



Major Oil Marketers  
Association of Nigeria

# THE WEEKLY POST

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# INDUSTRY DATA SHEET

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# NAVIGATING CHALLENGES AND OPPORTUNITIES: THE FUTURE OF NIGERIA'S CRUDE OIL PRODUCTION

By Olise' Wakwe

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Nigeria, one of Africa's top oil producers, grapples with community and security issues threatening its crude oil production.

This story unfurls, revealing a landscape of fluctuating oil prices, foreign exchange scarcity, and increasing insecurity.

Foreign reserves in Nigeria have been dwindling, and foreign direct investment remains low, contributing to an enduring challenge of limited foreign exchange availability. The oil industry, heavily reliant on imported expertise, technology, and equipment for exploration, drilling, and production, feels the brunt of these shortages. The situation is further complicated by Nigeria's managed float exchange rate system, which subjects the local currency, the naira, to significant volatility. The resulting unpredictability disrupts long-term planning and investment decisions within the petroleum industry, escalating the cost of imported materials, causing project delays, and reducing profitability.

The scarcity of foreign exchange constricts the flow of vital inputs such as machinery, spare parts, and chemicals, necessary for both upstream and downstream operations in Nigeria's petroleum industry. The consequence is a domino effect, causing disruptions in production activities, maintenance issues, and a subsequent decline in output.



A steady decline in crude oil production is exacerbated by foreign exchange scarcity and insecurity. Attacks on oil facilities disrupt operations and undermine investor confidence, leading to lower direct investments and a sharp decrease in Nigeria's oil output. The reduced oil production and the subsequent decrease in revenue generation stifle economic growth opportunities.

The impact on Nigeria's economy is profound. Oil revenue, which forms a considerable portion of the government's budget, dwindles, leading to budget deficits, cuts in public spending, and delayed infrastructure projects. This economic downturn impedes socio-economic development, job creation, and the overall standard of living for Nigerians.

Simultaneously, the narrative of environmental consequences unfolds. Insecurity-related incidents, including pipeline vandalism and oil theft, wreak havoc on the environment. Oil spills and pollution emanating from these activities degrade ecosystems, harm aquatic life, and adversely affect the livelihoods of communities dependent on natural resources, further aggravating social tensions and obstructing sustainable development efforts.

## **The Petroleum Industry Act and Community Management**

Nonetheless, this story is also one of resilience and proposed solutions not solely doom and gloom. Industry experts have continually urged the government to strengthen security measures, enhance surveillance, and collaborate with local communities and security agencies to prevent attacks on oil facilities. There's a call to engage specialized security firms experienced in similar challenges to provide valuable insights, expertise, and resources to combat insecurity and protect critical infrastructure.





Experts have also underscored the necessity of economic diversification to reduce Nigeria's heavy reliance on oil exports, encourage growth in non-oil sectors like agriculture, manufacturing, and services that could generate alternative revenue sources, alleviate pressure on foreign exchange, and enhance economic stability. To eliminate uncertainty and stabilize the exchange rate, transparency in foreign exchange management is essential.

Effective collaboration among stakeholders, including the government, oil companies, local communities, and security agencies, is spotlighted as an essential strategy. The development of comprehensive strategies that address both foreign exchange availability and security concerns is vital, as is fostering transparent governance practices to build trust and promote peaceful coexistence.

The narrative turns to diplomatic relations, regulatory reforms, and public-private partnerships. Strengthening ties with key trading partners and oil buyers can facilitate access to foreign exchange, promote investment inflows, and ensure stable market conditions. Implementing regulatory reforms to create a favorable investment climate (ease of doing business) and encouraging public-private partnerships can facilitate the development of critical infrastructure for the petroleum industry.

Risk management strategies, environmental protection measures, advanced exploration, and production technologies also play a significant role. Exploring insurance solutions specific to the petroleum industry, implementing stringent environmental protection measures, and adopting advanced exploration and production technologies are crucial for securing Nigeria's crude oil production.

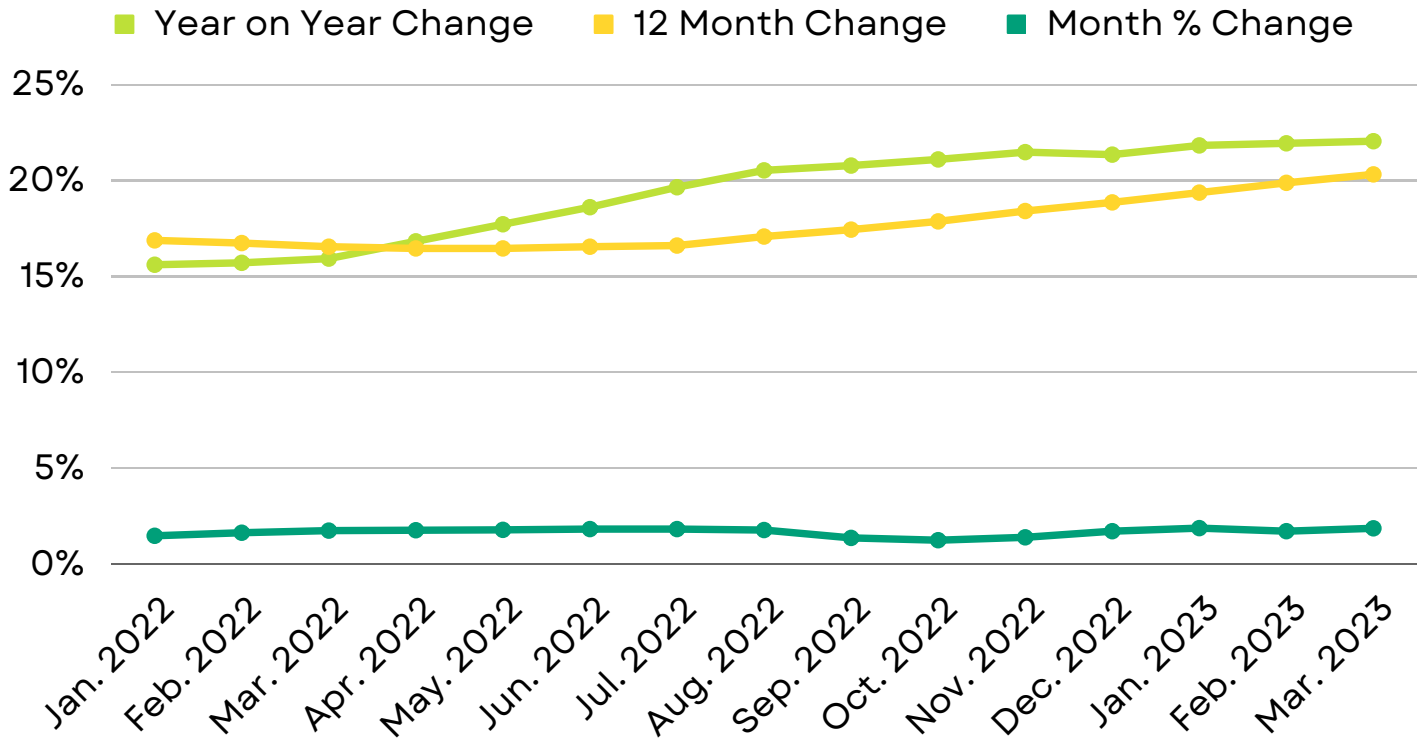
### **Optimization and Cost Reduction**

The spotlight is also cast on digitalization and data analytics, research and development, and human capital training. Investment in digital technologies and data analytics platforms allows for real-time monitoring of production processes, predictive maintenance, and effective resource allocation. Meanwhile, collaborative efforts in research and development can lead to the discovery of alternative methods for crude oil extraction, advanced security systems, and cost-effective solutions tailored to Nigeria's unique challenges. The importance of investments in training and capacity building to develop a skilled workforce capable of effectively utilizing advanced technologies and managing complex operations cannot be overemphasized. This will empower the Nigerian workforce to actively contribute to the industry's growth and security, heralding a brighter future for the nation.

# MARKETS WATCH



## INFLATION



## EQUITIES MARKET UPDATE

SECTOR	May. 12	May. 19	Weekly Change	WTD	MTD	QTD	YTD
NSE 30	1882.51	1880.79	-1.72	-0.09	-0.53%	-2.72%	2.08%
Consumer Goods	742.89	756.74	13.85	1.86	2.80%	7.68%	28.49%
Oil & Gas	555.22	545.94	-9.28	-1.67	8.70%	6.87%	18.05%
Banking	456.40	469.55	13.15	2.88	7.19%	3.66%	12.47%
Industrial	2367.13	2366.39	-0.74	-0.03	-3.30%	-3.67%	-1.53%
Insurance	192.35	202.36	10.01	5.20	9.75%	14.00%	16.06%



# MARKETS WATCH



## FOREX RATES - INTERBANK I & E MARKET

NGN	May. 15	May. 16	May. 17	May. 18	May. 19
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	465.00	465.00	461.50	464.00

## CLOSING USD / NGN FX RATES

INTERBANK (CLOSING IND)	Bid	Offer	Market Closing FX Rate (\$/NGN)
May. 15	460.00	462.00	460.10
May. 16	465.00	466.00	465.00
May. 17	465.00	466.00	465.00
May. 18	465.00	466.00	461.50
May. 19	465.00	466.00	461.50



## FOREX RATES - PARALLEL MARKET

NGN	May. 15	May. 16	May. 17	May. 18	May. 19
USD					
GBP					
EURO					

abokiFX

# INDUSTRY WATCH

## AVERAGE EX-DEPOT PRICES (NAIRA/LITRE)

16 - 19 MAY 2023

16-MAY-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	192.00	205.00	196.00	188.90	190.00	186.75
AGO	568.20	630.00	597.50	565.60	564.20	568.80
DPK	N/A	N/A	N/A	664.00	654.00	670.00

17-MAY-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	205.00	200.00	190.20	189.75	187.25
AGO	567.00	630.00	597.50	557.20	557.00	563.20
DPK	N/A	N/A	N/A	647.67	643.00	650.00

19-MAY-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	N/A	N/A	N/A	192.40	192.25	190.25
AGO	562.75	623.33	585.00	550.60	551.00	562.60
DPK	N/A	N/A	N/A	646.67	640.00	650.00



# 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 07 2023	873.30	941.10	865.05
Week 08 2023	843.61	896.65	824.00
Week 09 2023	840.50	920.65	856.05
Week 10 2023	847.54	885.45	838.00
Week 11 2023	795.46	843.10	808.55
Week 12 2023	807.15	845.35	813.90
Week 13 2023	896.24	855.80	808.70
Week 14 2023	949.36	876.13	822.19
Week 15 2023	958.65	869.38	813.19
Week 16 2023	946.19	846.00	797.50
Week 17 2023	851.67	782.00	726.70
Week 18 2023	815.27	734.75	674.50
Week 19 2023	836.49	753.81	694.25
Week 20 2023	835.00	756.95	701.00

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# INDUSTRY WATCH

## WEST AFRICAN PUMP PRICES

GlobalPetrolPrices.com



PMS			
Country	USD/Litre	Naira/Litre (CBN rate of 1USD = 461.50 NGN)	Naira/Litre (Blended rate of 1USD = 716.93 NGN)
Nigeria	0.55	254.29	395.03 (647.70 <sup>^</sup> )
Cameroon	1.20	553.80	860.31
Benin	1.07	493.81	767.11
Sierra Leone	1.09	502.57	780.73
Togo	1.15	531.65	825.90
Burkina Faso	1.40	645.64	1,002.98
Ivory Coast	1.34	619.33	962.11
Ghana	1.21	560.26	870.35
Guinea	1.39	640.10	994.37
Mali	1.43	658.10	1,022.34
Senegal	1.63	752.25	1,168.59
Liberia	1.02	470.27	730.55

AGO			
Country	USD/Litre	Naira/Litre (CBN rate of 1USD = 461.50 NGN)	Naira/Litre (Blended rate of 1USD = 716.93 NGN)
Nigeria	1.07	493.81	670.00
Cameroon	1.18	545.95	848.12
Benin	1.15	531.65	825.90
Sierra Leone	1.09	502.57	780.73
Togo	1.28	588.87	914.80
Burkina Faso	1.11	512.73	796.50
Ivory Coast	1.08	497.50	772.85
Ghana	1.23	567.65	881.82
Guinea	1.39	640.10	994.37
Mali	1.42	656.25	1,019.47
Senegal	1.24	573.64	891.14
Liberia	1.11	512.73	796.50

### Note:

- \*The blended rate is the rate at which most private sector operators import products. This blended rate of 716.93 NGN per USD was calculated by MOMAN using the rate of 15% of the CBN rate (461.50 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 461.50 NGN per USD was calculated by MOMAN.
- Naira per litre price using the blended rate of 716.93 NGN per USD was calculated by MOMAN.
- <sup>^</sup>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 670.00 NGN by the blended rate of 716.93 NGN per USD. This calculation was done by MOMAN.
- Naira per litre price using CBN rate of 461.50 NGN per USD was calculated by MOMAN.
- Naira per litre using the blended rate of 716.93 NGN per USD was calculated by MOMAN.