

# BURNING ECONOMIC ISSUES



- Brent crude up 0.64% to \$48.91pb
- OPEC caps Nigeria's oil output at 1.8mbpd



- MPC maintains status quo on all key rates



- Nigeria's debt service increased to N7.88trn (\$25.82bn) in 5 years- DMO

- IMF reviews global growth forecast – up by 0.4% to 3.6%



- Downward revision for UK and US

- China may be hit by debt crisis



## Good News



- Increase in global growth is good for oil
- Power supply up 313MW to 3,038MW/h



## Bad News



- Oil output cap is not revenue friendly
- High debt burden likely to impede growth

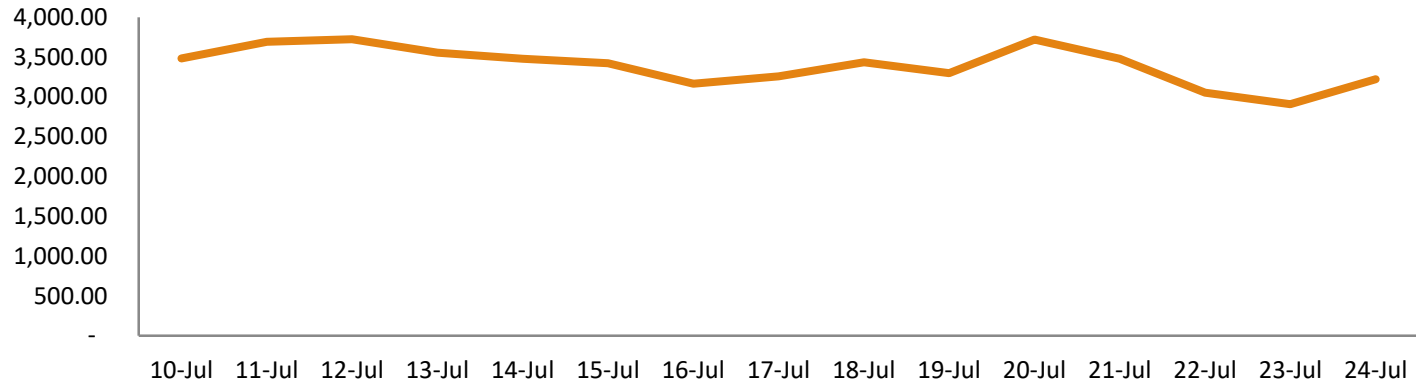


# POWER GENERATION ANALYSIS & IMPACT



- July 24<sup>th</sup> : Average power output was 3,221MWh/hour (up 313MWh/h)
- Total generation of 3,038MW was lost due to constraints in gas, line and high frequency
- Estimated loss: N1.458bn (annualised at N532.1bn /\$1.33m)
- Increasing high frequency constraints leading to reduced generation
- Increased gas constraint at Omotosho I and II, Olorunsogo, Alaoji NIPP and Geregu NIPP


**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	N28,000
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)	N2,300	N2,500	-8%
Gala (75g)	N50	N50	0%

Domestic prices remain flat

# STOCK MARKET

- NSE ASI  1.92% to 34, 673.21pts
- Consumer goods sub index  0.47% to 787.84pts

	Share Prices (₹)	Daily Change ( July 19– July 24)	YTD (%)
Nestle	918	 1.60%	 13.33%
Honeywell	1.95	 1.04%	 50%
Flourmill	26.70	 6.16%	 44.4%
Cadbury	12.80	 2.81%	 24.39%
NB	159	 0.63%	 7.43%
Dangote Sugar	9.13	 1.44%	 28.41%
Unilever	38.32	 0.34%	 9.48%



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# OIL PRICES



- Brent crude  0.64% to \$48.91pb
- Nigeria caps Nigeria's output at 1.8mbpd
- US crude inventories are down 4.73 million barrels- EIA
- Above market expectations of 3.2million barrels
- Aggressive US oil sanctions may be imposed on Venezuela- oil price positive



# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 20July – 24 July	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 0.64%	 15.52%	\$48.91pb
WTI	 0.69%	 14.65%	\$46.66pb
NATURAL GAS	 3.45%	 21.02%	\$2.938MMBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures down 2.57% to \$492.75/bushel

•Heavy rains expected to increase supply across the U.S. Midwest

## Corn



•Corn futures down 4.63% to \$386.5/bushel

•Good weather forecast eased fears of potential production loss

## Cocoa



•Cocoa prices up 1.43% to \$1,984/mt

•Supported by a decline in the production forecast for 2017/18 season in West Africa

## Sugar



•Sugar prices down 0.90% to \$0.1428/pound

•Lower demand from China as Beijing imposed hefty tariffs on sugar imports

# OUTLOOK – OIL PRICES



- Outlook for oil prices remains bearish
- US shale oil output expected to touch record high in August –EIA
- Increased demand from China and India to rebalance the oil market

# OUTLOOK – AGRIC PRICES

## Grains

- Bearish prices likely as forecasts for rain increase supply in the US



## SUGAR



## Softs

- Weak expectations on reduced demand from China, the world's top importer

## COCOA

- Bullish sentiments to be driven by expectations of a more balanced global market