRAL BANK OF NIGERIA

FOREX RATES - PARALLEL MARKET

NGN	Feb. 20	Feb. 21	Feb. 22	Feb. 23	Feb. 24
USD					
GBP					
EURO					

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INDUSTRY WATCH

AVERAGE EX-DEPOT PRICES (NAIRA/LITRE)

20 - 24 FEBRUARY 2023

20-FEB-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	237.00	242.00	235.00	228.00	242.86	235.38
AGO	724.00	N/A	754.00	709.40	710.40	711.40
DPK	720.00	N/A	N/A	745.00	719.00	745.00

22-FEB-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	290.00	231.25	230.00	242.50	217.50
AGO	720.80	N/A	750.00	709.00	710.80	711.40
DPK	720.00	N/A	N/A	722.67	715.00	745.00

23-FEB-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	290.00	229.33	224.00	230.00	215.00
AGO	618.80	N/A	750.00	750.20	706.20	708.00
DPK	720.00	N/A	N/A	730.00	718.00	730.00

24-FEB-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	218.00	N/A	N/A	220.00	242.50	217.50
AGO	719.00	N/A	748.00	705.80	706.20	706.20
DPK	720.00	N/A	N/A	745.00	717.00	745.00

INDUSTRY WATCH



AVERAGE WEEKLY PRICES



Available on the [Argus Publications App](#)

Combined Description	Gasoline Eurobob Delivered West Africa \$/t	Jet/Kerosine Delivered West Africa \$/t	Gasoil Diesel 1000ppm Delivered West Africa \$/t
Week 01 2023	792.58	985.69	895.38
Week 02 2023	817.31	1,016.40	928.35
Week 03 2023	874.63	1,088.50	974.55
Week 04 2023	908.37	1,117.70	984.15
Week 05 2023	857.95	997.70	874.65
Week 06 2023	851.03	933.70	841.65
Week 07 2023	873.30	941.10	865.05
Week 08 2023	843.61	896.65	824.00

Argus is an independent media organisation with 1,200 staff. It is headquartered in London and has 28 offices in the world's principal commodity trading and production centres. Argus produces price assessments and analysis of international energy and other commodity markets and offers bespoke consulting services and industry-leading conferences. Companies in 140 countries around the world use Argus data to index physical trade and as benchmarks in financial derivative markets as well as for analysis and planning purposes. Argus was founded in 1970 and is a privately held UK-registered company. It is owned by employee shareholders, global growth equity firm General Atlantic and Hg, the specialist software and technology services investor.



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INDUSTRY WATCH

WEST AFRICAN PUMP PRICES

GlobalPetrolPrices.com



PMS			
Country	USD/Litre	Naira/Litre (CBN rate of 1USD = 460.00 NGN)	Naira/Litre (Blended rate of 1USD = 716.70 NGN)
Nigeria	0.45	206.08	321.08 (647.70 [^])
Cameroon	1.19	545.10	849.29
Benin	1.06	486.68	758.27
Sierra Leone	1.09	502.78	783.35
Togo	1.14	523.94	816.32
Burkina Faso	1.38	636.18	991.20
Ivory Coast	1.33	609.96	950.34
Ghana	1.25	576.38	898.03
Guinea	1.36	625.60	974.71
Mali	1.41	648.14	1,009.83
Senegal	1.61	741.06	1,154.60
Liberia	1.08	496.80	774.04

AGO			
Country	USD/Litre	Naira/Litre (CBN rate of 1USD = 460.00 NGN)	Naira/Litre (Blended rate of 1USD = 716.70 NGN)
Nigeria	1.14 [*]	524.86	817.86
Cameroon	1.17	537.74	837.82
Benin	1.14	523.94	816.32
Sierra Leone	1.09	502.78	783.35
Togo	1.26	580.06	903.76
Burkina Faso	1.10	505.08	786.94
Ivory Coast	1.07	490.36	764.00
Ghana	1.32	604.90	942.46
Guinea	1.36	625.60	974.71
Mali	1.41	646.76	1,007.68
Senegal	1.23	565.34	880.82
Liberia	1.18	541.88	844.27

Note:

- *The blended rate is the rate at which most private sector operators import products. This blended rate of 716.70 NGN per USD was calculated by MOMAN using the rate of 15% of the CBN rate (460.00 NGN per USD) + 85% of the parallel market rate (762.00 NGN per USD) advised by The NMDPRA.

PMS Pump Prices

- All USD per litre prices are sourced from Globalpetrolprices.com.
- Naira per litre price using CBN rate of 460.00 NGN per USD was calculated by MOMAN.
- Naira per litre price using the blended rate of 716.70 NGN per USD was calculated by MOMAN.
- [^]Pump price, taking into consideration the PLATTS and FOREX adjustment: 647.70 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 817.86 NGN by the blended rate of 716.70 NGN per USD. This calculation was done by MOMAN.
- Naira per litre price using CBN rate of 460.00 NGN per USD was calculated by MOMAN.
- Naira per litre using the blended rate of 716.70 NGN per USD was calculated by MOMAN.

WORLD INTERNATIONAL DATA DAY

THEME: THE IMPORTANCE OF DATA AND
AUTOMATION IN THE DOWNSTREAM BUSINESS



 10:00 AM WAT



Friday, 3rd March 2023

 ZOOM 



Obinna F. Muoh
Founder & CEO
Allegro Technologies
Speaker



James Gooder
VP Crude
Argus Media
Speaker



Ikponmwosa (IK) Aikhionbare
Head Political Consulting
VIISAUS
Speaker



Joyce Daniels
Host



NMDPRA
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