



May Downstream Report 2023

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ABOUT US

An Abode Of New Possibilities With Data Analytics & Solutions To Enhance Business Growth

WaterHouse is a data analytics company that offers innovative and cutting-edge analytics services to businesses, with a primary focus on the African market.



Our Mission

At WaterHouse we are established to help businesses – large and small – recognize and utilize the power of data science and analytics.

With the interest of our clients and customers at heart, we customize solutions to address the unique business needs and challenges they face using latest trends, and technologies to meet needs of our clients.

Our Vision

At WaterHouse, our vision is to transform businesses and organizations with the untapped power of data science and analytics, to offer solutions which help them stay ahead of the competition.

We harness the latest technologies, and the best practices to provide our clients with strategic and calculative information to achieve this.

■ WHAT WE DO?

Valuable insights that enable businesses to make informed decisions and manage risk effectively with a team of skilled data scientists and energy analysts working tirelessly to provide cutting-edge solutions to the energy industry.



■ Our Services

01

Data Acquisition

We can assist you in acquiring relevant and reliable data for your business needs in the energy and environment, oil and gas, Renewables, or Net Zero sectors.

02

Data Analysis

Once we have acquired the necessary data, our team of experienced data analysts will conduct a thorough analysis of the data to extract valuable insights.

03

Insight Delivery

After the analysis, we will present the insights to the clients in a clear and concise report that highlights the key findings, recommendations, and visualizations.



Executive Summary

This report delves into the correlation between petroleum product prices and transport fares in Nigeria during May 2023, with a focus on Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), and Dual Purpose Kerosene (DPK). Also the number of volumes from depots.

The National Measurement and Petroleum Data Reporting Agency (NMPDRA) reported 1561 million liters of dispatched downstream petroleum. The average crude oil price was 76.91 USD, with a corresponding exchange rate of 460 USD per the Central Bank of Nigeria, all impacting PMS, DPK, and AGO.

In May, the average price of PMS decreased by 6.7% to N238/litre. Regional variations ranged from N251 in the North East to N209 in the South Central. AGO saw a slight 0.24% increase to N844/litre, with regional differences spanning N901 in the North East to N835 in the South West. DPK prices rose by 0.94% to N1172/litre, varying from N1274 in the North East to N1265 in the South East.

Interestingly, an inverse relationship was observed between PMS prices and transport fares, impacting Bus Journey Intercity and Bus Journey within the City prices.

Regionally, water transport costs were highest in the South-South (N2445) and lowest in the North East (N657). Air fare showed minimal variation across regions. Intercity bus journeys were highest in the South West (N4257) and lowest in the North West (N3822). Within-city bus journeys were highest in the North East (N700.68) and lowest in the South East (N483.38). Motorcycle journeys were highest in the North East (N517.42) and lowest in the North West (N335.49).

In conclusion, this report emphasizes the vital connection between petroleum prices and transport fare trends in Nigeria. Monitoring these dynamics and regional variations is imperative for informed decision-making in production and transportation strategies.

Introduction



Navigating the Dynamics: A Comprehensive Analysis of Nigeria's Downstream Oil and Gas Industry – May 2023

Welcome to our monthly report on downstream activities in the oil and gas sector. This report provides a concise yet comprehensive overview of the latest developments, key findings, and critical discussions within the upstream industry.

In these pages, you will find an executive summary that highlights the most significant aspects covered in this report, background information shedding light on the contextual factors influencing the sector and setting the stage for the subsequent sections, news highlights, limitations.

Moving forward, we will present the results of our research, highlighting key findings derived from data analysis and market research, and a discussion section delving into the implications of the findings and their potential impact on the downstream sector.

We aim to equip you with valuable insights that will help you navigate the ever-changing landscape of the oil and gas industry. Together, let us embark on this informative journey and gain a deeper understanding of the downstream world.

Please note that all data are referenced and findings, and insights presented in this report are according to the data collected.

Background



Against the backdrop of Nigeria's vital role in the global oil and gas landscape, this report delves into a thorough examination of the Downstream sector's pivotal component: the average retail prices of key petroleum products during the month of May.

Nigeria, as a significant player in the industry, experiences a complex interplay of factors that influence its domestic petroleum market. These factors range from international crude oil prices and geopolitical dynamics to local supply and demand forces, all of which intricately shape the pricing trends of essential commodities like Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), and Dual Purpose Kerosene (DPK).

The Downstream sector's resilience and adaptability are continually tested as it navigates economic fluctuations, government policies, and global energy transitions. In May, these factors held a significant sway over Nigeria's petroleum market, impacting the affordability of crucial products for both consumers and businesses. Understanding the multifaceted nature of these influences provides a foundation for dissecting the pricing dynamics that drive the nation's economic and transportation systems.

This background sets the stage for an extensive analysis of the average retail prices, delving into regional variations, historical trends, and their implications on the broader socio-economic landscape. By unraveling the intricate threads that shape petroleum product prices, this report aims to contribute valuable insights for stakeholders, policymakers, and industry players. Informed by a meticulous investigation, this analysis offers a comprehensive perspective on the Downstream sector's performance, guiding strategic decision-making and fostering a deeper understanding of the complexities within Nigeria's oil and gas realm.



Purpose

Analysis

This report seeks to conduct an extensive analysis of the average retail prices of key petroleum products in Nigeria for the month of May 2023, with a specific focus on Premium Motor Spirit (PMS), Dual Purpose Kerosene (DPK), and Automotive Gas Oil (AGO).

Dynamics and Trends

The primary objective of this report is to comprehensively analyze the fluctuations and variations in average retail prices of PMS, DPK, and AGO during May 2023, providing insights into their impacts on consumer behavior, economic dynamics, and overall energy consumption patterns.

By examining the production data during this period, the report aims to offer a detailed understanding of the production dynamics and trends within the Nigerian oil and gas industry.

News in the Sector

National



Dangote Refinery Inaugurated: A Landmark Milestone in Nigeria's Oil Industry

The Dangote Refinery, owned by Aliko Dangote, was officially inaugurated on May 22, 2023, in Lekki, Nigeria. Once fully operational, it is projected to possess the capability to process approximately 650,000 barrels of crude oil per day, solidifying its position as the largest single-train refinery globally. This significant venture represents an investment exceeding 19 billion US dollars.

NNPC's £2.2bn AKK Pipeline Project Advances, Fostering Nigeria's Gas Utilization and Power Generation Vision

The Ajaokuta-Kaduna-Kano (AKK) pipeline is a 614km-long pipeline being developed by Nigerian National Petroleum Corporation (NNPC) to transport natural gas from southern Nigeria to central Nigeria. The £2.2bn (\$2.8bn) pipeline project represents phase one of the 1,300km-long Trans-Nigerian Gas Pipeline (TNGP) project, which is being developed as part of Nigeria's Gas Master Plan to utilise the country's surplus gas resources for power generation as well as for consumption by domestic customers.

Port Harcourt Refinery May Delay Commencement of Operation Till September

The initial phase of Nigeria's Port Harcourt refinery rehabilitation, originally due for completion in April, is now projected to take an additional four months or more, extending the timeline to potentially September. This delay follows the \$1.5 billion contract awarded to Maire Tecnimont in April 2021, with subsequent phases also facing adjusted timelines.

National



NOGOF Boosts Local Content In Train 7 Project To 50%

The Nigerian Content Development and Monitoring Board (NCDMB) has attributed the high level of indigenous companies' participation in the Train 7 project as a major benefit of the Nigerian Of Oil and Gas Opportunity Fair (NOGOF).

Nigeria: 5 reasons why the Dangote refinery is a big deal

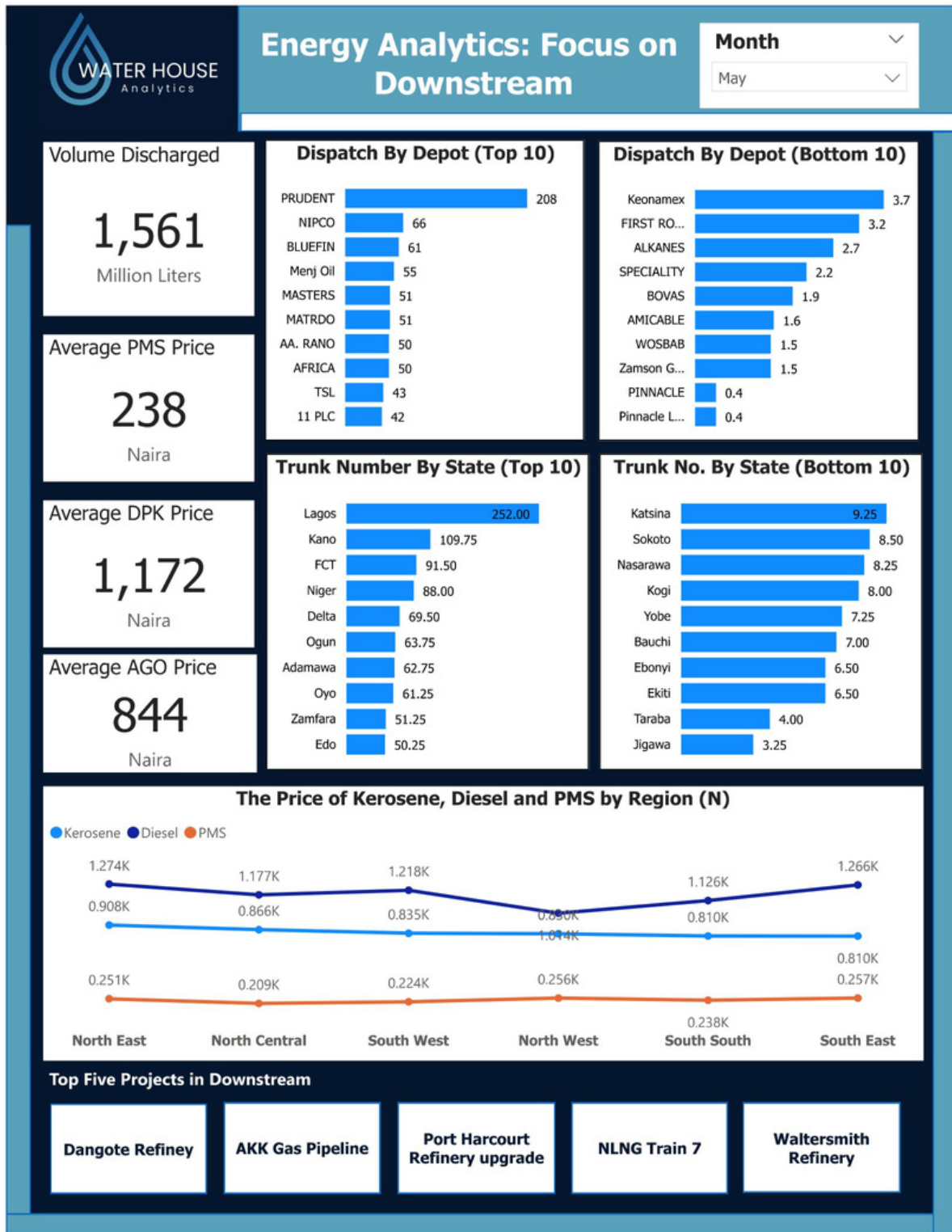
Building efficient refineries has been at the heart of debates over energy, forex and fiscal policy in Nigeria for the last 50 years, but finally, Aliko Dangote has delivered. Here is why it matters.



Limitations

- The analysis is based on historical data. This means that it is not possible to say with certainty what will happen in the future. The analysis can only provide an estimate of what might happen based on what has happened in the past.
- The analysis does not take into account all of the factors that could affect production. There are many factors that could affect production, such as the global economy, and political events. The analysis does not take all of these factors into account, so it is possible that the actual production could be different from what is estimated.

Nigerian Downstream Performance



Above is the analysis on price of DPK, PMS and AGO

Data Source: NUPRC

Discussion

Key insights on Price of PMS (Petrol Motor Spirit)



N 238

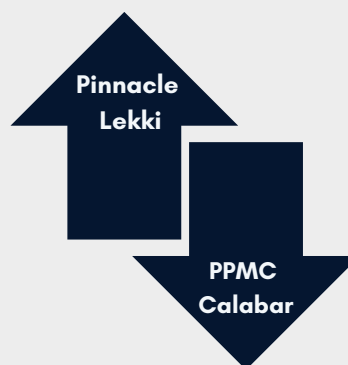
The average retail price paid by consumers for Premium Motor Spirit (Petrol) in May 2023 is N 238



6.7%

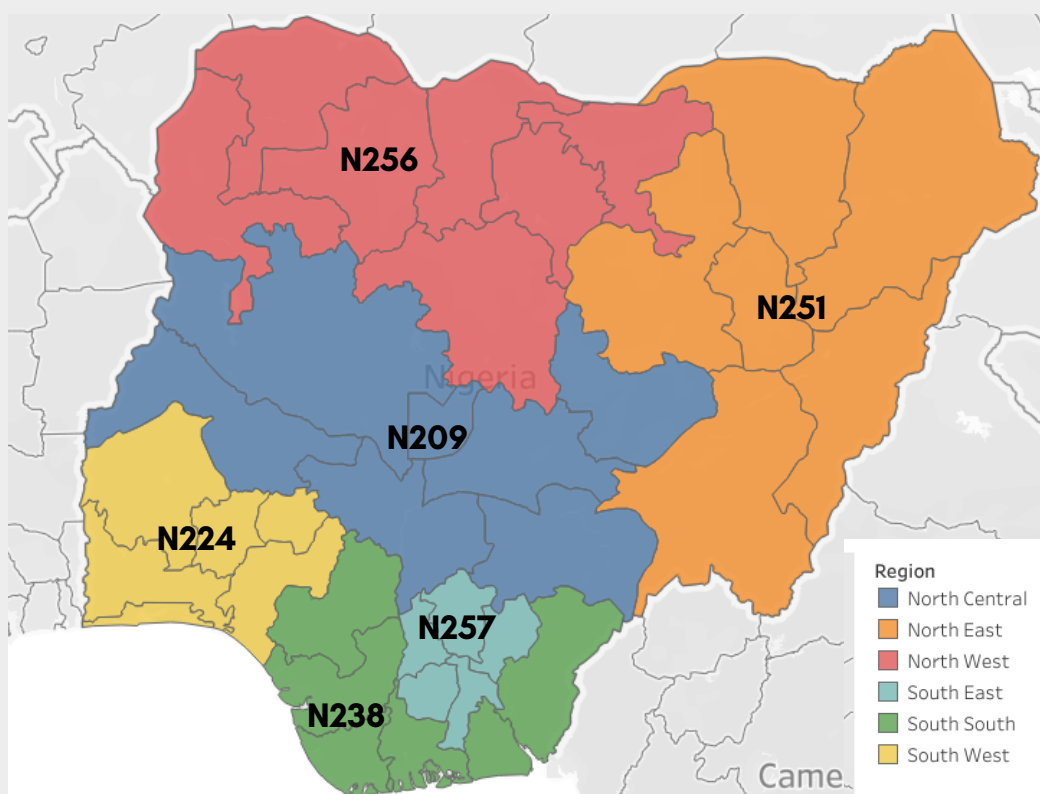
In comparison to the price in the previous month April, the price decreased by 6.7% from N 254

**Volume
dispatched in May
is 1561 Million
Litres**





**TOP & BOTTOM
DISPATCHING DEPOT**

**Average
Price
for PMS**




Key insights on Price of AGO & DPK

N 844  **0.24%**

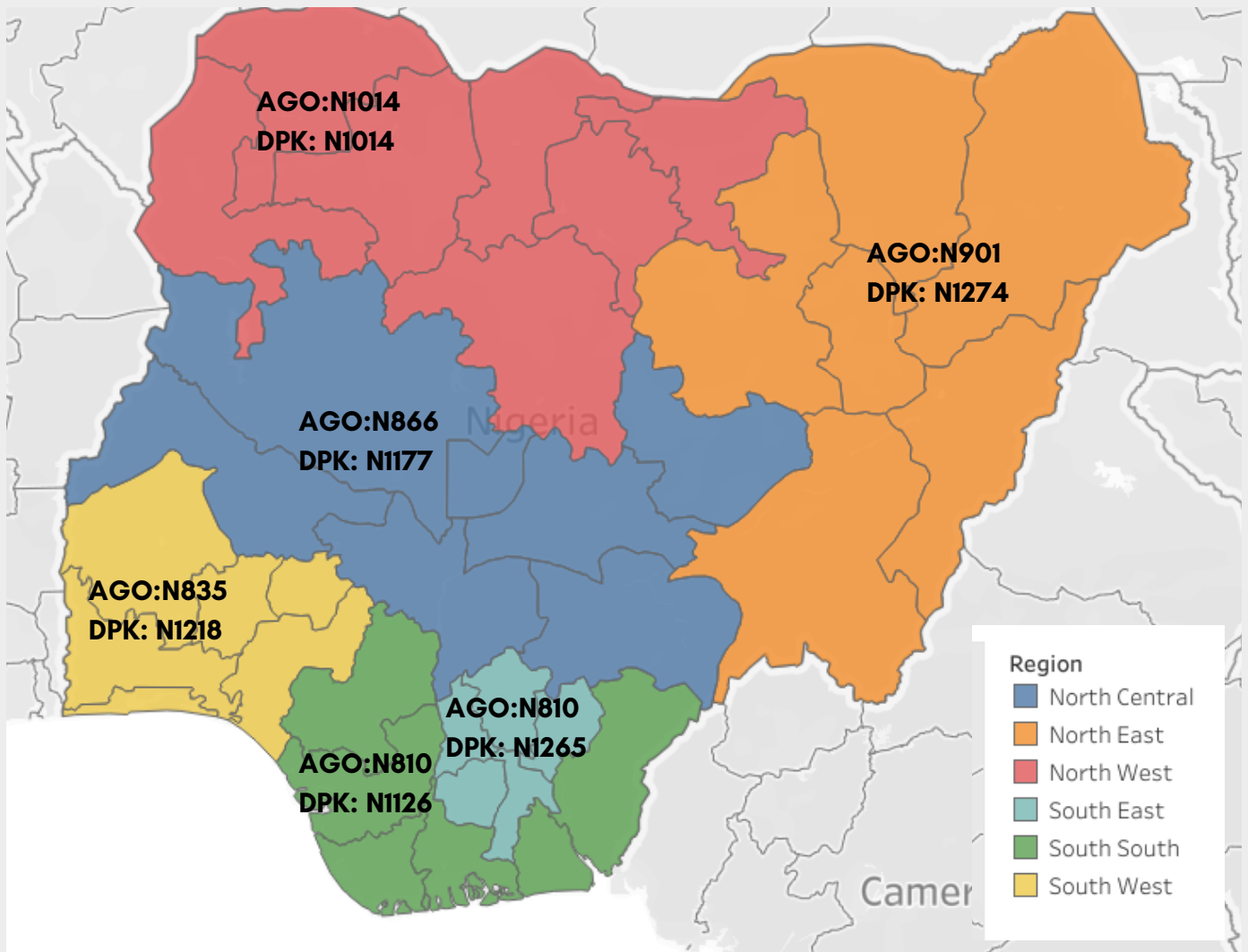
 Average retail price per litre of Automotive Gas Oil (Diesel) paid by consumers in May 2023 is N 844

Increase in May by 0.24% from N 842 in April

N 1172  **0.94%**

 Average retail price per litre of Dual Purpose Kerosene (DPK) paid by consumers in May 2023 is N 1172

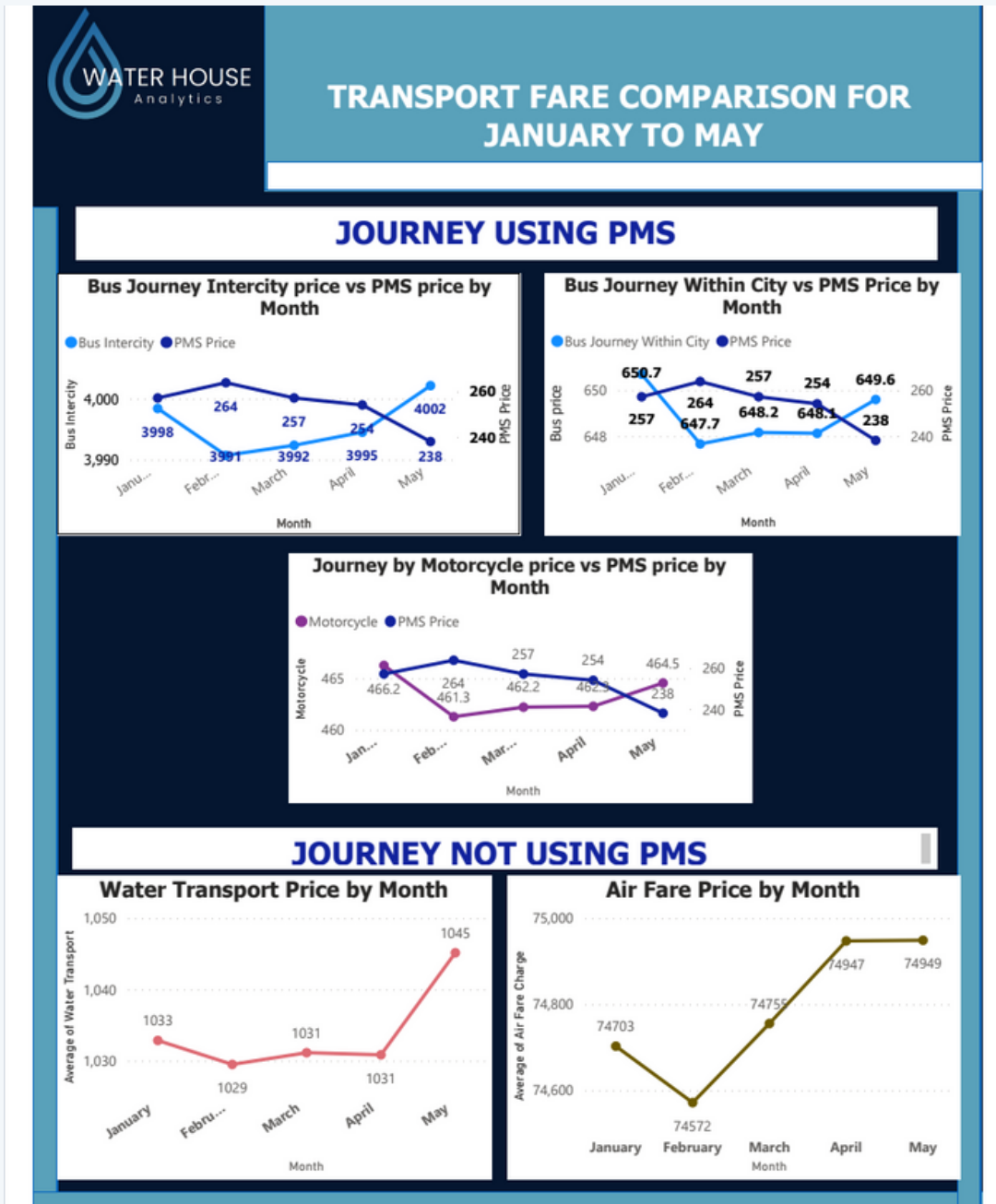
Increase in May by 0.94% from N 1161 in April



Average Price (in Naira) on AGO & DPK Products by Region

Key insights on Transport Fare

From January 2023 to May 2023, the daily average production volumes of liquid exhibited some variations.



- In January, the average daily production reached 1.49 million bbl/day, indicating a solid start to the year.

KEY INSIGHTS ON TRANSPORT FARE

Highest Intercity Bus Journey Month price

May (N 4002)

Lowest Intercity Bus Journey Month price

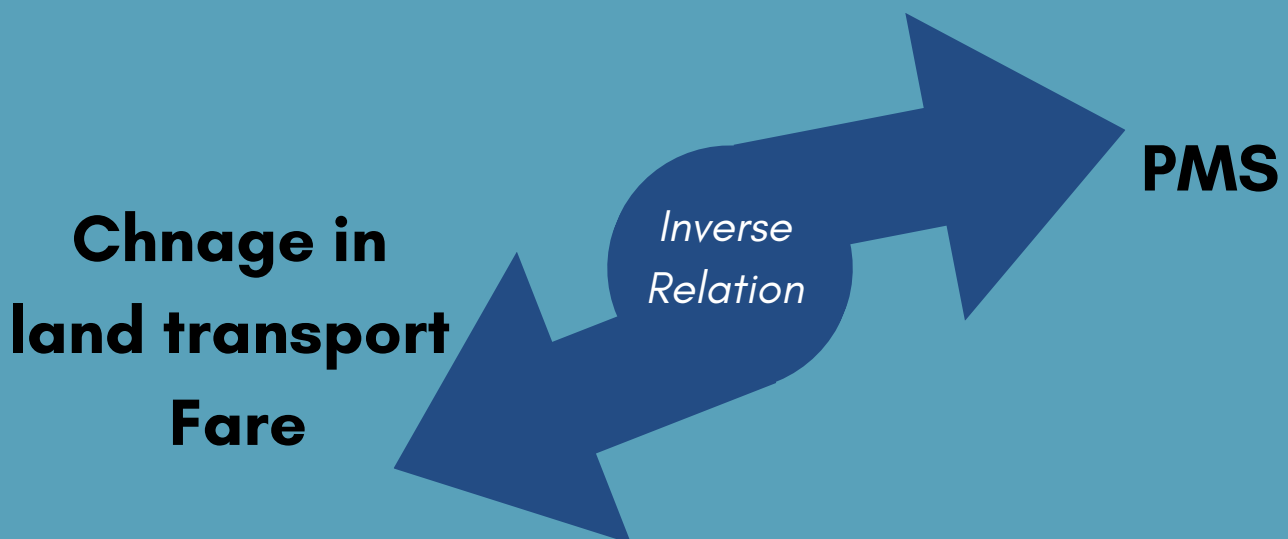
Feb (N 599)

Highest within-city Bus Journey Month price

May (N 649.6)

Lowest within-city Bus Journey Month price

Feb (N 647.7)



Highest Water Journey Month price

May (N 1045)

Lowest Water Journey Month price

Feb (N 1029)

Highest Airfare Journey Month price

May (N 74949)

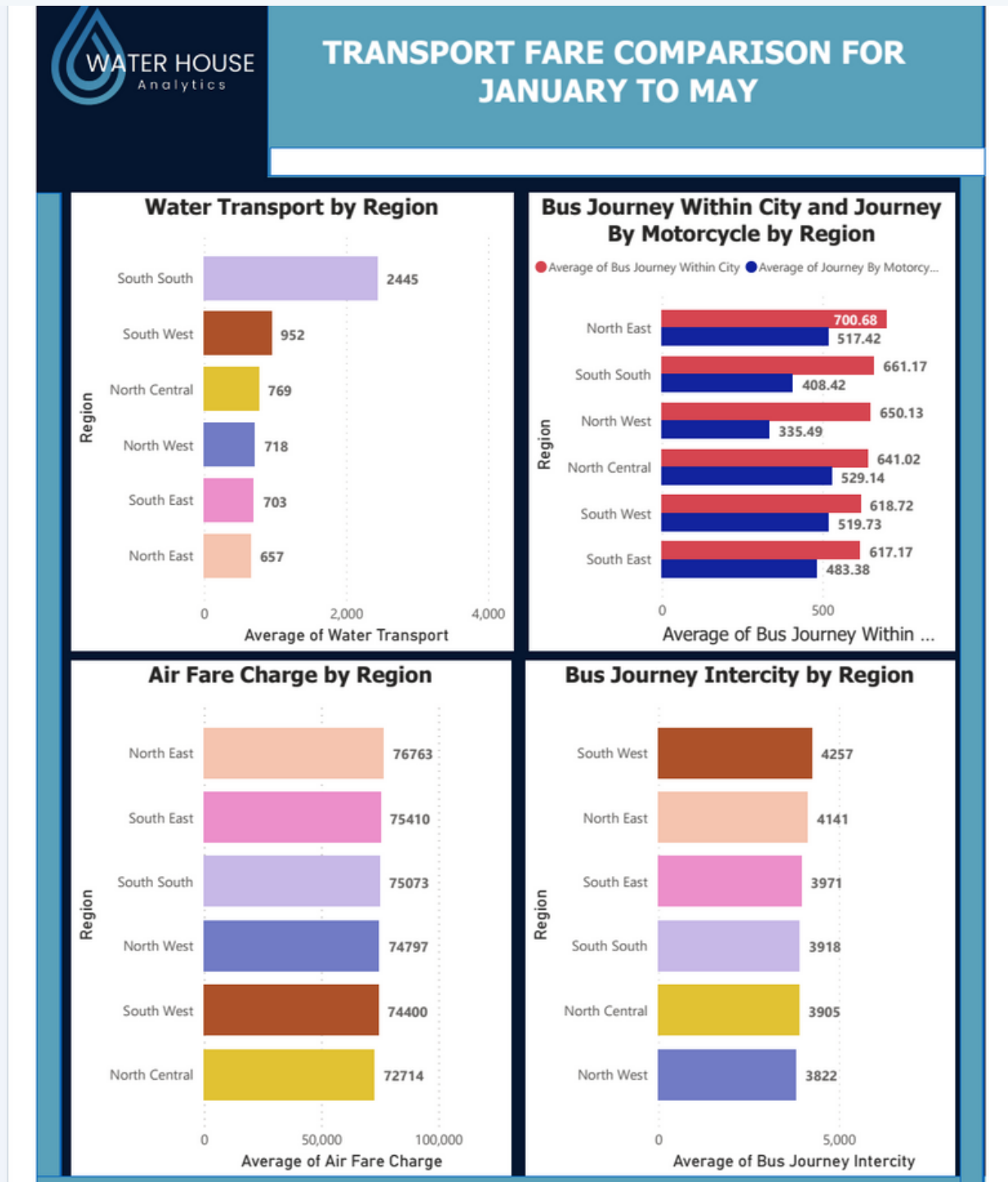
Lowest Airfare Journey Month price

Feb (N 74572)

Key insights on Transport Fare

- It is observed that the price of PMS(Petroleum) is inversely proportional to the cost of transport fare, this is due to the data used for transport as it calculates the farthest distance across the nation, which brings about the wide range.
- Bus Journey intercity decreased by N7 from January to February, increased by N1 in March and also by N3 in April, then increased by N7 in May.
- Bus Journey within the city decreased by N3 from January to February and increased by N0.5 in March, and decreased by N0.1 in April, also increased in May by N1.5
- Journey by Motorcycle, decreased by N4.9 from January to February, and increased by N0.9 in March, increased by N0.1 in April and increased by N2.2 in May.
- Water transport, decreased by N4 from January to February, increased by N2 in March, remained the same in April and increased by N14 in May
- Air transport decreased by N131 from January to February, increased by N183 in March, increased by N192 in April and by N2 in May

Key insights on Transport Fare



- Above is the Transport fare comparison by Region for the month of May

Key insights on Transport Fare

- Water Transport has the highest price in South-South (N2445) and Lowest in North East (N657)
- Air Fare Price range is minimal and has the highest price in North East and lowest in North Central
- Bus Journey Intercity has its highest price in South West (N4257) and Lowest in North West (N3822)
- Bus Journey with the city has its highest price in North East (N700.68) and the lowest in South East (N483.38)
- Journey by Motorcycle has its highest price in North East (N517.42) and the lowest in North West (N335.49)

June Outlook

As we anticipate developments for the month of June, it's important to approach historical data with caution, given the dynamic nature of the petroleum product market. Monitoring market conditions, external influences, and specific events impacting production will guide informed decision-making.

Notably, we foresee a potential adjustment in output for June, influenced by recent agreements within the industry. This could trigger shifts in global prices, drawing attention from stakeholders. Data from NBA and NMDPRA will be vital for accurate insights.

Remaining vigilant and responsive to evolving trends will be key to effectively navigating the complex landscape of petroleum product prices in the upcoming month.

While our insight is founded on historical data, it is essential to acknowledge that actual production volumes in May could be subject to diverse factors and circumstances beyond the confines of this analysis.



Conclusion

This report provides valuable insights into the performance of crude oil and condensate production over the analyzed period. By examining the production volumes, growth rates, and trends, we can gain a better understanding of the dynamics within the industry.

It is important to note that this report offers an estimation based on historical data. It is essential to continually assess the market conditions and adapt strategies accordingly to ensure optimal production outcomes.

References

- The National Measurement and Petroleum Data Reporting Agency, NMPDRA (2023): *Daily Truckout*. Retrieved July 20, 2023 from: <https://www.nmdpra.gov.ng/daily-truckout/>
- National Bureau of Statistics (2023). *Premium Motor Spirit (Petrol) Price Watch (June 2023)*. Retrieved July 20, 2023 from: <https://nigerianstat.gov.ng/elibrary/read/1241352>

Glossary

- **AGO:** Also known as "Diesel Fuel" or "Diesel". AGO is a type of fuel used in diesel engines, commonly found in trucks, buses, generators, and industrial machinery, it has a higher energy density compared to gasoline.
- **Downstream:** It refers to the segment of the industry involved in the processing, distribution, and marketing of petroleum products. This phase encompasses activities following the extraction and production of crude oil and natural gas.
- **DPK:** Stands for "Dual Purpose kerosene." DPk is a type of kerosene used for both domestic cooking and as a lighting fuel. It is typically of a higher quality and has undergone additional refining processes compared to other kerosene grades, making it suitable for cleaner combustion in stoves and lamps.
- **Midstream:** It refers to the intermediate phase of the oil and gas industry that involves the transportation, storage, and wholesale marketing of crude oil, natural gas, and refined petroleum products. This sector bridges the gap between the upstream extraction and production activities and the downstream refining and distribution processes.
- **PMS:** Also commonly known as "Petrol" or "Gasoline". It is a fuel used in internal combustion engines, primarily in vehicles with spark-ignition engines (gasoline engines).
- **Volume Discharged:** It refers to the quantity of petroleum products or substances released from storage or transportation facilities, such as tanks, pipelines, or vessels, typically into distribution networks or end-user channels.

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