

BURNING ECONOMIC ISSUES



- Oil price still in bearish territory at \$48pb

- Acting President signs 2017 budget



- May Inflation expected to decline to 16.1%

- Senate calls for public hearing on high interest rates



- FG releases N516.4bn as second tranche of the Paris Club refund



- Lafiagi Sugar Company (sub. of BUA group) to invest \$300bn in sugar plantation

- Naira flat at N366/\$, IEFX appreciates to N373/\$

- Diesel down to N175/ltr



Good News



- Funds can now be released for capital projects
- State governments can now meet financial obligations
- Self sufficiency in sugar production in the long run



Bad News

- Low oil price remains a threat to external reserves accretion
- Tomato prices up again due to seasonalities

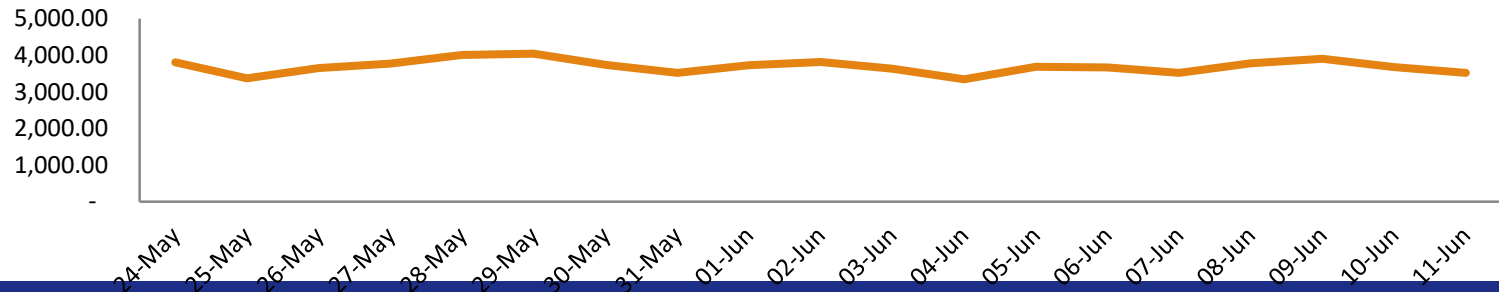


POWER GENERATION ANALYSIS & IMPACT



- June 11th : Average power output was 3,516MWh/hour (up 155MWh/h)
- A total of 2979.5MW lost from gas, line and high frequency constraints
- Estimated loss: N1.43m (annualised at N521.9bn /\$1.41m)
- Extreme high frequency constraints negatively affecting Shiroro, Jebba & Omotosho NIPP
- Odukpani GT3 down due to tripping on Odukpani Ikot Ekpene 330kV liine
- NGC reporting record volumes of gas supplied, TCN reported high gas constraints
- Ihovbor NIPP lost functionality in one turbine due to an undisclosed fault











Power Generated (on Grid) 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) 	N25,000	N18,000	↑	N8,000	N25,000
Garri (50kg) 	N32,000	N32,000	↔	N8,000	N32,000
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) 	N26,000	N26,000	↔	N9,000	N26,000
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  0.28% to 33,141.85pts
- Driven by profit taking

	Share Prices (₹)		W-O-W (June 12 – June 13)		YTD (%)
Nestle	900		2.60%		11.10%
Honeywell	2.27		4.61%		66.9%
Flourmill	27.00		-		46.0%
Cadbury	14.40		7.87%		39.90%
NB	157.10		0.06%		6.20%
Dangote Sugar	9.60		0.21%		35.0%
Unilever	37.00		4.08%		5.70%



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OIL PRICES



- Brent crude  0.29% to \$48.29pb
- Traders speculate market may have bottomed out after recent fall
- Global oversupply concerns continue to limit gains
- US drillers added rigs for the 21st week at 741
- Implying further increase in domestic production

OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 09 June– 12 June	YTD	CURRENT PRICE
O I L			
BRENT	 0.29%	 15.01%	\$48.29pb
WTI	 0.41%	 14.33%	\$46.02pb
NATURAL GAS	 0.66%	 18.82%	\$3.02MMBtu

AGRIC COMMODITIES

Wheat



•Wheat futures down 0.39% to \$4.44/bushel

•USDA raised forecast for output despite poor weather

• Output forecast up 0.8% to 1.25b/bushel

Corn



•Corn futures down 0.19% to \$3.87/bushel

•Down on profit taking
•Analysts expect larger than average corn ending stocks for 2016/17 and 2017/18

Cocoa



•Cocoa prices up 1.82% to \$2,075/mt

•Up due to technical buying

Sugar



•Sugar prices up 0.35% to \$0.1427/pound

•Ample supplies and increased production weigh on prices
•Sugarcane acreage in India up 5.4% at 46.9lakh/ha

OUTLOOK – OIL PRICES



- Market participants will observe weekly US crude inventories to determine demand strength
- US production to rise above 10mbpd by 2018 – EIA
- OPEC cuts not enough to drain surplus

OUTLOOK – AGRIC PRICES

Grains

- Positive USDA reports on grains will drive lower prices in the short term



SUGAR

- Prices to trade sideways due to bumper harvests in top growers amid soft demand

COCOA

- We expect output to recover firmly in Brazil and Ecuador, contributing to already oversupplied market

Softs

