

# BURNING ECONOMIC ISSUES



- Crude continues to retreat despite OPEC extension announcement
- Currently trading at \$52.10pb



- Production is challenged as Forcados repairs take longer than expected
- Currency reserves slide to N382



- Oil marketers grumble renewed build up in arrears



- Diesel price reverses trend, trading lower at N175
- External reserves also trending lower at \$30.49bn
- Impact on commodity prices not yet apparent

# ECONOMIC NEWS



## Good news



- Potential for a more balanced oil market
- Feeding into high forex and fiscal earnings
- Power at the grid continues to recover, currently at 3769MW/hr



## Bad News

- Political priorities might come at an opportunity cost to economic recovery

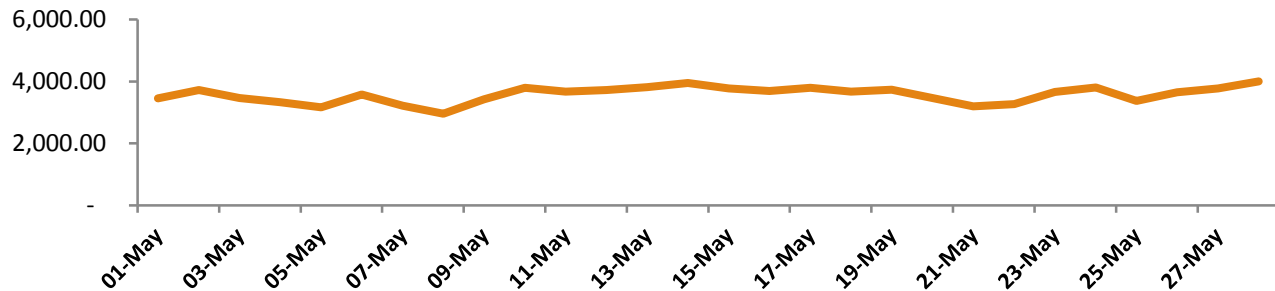


# POWER GENERATION ANALYSIS & IMPACT



- May 28<sup>th</sup>: Average power output was 4,005MWh/hour (up 237MWh/h)
- 1,830MW for gas, 147.5MW line, 160MW high frequency and 90MW water constraints
- Estimated loss: N1.07bn (annualised at N390.55bn /\$1bn)
- Shiroro is restored to functionality
- Gbarain NIPP is still down due to tripping of Alaoji/Owerri 132kV line

**Average Power Sent Out (MW/h)**



# DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic


Commodities	CURRENT PRICES (LAGOS)			Lagos Price	
	CURRENT PRICES	PREVIOUS PRICES	% CHANGE	1 year Low	1 year High
Palm Oil (25L) 	N12,500	N12,500	↔	N6,000	N25,000
Semolina(10kg) 	N3,500	N3,500	↔	N2,300	N3,500
Maize (50kg) 	N13,250	N13,250	↔	N9,000	N13,250
Tomatoes (50kg) 	N14,000	N14,000	↔	N8,000	N14,000
Garri (50kg) 	N26,000	N26,000	↔	N8,000	N26,000
Rice (50kg) 	N17,500	N17,500	↔	N13,500	N22,000
Flour (50kg) 	N10,500	N10,500	↔	N8,500	N11,000
Sugar (50kg) 	N18,500	N18,500	↔	N8,000	N20,000
Beans (50kg) 	N22,000	N22,000	↔	N9,000	N22,500
Cement (50kg) 	N2,700	N2,700	↔	N1,400	N2,700















# CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Lagos price	Jumia price	% difference
Coke (50cl)	N150	N150	0%
Beer (60cl)	N250	N235	6%
Bread Loaf	N350	N400	12.5%
Semovita (10kg)	N3,700	N3,650	1.35%
Indomie (1 carton)	N1,900	N2,500	-24%
Gala (75g)	N50	N50	0%

- Average online prices is 4.67% higher than market stalls
- Prices remain sticky downwards

# STOCK MARKET

- NSE ASI  2.10% to 29,064.52pts
- Positive market sentiment continues to drive stock market rally

	Share Prices** (₹)		W-O-W ( May 24 – May 26)		YTD (%)
Nestle	870.00		2.35%		7.4%
Honeywell	1.27		1.55%		2.3%
Flourmill	20.23		6.47%		9.4%
Cadbury	9.42		4.85%		8.5%
NB	145.00		0.68%		2.02%
Dangote Sugar	6.80		0.74%		4.4%
Unilever	35.75		0.69%		2.14%



Every meal starts with us




• Salt (Refined and Iodized) • Seasoning (Cubes and Tablets) • Tomato Paste • Vegetable Oil

[www.nasconplc.com](http://www.nasconplc.com)



Available nationwide.







# OIL PRICES

- Brent crude  0.10% to \$52.10pb
- Crude prices retreating despite cut extension announcement
- Investors dissatisfied that production cut has extended but not deepened
- Market also awaits US production data before making major decisions
- US data released extended by one day due to memorial day festivities





# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 26 May – 30 May	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 0.10%	 8.31%	\$52.10pb
WTI	 0.04%	 7.26%	\$49.82pb
NATURAL GAS	 0.56%	 13.49%	\$3.218MMBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures down 0.8% to \$4.35/bushel

- Australian exports continue to flood market
- Weighing down on prices

## Corn



•Corn futures down 0.8% at \$3.71/bushel

- Market sentiment mirroring wheat market forcing a bearish trend

## Cocoa



•Cocoa prices flat at \$1,911/mt

- Market is being driven by supply fundamentals

## Sugar



•Sugar prices flat at \$0.1504/pound

- Sugar continues to bear the grunt of oversupply and eminent cheaper fuel prices

# OUTLOOK – OIL PRICES



- US output data to put cap on major trading activity this week
- As investors await production and inventory data
- Therefore prices to trade relatively bearish
- Analysts believe that impact of cut extension should hit the market

Q3'17

- However, extent of rally is limited

# OUTLOOK – AGRIC PRICES

## Grains

- Strong demand from Asia to offset increased grain exports



## SUGAR

- Expectations of a bearish sugar market to persist this week

## COCOA

- Bearish price trend to persist well into 2019 following oversupply

## Softs

