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INDUSTRY DATA SHEET

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MAXIMIZING ECONOMIC BENEFITS: E10 BLENDING IN NIGERIA'S ENERGY LANDSCAPE

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igeria's energy sector is at a crossroads, facing the dual challenge of reducing emissions and ensuring energy security while supporting economic growth. One viable solution that has been gaining traction is the implementation of E10 blending, a practice that involves blending gasoline with 10% ethanol. This approach not only reduces emissions but also offers a range of economic benefits. In this article, we'll explore the key findings from a recent analysis conducted by the US Grains Council, shedding light on the advantages of E10 blending for Nigeria.

Understanding the Benefits of E10 Blending

The US Grains Council conducted a comprehensive analysis to determine the potential benefits of E10 blending in Nigeria. The analysis focused on three primary areas:

• Lower Ethanol Pricing:

- When ethanol is priced lower than gasoline, blending it reduces the overall cost of the blended fuel.
- This benefit is calculated as the difference between the prices of ethanol and gasoline.
- In Nigeria, with a 20% ethanol tariff, the benefits are substantial, resulting in tangible savings when ethanol is excluded from the tariff.

• Higher Ethanol Octane:

- Ethanol has a higher octane rating than regular gasoline, which allows for the use of lower-octane gasoline to create the blend.
- This lower-octane "subgrade" gasoline is less expensive to produce, reducing overall costs.
- Nigeria's ability to source the required subgrade gasoline makes this benefit a viable option.
- In this analysis, the octane benefit is shown to be significant.

The results of the analysis highlighted substantial benefits in both scenarios, with or without the tariff. When the 20% ethanol tariff is considered, the potential benefits per million Naira per month are impressive.

E10 blending holds immense promise for Nigeria, offering both economic and environmental advantages. The US Grains Council's analysis demonstrates the potential for significant cost savings and reduced environmental impact through the incorporation of ethanol into gasoline. As Nigeria continues to navigate the complex challenges of energy security and sustainability, E10 blending presents an attractive solution, aligning with global efforts to reduce emissions and support cleaner energy sources.

Reference: (Torres-Ordoñez - US Grains Council, September 2023) "Pricing and Octane Benefits for Nigeria"

• Dilution Benefits:

- Ethanol contains no benzene, aromatics, and minimal sulfur, making it a cleaner alternative.
- While ethanol alone may not fully meet environmental goals, it is an economical first step that can reduce the need for extensive refinery investments.
- The quantification of this benefit is refinery-specific but holds the potential to deliver significant environmental advantages.

Calculating the Benefits

Key assumptions included:

- Octane blends linearly with composition (Ethanol RON: 130, Nigeria regular gasoline octane: 91).
- Ethanol pricing factors, with and without the tariff (Platts Aug 2023 average US Gulf to West Africa).
- Nigeria gasoline price (averaging 558.5 Naira/L).
- Octane cost (average of premium-regular Platts historical prices in West Africa).
- Nigeria gasoline consumption (46.38 million L/day).
- Exchange rate (769 Naira/\$ based on August 2023 average).

Summary of Benefits with E10 Blending for Nigeria [1]

	\$/B		Naira/L		million Naira/month [2]	
	20% Ethanol Tariff		20% Ethanol Tariff		20% Ethanol Tariff	
	Included	Excluded	Included	Excluded	Included	Excluded
Ethanol Pricing Benefit	-0.58	1.44	-2.81	6.96	-3,966	9,823
Octane Pricing Benefit [3]	8.58	8.58	41.50	41.50	58,545	58,545
TOTAL BENEFIT	8.00	10.02	38.69	48.46	54,579	68,367

[1] Using the average August 2023 ethanol C&F price (West Africa), 558.5 Naira/L gasoline price (average of 500 and 617), 769 Naira/\$ exchange rate

[2] Using 46.38 million L/day gasoline consumption and (365/12) days/month

[3] Using \$2.20/B octane cost = average of (premium-regular) Platts prices in West Africa from 2012-1H2022, that is (98RON-95RON)/3

The analysis also assumes that Nigeria will be able to source a regular subgrade (RON 86.7)

Reference: (Torres-Ordoñez - US Grains Council, September 2023) "Pricing and Octane Benefits for Nigeria"

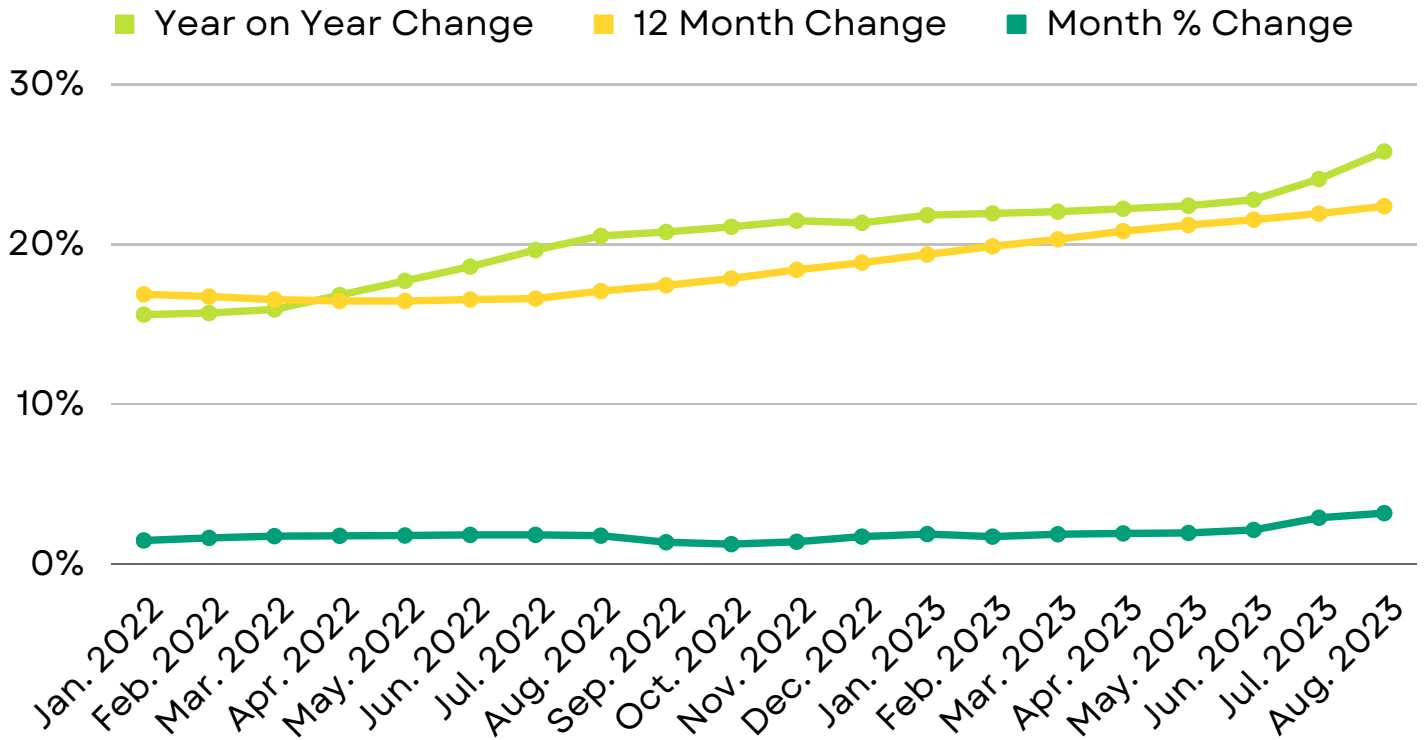
OPINIONS

Disclaimer: The views and opinions expressed in this article are solely those of the author.

MARKETS WATCH



INFLATION



EQUITIES MARKET UPDATE

SECTOR	Oct. 13	Oct. 20	Weekly Change	WTD	MTD	QTD	YTD
NSE 30	2470.55	2461.06	-9.49	-0.38	0.78%	0.78%	33.57%
Consumer Goods	1150.07	1144.81	-5.26	-0.46	1.10%	1.10%	94.39%
Oil & Gas	917.06	916.85	-0.21	-0.02	0.31%	0.31%	98.25%
Banking	670.47	694.09	23.62	3.52	4.18%	4.18%	66.25%
Industrial	2758.24	2756.33	-1.91	-0.07	3.51%	3.51%	14.69%
Insurance	276.74	274.08	-2.66	0.96	-3.15%	-3.15%	57.19%



MARKETS WATCH



FOREX RATES - INTERBANK I & E MARKET

NGN	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20
Minimum	744.00	744.00	769.00	773.00	771.00
Maximum	826.00	785.00	986.00	999.00	850.50
Interbank Official Closing (FX Rate (\$/N))	764.01	771.94	791.95	810.05	783.64



CENTRAL BANK OF NIGERIA



FOREX RATES - PARALLEL MARKET

NGN	Oct. 16	Oct. 17	Oct. 18	Oct. 19	Oct. 20
USD					
GBP					
EURO					

abokiFX

INDUSTRY WATCH

AVERAGE EX-DEPOT PRICES (NAIRA/LITRE)

17-OCT-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	592.00	602.00	595.00	600.20	597.00	600.00
AGO	960.50	N/A	975.00	955.00	955.00	961.00
DPK	N/A	N/A	N/A	885.67	880.00	870.00

18-OCT-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	595.00	602.00	595.00	605.00	604.00	605.00
AGO	958.33	N/A	N/A	956.00	956.00	959.60
DPK	N/A	N/A	N/A	900.00	905.00	877.00

20-OCT-23

Product	Warri/Oghara Hub	Calabar Hub	PHC Hub	Satellite Hub	Ibafon/Tincan Hub	Apapa Hub
PMS	610.00	603.00	N/A	610.40	611.25	611.75
AGO	1,010.00	N/A	N/A	1,004.00	1,002.00	984.00
DPK	N/A	N/A	N/A	910.00	910.00	877.00

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 34 2023	1,030.11	1,036.60	952.85
Week 35 2023	993.57	1,045.75	965.00
Week 36 2023	992.20	1,042.35	971.85
Week 37 2023	1,030.44	1,097.00	1,033.40
Week 38 2023	1,023.30	1,082.80	1,005.80
Week 39 2023	944.00	1,068.05	995.95
Week 40 2023	855.62	1,003.05	925.70
Week 41 2023	835.80	1,004.45	920.95

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INDUSTRY WATCH

WEST AFRICAN PUMP PRICES

GlobalPetrolPrices.com



PMS		
Country	USD/Litre	Naira/Litre Exchange rate of 1USD = 1235.00 NGN)
Nigeria	0.46	568.00
Cameroon	1.18	1458.54
Benin	1.10	1353.56
Sierra Leone	1.52	1882.14
Togo	1.13	1393.08
Burkina Faso	1.37	1691.95
Ivory Coast	1.41	1741.35
Ghana	1.16	1427.66
Guinea	1.39	1712.95
Mali	1.40	1724.06
Senegal	1.60	1969.83
Liberia	0.94	1154.73

AGO		
Country	USD/Litre	Naira/Litre (Exchange rate of 1USD = 1235.00 NGN)
Nigeria	0.85	1050.00
Cameroon	1.16	1437.54
Benin	1.13	1393.08
Sierra Leone	1.52	1882.14
Togo	1.37	1691.95
Burkina Faso	1.09	1343.68
Ivory Coast	1.15	1422.72
Ghana	1.19	1464.71
Guinea	1.39	1712.95
Mali	1.39	1719.12
Senegal	1.22	1503.00
Liberia	0.98	1212.77

Note:

PMS Pump Prices

- All USD per litre prices are sourced from Globalpetrolprices.com EXCEPT for Nigeria.
- Naira per litre price for ALL was calculated by MOMAN using exchange rate 1 USD = 1,235NGN.

AGO Pump Prices

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- Naira per litre price for ALL was calculated by MOMAN using exchange rate 1 USD = 1,235NGN.