

PMS Costing

Quantity 15,000
 STS Duration (days) 10
 Vessel Daily Rate (USD) 28,000

USD/MT NGN/ltr

FX Rate	306	370	380	390	400	410	420	
Platts	290.00	65.25	78.90	81.03	83.16	85.29	87.43	89.56
Freight STS	18.67	4.20	5.08	5.22	5.35	5.49	5.63	5.76
Fendering	1.00	0.23	0.27	0.28	0.29	0.29	0.30	0.31
Storage	7.35	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Jetty	2.21	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Finance	3.60	0.81	0.98	1.01	1.03	1.06	1.09	1.11
NPA & NIMASA	9.00	2.03	2.45	2.51	2.58	2.65	2.71	2.78
Agency	0.40	0.09	0.11	0.11	0.11	0.12	0.12	0.12

Total additional costs 42.22 9.95 11.49 11.73 11.97 12.21 12.45 12.69

Total with all costs - Ex Depot 332.22 75.20 90.38 92.76 95.13 97.50 99.87 102.25

Distribution margins	87	103	105	107	110	112	115
Retailers	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Transporters	3.36	3.36	3.36	3.36	3.36	3.36	3.36
Dealers	2.36	2.36	2.36	2.36	2.36	2.36	2.36

Retail (pump) price 86.92 102.10 104.48 106.85 109.22 111.59 113.97

Suggested retail price band per litre	87	103	105	107	110	112	115
	to 97	to 113	to 115	to 117	to 120	to 122	to 125

Now is the most opportune moment to deregulate the pricing of PMS as at the moment and in the foreseeable future (at least one year) the oil prices will be very low and will maintain current levels

Benefits:

1. FG will not spend any money from the Federal budget for under recovery and the funds can be used for improving the infrastructure, health, education, etc.
2. The untransparent bridging charges and MTA will be abolished, which will encourage increased refining capacity in the northern regions of Nigeria.
3. Marketers, if allowed can efficiently import and sell PMS at maximum N120.00/litre at the moment and the masses will enjoy low transport cost, the economy will be boosted as the expenses will be reduced. Nigerians will get used to free market prices and whenever there are increases in the international market, they will not be adversely affected as the efficiency of supply will be increased. Nigeria will never be forced to reintroduce under recovery (subsidy) again.
4. There will be incentive for investment in the downstream sector, which will increase employment.
5. Smuggling of PMS across the borders will be eradicated as there will be no incentive.