

# BURNING ECONOMIC ISSUES



- Oil price declines 0.93% to \$50.26pb
- Slowdown in Chinese refining activity- major consumer



- Inflows into NAFEX window hits \$1bn

- Power output falls 158MW/hour to 3,303MW/hour



- Naira depreciates at parallel market (N368/\$), while it appreciates at NAFEX

(N362.5/\$)

- British pound falls 0.33% against US dollar (1.296/£) & Naira (N476/£)

- Diesel price down 5.8% to N160/ltr





## Good News



- Increased liquidity in the NAFEX window is exchange rate positive
- Fall in prices of rice (8.1%) and yam (6.6%)
- Diesel down 5.8% to N160/ltr



## Bad News



- Gas constraint decreases power supply- down 158Mw/Hr to 3,303MW/Hr

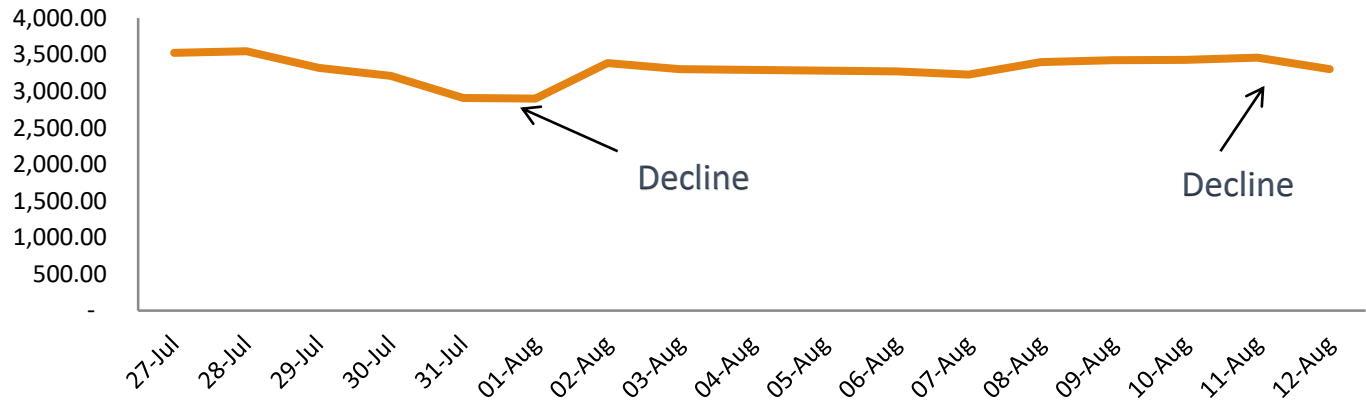


# POWER GENERATION ANALYSIS & IMPACT



- August 12<sup>th</sup> : Average power output was 3,303MWh/hour (down 158MWh/h)
- Gas constraint was 385MW; frequency management constraint due to loss of DisCo feeders was 1,675MW
- Estimated loss: N0.989bn (annualised at N360.98bn /\$0.90bn)
- Increasing high frequency constraints leading to reduced generation
- Reported gas constraints at Omotosho II, Geregu II, Alaoji II








## 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) 	N3,200	N3,200	↔	N2,300	N3,500
Old Yam (large tuber) 	N1,400	N1,500	↓ (6.6%)	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) 	N17,000	N18,500	↓ (8.1%)	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


Only 20% of the basket showed a decline- a) seasonality & harvest b) Local production and porous borders















# 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  0.65% to 37,950.96pts
- % Change in stock prices declining, meaning correction is imminent

	Share Prices (₹)	Daily Change ( Aug 10 – Aug 14)	YTD (%)
Nestle	1208	 0.66%	 49.1
Honeywell	2.09	 5%	 60.7
Flourmill	28.3	 2.41%	 53.1
Cadbury	12.7		 23.4
NB	191	 0.53%	 29.1
Dangote Sugar	13.05	 3.76%	 83.5
Unilever	46	 6.85%	 31.4



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# OIL PRICES



- Brent crude  0.93% to \$50.26pb
- Slowdown in Chinese refinery output- 10.71mbpd
- However, Libyan oil supplies are disrupted by security threats -down 200,000bpd
- Has reduced crude production by about 30%
- IEA raised oil demand growth forecast to 1.5mbpd from 1.4mbpd



# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 10 August – 14 August	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 0.93%	 8.47%	\$50.26pb
WTI	 0.10%	 9.16%	\$47.59pb
NATURAL GAS	 0.60%	 19.27%	\$3.00MMBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures down 1.49% to \$4.61/bushel

•Edges up on pressure from abundant global supplies

## Corn



•Corn futures flat at \$3.71/bushel

•Corn prices steady as market anticipates USDA report

## Cocoa



•Cocoa prices down 1.53% to \$1,935/mt

•Supply glut weighing on prices

## Sugar



•Sugar prices up 0.23% to \$0.1327/pound

•Sugar prices up as Indian millers push for government subsidy

# OUTLOOK – OIL PRICES



- Growing demand expected to be oil price positive
- OPEC to continue to drain global crude supply glut
- Shale oil to increase by more than 300,000bpd in December

# OUTLOOK – AGRIC PRICES

**Grains** • Larger-than-expected global supplies to drag down prices

● —————→  
SUGAR

**Softs** • Prices to trade bearish as supply glut persists

COCOA

• Growing supplies continue to decrease prices

