

# BURNING ECONOMIC ISSUES



- Oil price trading at \$51.48pb

- Niger Delta militants threaten to resort to violence in September



- N966bn inflow (FAAC & NTB maturities) boosts interbank market liquidity

- External reserves up to \$30.7bn – *highest since May 2016*



- Naira weakened to N367.88/\$ (IEFX window), N365/\$ (parallel market)

- IATA RoE adjusted upwards by 6% to N325/\$ from (N306.5/\$)

  - N690,000 – new fare for London return economy

- Diesel price up 1.25% to N162/ltr





## Good News



- CBN's forex intervention is sustainable
- Positive oil prices and external reserves movement



## Bad News



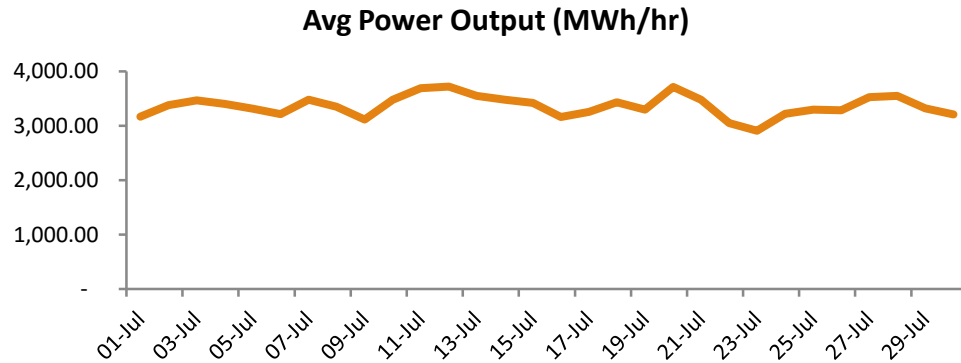
- Violence in the Niger Delta region is a threat to government revenue
- International flight tickets now 6% more expensive
- Air freight rates are also higher – Inflation stoking
- Stock market records second decline after 16-day rally



# POWER GENERATION ANALYSIS & IMPACT













- July 30<sup>th</sup> : Average power output was 3,212MWh/hour (down 107MWh/h)
- Gas constraint was 581MW; line constraint was 235MW; frequency management constraint due to loss of DisCo feeders was 1682MW
- Estimated loss: N1.19bn (annualised at N437.63bn /\$1.21m)
- Increasing high frequency constraints leading to reduced generation
- Increased gas constraint at Egbin, Omotosho I and II, Olorunsogo I, Alaoji NIPP and Geregu NIPP



# 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)         | N3,200                 | N3,500          | ↓        | N2,300      | N3,500      |
| Old Yam (large tuber)  | N1,500                 | N1,500          | ↔        | 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 (Oloyin) (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              | Street price | Supermarket price | % difference |
|--------------------|--------------|-------------------|--------------|
| Pepsi (50cl)       | N100         | N100              | 0%           |
| Beer (60cl)        | N250         | N280              | -10.71%      |
| Bread Loaf         | N350         | N400              | -12.5%       |
| Indomie (1 carton) | N1,900       | N2,250            | -15.5%       |
| Gala (75g)         | N50          | N50               | 0%           |

Domestic prices remain flat

# STOCK MARKET

- NSE ASI  2.43% to 36,720.62 pts
- Consumer goods sub index  1.18% to 857.94 pts
- NB Q2'17 revenue up 12% to N89.9bn, Nestle Q2'17 revenue up 37.1% to N60.2bn

|               | Share Prices<br>(₦) | Daily Change<br>( July 28 – July 31)   | YTD (%)   |
|---------------|---------------------|--|---|
| Nestle        | 1003.7              |  0.04%  |  12.3% |
| Honeywell     | 2.20                |  7.32%  |  53.8% |
| Flourmill     | 29.00               |       |  59.1% |
| Cadbury       | 12.80               |       |  20.5% |
| NB            | 168                 |  2.10%  |  12.1% |
| Dangote Sugar | 11.97               |  10.22% |  33.7% |
| Unilever      | 38.68               |       |  9.48% |



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# OIL PRICES REACH 2-MONTH HIGH



- Brent crude  2.22% to \$51.48pb
- OPEC's export rose to 26.68mbpd in July
- Increased shipments from Libya, Nigeria and UAE
- Slow down in US oil production and drilling activities
- US oil inventories down 10% since record high in March 2016
- Oil rigs increased at a slower pace in July by 10 – lowest since May 2016



# OIL MARKETS TODAY

| COMMODITY    | WEEKLY CHANGE<br>31 July – 1 August   | YTD  | CURRENT PRICE |
|--------------|---|--|---------------|
| <b>O I L</b> |   |  |               |
| BRENT        |  2.22% |  6.90%  | \$51.48pb     |
| WTI          |  2.57% |  7.11%  | \$48.88pb     |
| NATURAL GAS  |  1.08% |  22.58% | \$2.82MMBtu   |

# AGRIC COMMODITIES

## Wheat



•Wheat futures down 0.88% to \$476/bushel

•Ample global supplies offset U.S crop losses

## Corn



•Corn futures down 1.35% to \$382.75/bushel

•Bumper harvest expected in Brazil and South Africa amid robust US stockpiles

## Cocoa



•Cocoa prices down 0.05% to \$2,059/mt

•Prices down on renewed oversupply concerns

## Sugar



•Sugar prices up 3.55% to \$0.1488/pound

•On more competitive ethanol prices in Brazil

# OUTLOOK – OIL PRICES



- We expect the bullish trend to continue in the short term
- Saudi, Kuwait and UAE's determination to slash exports will support prices
- Supply – demand fundamentals suggest a rebalancing of the oil market

# OUTLOOK – AGRIC PRICES

**Grains** • Plentiful global inventories will cap price rally

● —————→  
SUGAR

**Softs**

• We expect lower prices as major producers churn out more supplies

COCOA

• Oversupply concerns still persist in major growing countries

