

Burning Economic Issues



CENTRAL BANK OF NIGERIA

- Nigeria announced a 16% increase in budget 2017 at N6.86trn
- In U.S dollar terms - 25% lower than 2016 budget

- Deficit projected at N2.7trn

- FGN offers 2 presidential jets for sale

- 8 institutions shortlisted as advisers for the \$1bn Eurobond issue

- Naira appreciates to N470/\$ - Parallel market

- Banks buying to cover short position resulting from NNPC refund

- Airlines offering seasonal promos & discount fares



Impact on Commodity Prices








- Staple food prices ease on expected bumper harvest
- Imported food items remain sticky downwards
- Nigeria's rice consumption projected at 5.25mmt
- 50% higher than local production
- Diesel prices flat at N190/liter

Domestic Commodity Prices

Commodities	Current Prices LAGOS	Current Prices KANO	Current Prices ONITSHA	LAGOS PRICES	
Price Elastic				I Year Low	I Year High
Palm Oil (25L)	↔ N16,000	N16,500	N15,800	N6,000	N16,000
Semolina (10kg)	↔ N3,100	N3,150	N3,120	N2,300	N3,100
Maize (50kg)	↔ N13,250	N13,300	N13,450	N9,000	N13,250
Tomatoes (50kg)	↔ N8,000	N7,800	N8,000	N8,000	N45,000
Price Inelastic					
Cassava (Garri) (50kg)	↔ N10,500	N12,400	N12,400	N8,000	N12,500
Rice (50kg)	↔ N19,000	N18,700	N19,300	N8,000	N19,000
Flour (50kg)	↑ N11,000	N11,000	N11,200	N8,500	N11,000
Cement (50kg)	↔ N2,200	N2,200	N2,250	N1,400	N2,200
Beans (50kg)	↔ N19,000	N19,800	N20,000	N9,000	N19,000
Sugar (50kg)	↔ N17,000	N17,500	N17,950	N8,000	N17,000

Consumer Goods - No Change

Goods	Current Prices (Lagos)	
Coke (60cl)		N100
Beer (60cl)		N250
Bread Loaf		N350
Semovita (1kg)		N370
Indomie (1 carton)		N1800

Stock Market

- NSE ASI down marginally by 0.70% to close at 27,835.2pts
- Weak trading in the equities market

	Share Prices (₦)	W-O-W (04 Sept – 07 Sept)	Y-T-D (Jan - Date)
Nestle	815.81	1.19% ↓	5.20% ↓
Guinness	97.00	4.30% ↑	19.40% ↓
Honeywell	1.33	0.00% ↔	31.20% ↓
Flourmill	22.00	4.56% ↑	5.80% ↑
Cadbury	16.49	0.24% ↓	3.80% ↓
NB	147.00	1.38% ↑	8.10% ↑
Dangote Sugar	6.50	1.56% ↑	7.80% ↑



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Oil Markets Today

COMMODITY	WEEKLY CHANGE 04 Sept – 07 Oct 2016	YTD	CURRENT PRICE
O I L			
BRENT	 2.97%	 22.77%	\$52.38pb
WTI	 2.24%	 25.21%	\$49.78pb
L N G			
NATURAL GAS	 2.36%	 26.01%	\$3.03MMBtu

Oil Prices touches 4month high

- Brent crude ▲ 2.97% to \$52.38pb
- WTI ▲ 2.24 % to \$49.78pb
- OPEC's optimism to stabilize oil market supports prices
- U.S crude stockpile down by 3mb
- Declining for the 5th consecutive week, despite refineries seasonal maintenance
- Gasoline inventories up 220,000 barrels, distillates stockpile down 2.4mb



Agric Commodities

Wheat



•Wheat futures up 1.33% to \$4.00/bushel

•Price rally due to increased imports from Egypt, Morocco and Japan

Corn



•Corn futures down 0.14% to \$3.47/bushel

•Ample corn supplies weigh on markets
•Argentina extend export taxes on crops till 2018

Cocoa



•Cocoa prices up 0.71% to \$2,835/mt

•Dry weather in West Africa likely to affect main crop season

Sugar



•Sugar prices down 2.36% to \$23.81/pound

•Global prices spiked due to forecasts of increased demand from India

Outlook



- We expect prices to hover around \$48pb – \$51pb
- Details on OPEC oil deal will be discussed in Vienna meeting next month
- Prospects of increased output from Iran, Nigeria and Libya may exceed new target range (32.5 – 33mb/d)
- Traders will keep a close watch on rising U.S rig counts

Outlook

Grains

- Grain futures are determined by weather patterns and supply/demand dynamics

- Record high global inventories will weigh on prices

SUGAR

- Production in India (a net importer) is expected to decline by 6.8% to 23.4mt in 2016/17

COCOA

- Prospects of favourable weather conditions in West Africa will ease prices

Soft

