

Oil

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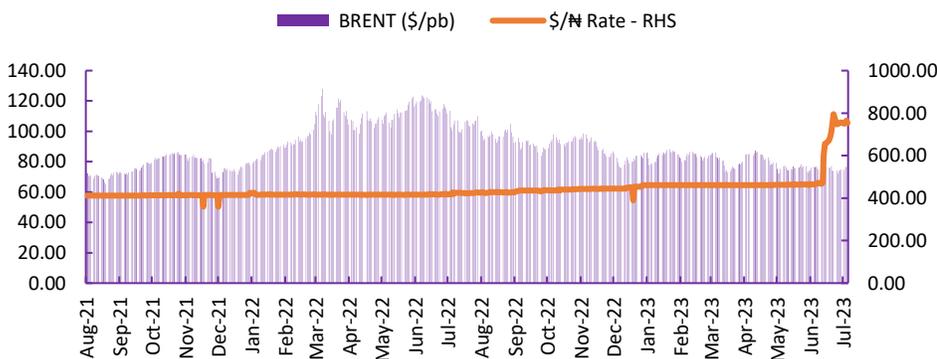
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Refined crude oil products prices likely to remain unstable

The National Bureau of Statistics (NBS) reported that the average price for Premium Motor Spirit (PMS) advanced by 129.23% m/m and 210.31% y/y to N545.38/litre from the average price of N238.11/litre and N175.89/litre in May 2023 and June 2022 respectively. The average price of National Household Kerosene (NHK) came in at N1,236.10/litre, up by 2.49% m/m and 62.68% y/y from N1,206.05/litre and N761.69/litre in May 2023 and June 2022 respectively. On the flip side, the average price of Liquefied Petroleum Gas (LPG) settled at N4,068.26/5kg in June 2023, a decline of 6.71% m/m and 3.56% y/y from the average prices of N4,360.69 and N4,218.38 in May 2023 and June 2022 collectively. More so, the price of Automotive Gas Oil (AGO/Diesel) declined by 3.37% m/m to N815.83/litre from N844.28/litre in May 2023 while advancing by 11.18% y/y from N733.78/litre in June 2022.

The removal of fuel subsidy by the new administration resulted in the significant increase in price of PMS while other petroleum derivatives that had been deregulated previously such as diesel and Kerosene showed relative price stability over the review period. However, the technical devaluation of the nation's currency will lead to higher costs of all petroleum products and more importantly, prices will likely continue to fluctuate unless there is some stability in the currency. Prices of petroleum products are not just a function of movement in crude oil prices but also a function of exchange rate changes. On 18 July, the retail outlets of the national oil company Nigerian National Petroleum Company Limited, (NNPCL) in Abuja adjusted the pump price of petrol from N537 per litre to N617 per litre. The price change triggered price changes in other outlets around the country. Mele Kyari, group chief executive officer of the NNPCL Kyari, noted that the adjustment is a fall out of market realities as it impossible to keep the price stable in a liberalised market. The exchange rate has been rising since the unification of rates at the various windows.

Brent Crude Price and N/US Dollar Exchange Rates



Source: CSL Research, Bloomberg

MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NGX-Index*	53,086.86	51,251.06	65687.16
Naira/US\$	415.63	461.50	789.92
Brent US\$/bbl	119.51	85.91	85
MPR	13	16.5	18.75

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index.

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News headlines:

Insurers transfer over 70% of oil & gas business abroad in Q1'23:

Nigerian insurers transferred 74.8 per cent of income generated from oil and gas businesses to their foreign counterparts in the first quarter of 2023, Q1'23, in breach of the regulatory maximum of 30 per cent. National Insurance Commission, NAICOM, disclosed in its first quarter report that local insurers generated N65.4 billion premium income from oil and gas business in Q1'23, but transferred N48.9 billion or 74.8 per cent to foreign insurers. (Source: Vanguard)

<https://www.vanguardngr.com/2023/07/insurers-transfer-over-70-of-oil-gas-business-abroad-in-q123/>

Forex scarcity stalls fresh petrol importation:

As the 2025 expiry date of the African Growth and Opportunity Act (AGOA) nears, United States policymakers are considering if and how it should be extended, over concerns about uneven utilisation or poor reciprocity from African countries. Indeed, exports from Nigeria to the United States have fallen over the last few years, a trend an expert has attributed to poor research and branding. Speaking at the ongoing Foreign Press Centre (FPC) tour for select African journalists including The Guardian in Washington D.C yesterday, Director of the Institute for African Studies at George Washington University, Prof. Jennifer Cooke, also explained the reasons U.S. authorities are demanding a better trade treatment from Africa, including Nigeria.. (Source: Guardian)

<https://guardian.ng/business-services/nigeria-others-risk-losing-u-s-market-over-uneven-agoa-utilisation/>

FG tackles trade associations over price fixing, cartel practices:

THE Federal Competition and Consumer Protection Commission (FCCPC) yesterday said it will soon commence enforcement of laws against trade associations engaging in price fixing and cartel-like practices across the country. According to the Commission, this move will start with the PoS agents group which recently announced an increase in transaction charges. Executive Vice Chairman and Chief Executive Officer, FCCPC, Mr. Babatunde Irukera, disclosed this, in Lagos, at a workshop on Fair Food Prices in Nigeria jointly organised by Consumers International (CI) and FCCPC. He said as vital and important as trade associations are to businesses and well being of the society, there are limitations to their operations by law. (Source: Vanguard)

<https://www.vanguardngr.com/2023/07/fg-tackles-trade-associations-over-price-fixing-cartel-practices/>

Oil revenue dips amid fresh N'Delta agitation:

The country has been struggling with revenue shortfall for some time due to oil theft in the Niger Delta. The recent threats by a Niger Delta militant group, Creek Reform Warriors, to vandalise major oil platforms in the region would worsen the country's cash crunch. Nigeria earns about 80 per cent of its revenue from crude oil exports. From January to May, the net oil export revenue of the country experienced a significant decline of 66 per cent, falling to \$11bn, against the \$34bn earned during the same period last year, according to data obtained from the Organisation of Petroleum Exporting Countries Revenue Factsheet released by the U.S. Energy Information Administration. It earned about \$46b from oil in 2022, according to the National Bureau of Statistics. (Source: Punch)

<https://punchng.com/oil-revenue-dips-amid-fresh-ndelta-agitation/>

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% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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