

BURNING ECONOMIC ISSUES



- Oil price jumps 3.28% to \$48.42pb on surprising US inventory drop

- 2017 budget deficit is now running at \$7.5bn

- June headline inflation expected to decline to 16.1%- FDC

- Nigeria to be self-sufficient in rice production by November 2017

- Naira appreciates to N366/\$ (parallel), NIFEX depreciates to N366.23/\$

- Diesel prices flat at N165/ltr





Good News



- Power generation is up 211MWh/h to 3,692MW
- Stable naira, cheaper diesel and bounty harvest



Bad News

- Nigeria expects external borrowing restraint- Adeosun
- Gencos call for cost reflective tariff could crimp purchasing power

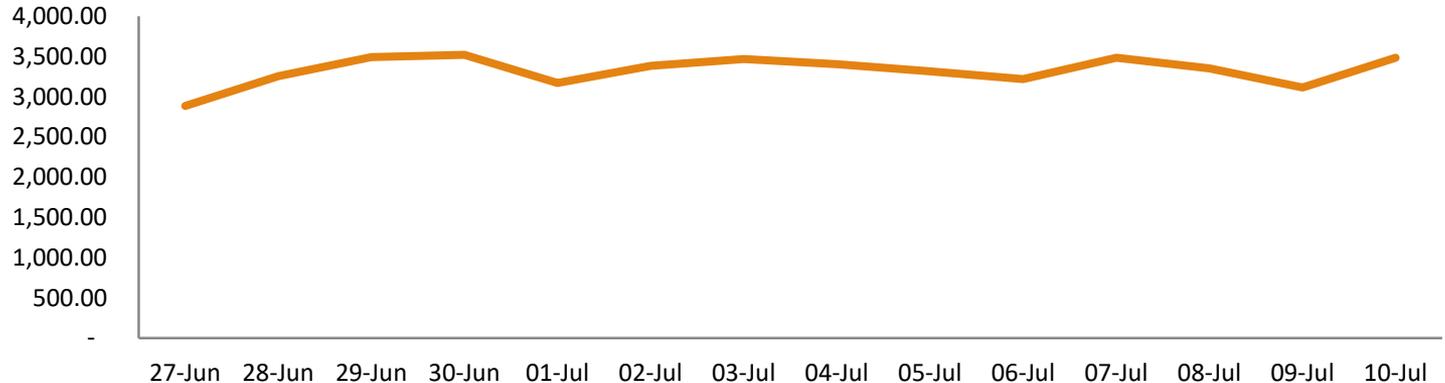


POWER GENERATION ANALYSIS & IMPACT



- July 11th: Average power output was 3,692MWh/hour (up 211MWh/h)
- Total generation of 2,360MW was lost due to constraints in gas, line and high frequency
- Estimated loss: N1.113bn (annualised at N406.2bn /\$1.01m)
- High frequency due to loss of DisCo feeders remains a significant constraint to generation
- Increased line constraints at Ibom

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
Yam (large tuber) 	N1,500	N1,100	↔	N600	N1,500
Tomatoes (50kg) 	N28,000	N28,000	↔	N8,000	N25,000
Garri (50kg) 	N32,000	N32,000	↔	N8,000	N32,000
Rice (50kg) 	N18,500	N16,000	↔	N13,500	N22,000
Flour (50kg) 	N10,500	N10,500	↔	N8,500	N11,000
Sugar (50kg) 	N19,500	N18,500	↔	N8,000	N20,000
Beans (50kg) 	N24,000	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%

Prices remain sticky downwards

STOCK MARKET

- NSE ASI  0.47% to 32,981.63pts – Prices up, turnover up by 31%
- Consumer goods sub index  0.46% to 767.89pts

	Share Prices (₹)	Daily Change (July 10– July 12)	YTD (%)
Nestle	902.3	0.14%	11.3%
Honeywell	1.94	 2.11%	 49.2%
Flourmill	25	 -	 35.2%
Cadbury	11.4	 4.92%	 10.7%
NB	155.17	 0.76%	 4.85%
Dangote Sugar	8.98	 3.22%	 26.3%
Unilever	33	 2.94%	 5.71%



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OIL PRICES



- Brent crude  3.28% to \$48.42pb
- US government cut its crude production outlook for 2018
- Massive 8.1mbpd drawdown in US inventory–API report
- Libya and Nigeria ramp up production by 300,000bpd in June- OPEC
- OPEC oil output remains high despite pledge to tighten oil supply

OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 10 July – 12 July	YTD	CURRENT PRICE
O I L			
BRENT	 3.28%	 14.98%	\$48.42pb
WTI	 3.36%	 14.58%	\$45.89pb
NATURAL GAS	 3.77%	 18.55%	\$3.03MMBtu

AGRIC COMMODITIES

Wheat



•Wheat futures up 0.14% to \$5.51/bushel

•Worsening drought in the US reduced supply of wheat from the region

Corn



•Corn futures down 0.75% to \$3.99/bushel

•Technical buying and selling drove prices down despite harsh weather conditions affecting yields

Cocoa



•Cocoa prices down 1.52% to \$1810/mt

•Expectations of a surplus cocoa supply in the next international season drove prices down

Sugar



•Sugar prices down 0.14% to \$0.1342/pound

•Technical buying and selling in an oversold market drove prices lower

OUTLOOK – OIL PRICES



- Lower oil prices to slow 2018 growth in US crude production
- Saudi Arabia to cut August oil exports to lowest levels in 2017
- US production still expected to break the 9.61mbpd record from June 2015

OUTLOOK – AGRIC PRICES

Grains

- Price movement is expected to be driven by weather conditions

SUGAR

Softs

- Expectation of import duty hike in India to drive prices further down

COCOA

- Boost in European demand by 2.1% is expected to increase prices

