



**PETROLEUM PRODUCTS PRICING REGULATORY AGENCY
(PPPRA)**

OPERATIONS DEPARTMENT

**WEEKLY MARKET
FUNDAMENTALS AND ENERGY
REPORT**

June 2- 8, 2017

1. INTRODUCTION

Saudi Arabia, United Arab Emirates(UAE), Egypt, Yemen and Libya are cutting diplomatic ties with Qatar, accusing it of sponsoring terrorism and destabilizing the region. Saudi Arabia closed all land, sea and airports to Qatar also the UAE said vessels are not allowed in their port. Bahrain ports are also off limit for sea traffic to and from Qatar. That makes crude oil product loadings in the Persian Gulf more difficult and importers had to change loading plans. According to platts, the restrictions from the UAE and Bahrain imply no direct shipment between the countries, but cargoes could still be loaded if the tankers stop at third ports. The restrictions will surely affect smaller traders since they might not be able to swap cargoes like the bigger companies. Higher freight fees as well as additional expenses will surely be felt.

The American petroleum institute(API) reported a draw of 4.62 million barrels of crude oil inventories in the U.S. This is the seventh week of draws in the last 10 weeks with a total draw of about 27 million barrels. U.S oil rig have been rising for the past 20 weeks, a record of 733 active rigs, the highest since April 2015. There is the fear that the decrease in production by Organization of Petroleum Exporting Countries(OPEC) and non-OPEC members could be balanced by the increase in U.S shale.

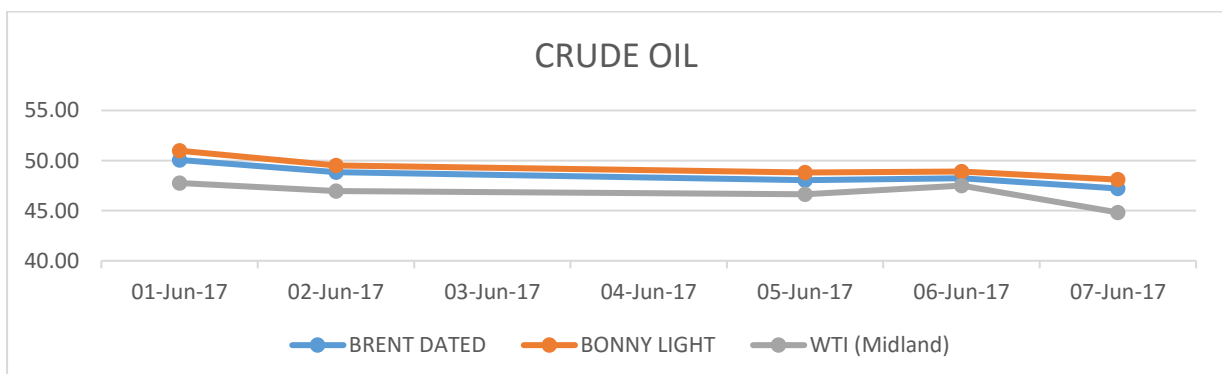


Chart 1: Crude oil prices (June 1-7, 2017)

SOURCE:  PLATTS

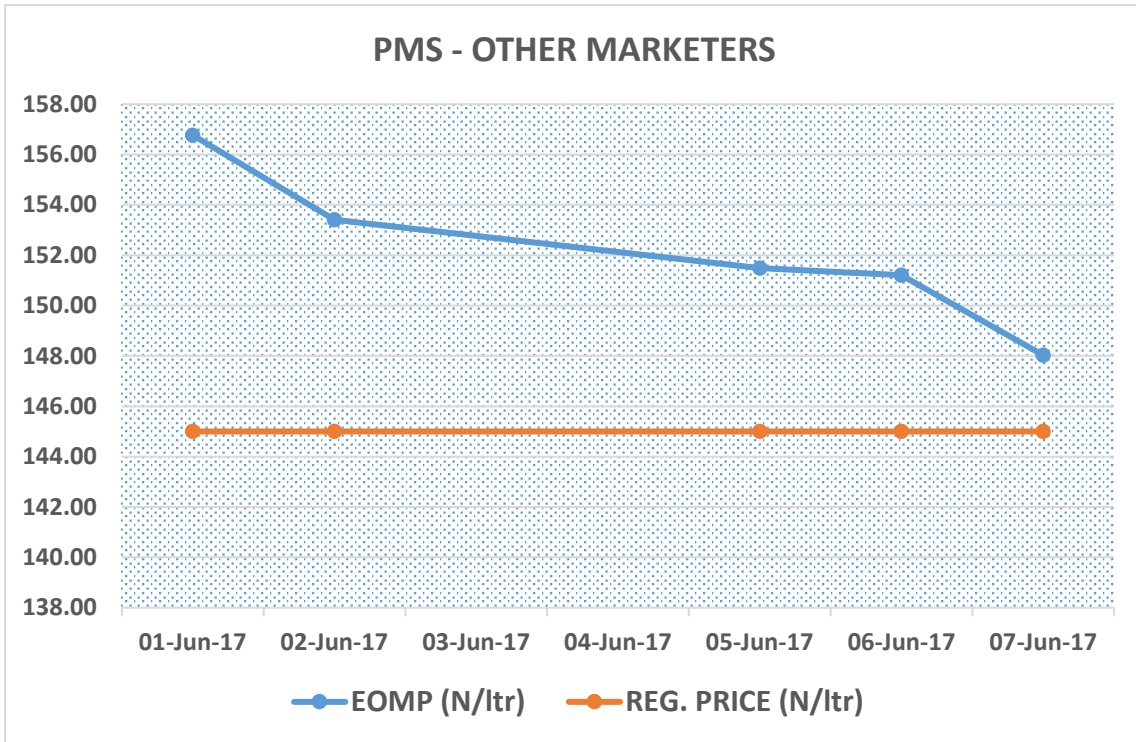


chart 2: PMS Pricing Components for OMC's (June 1-7, 2017)

SOURCE:  PLATTS

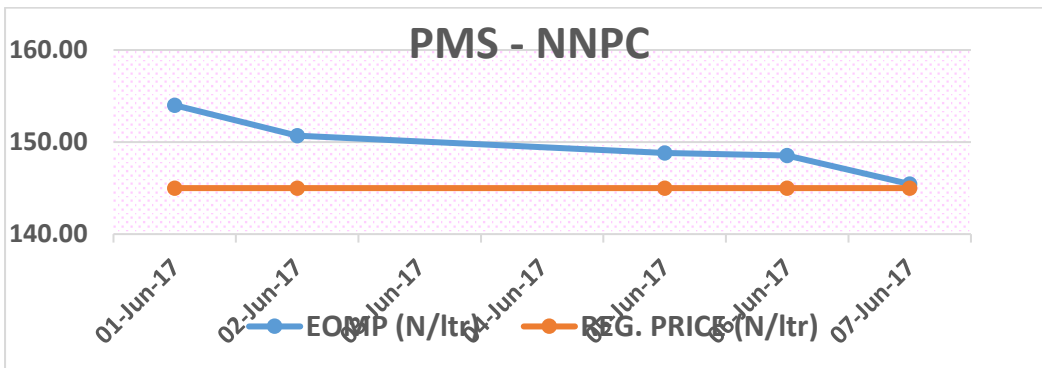


Chart 3: PMS Pricing Components for NNPC (June 1-7, 2017)

SOURCE:  PPPRA

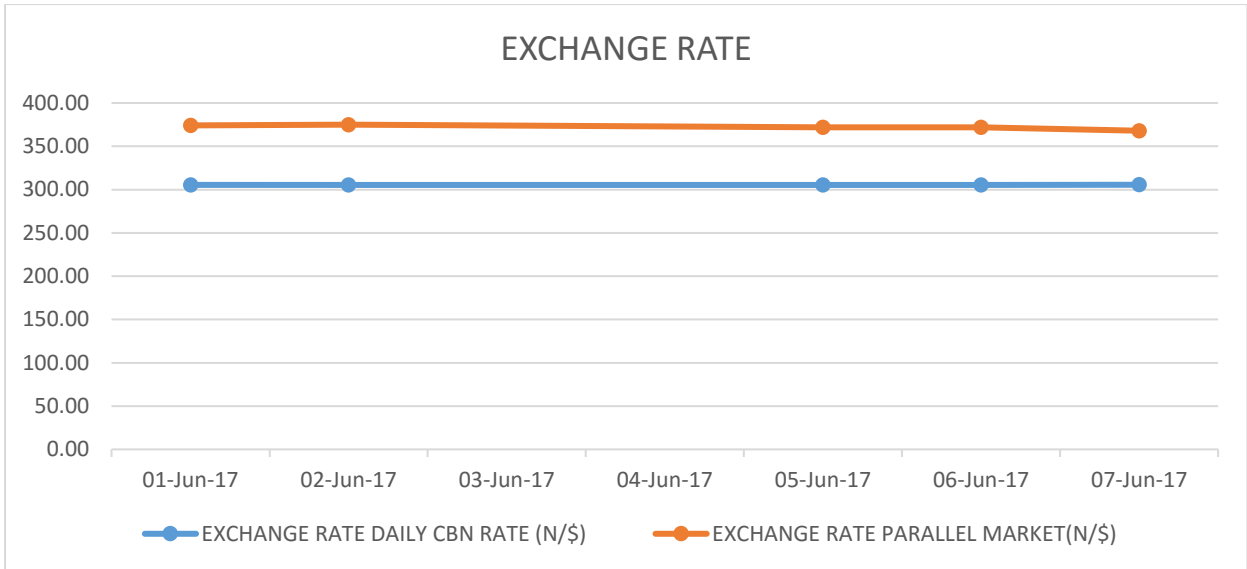


Chart 4: Exchange Rates, CBN/Parallel Markets (June1-, 2017)

SOURCE:  PPPRA

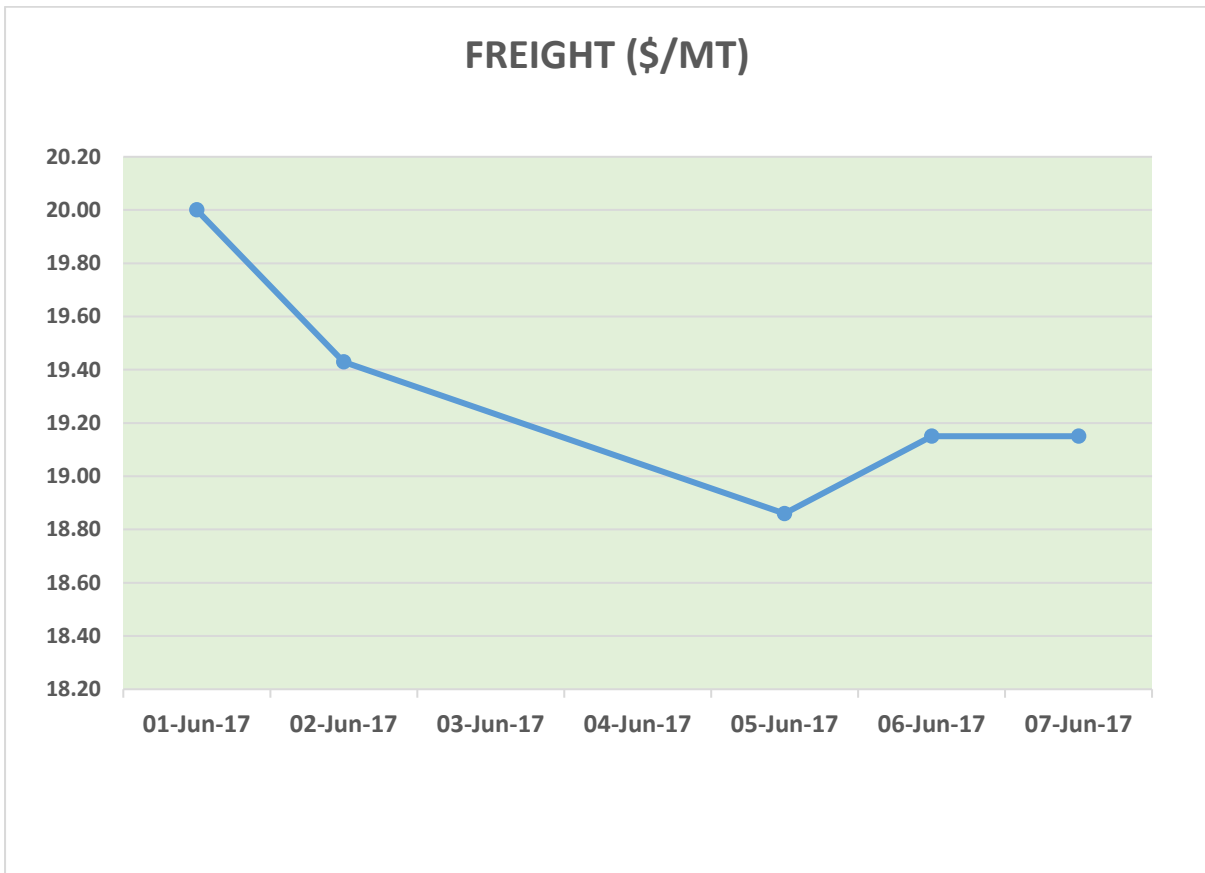


Chart 5: Freight Rate (June 1-7, 2017)

SOURCE:  PPPRA