Burning economic issues 🔥 🔥 🔥

- 8 Nigerian banks' ratings downgraded by Moody's

- Global cotton consumption to increase by 2% (2018)

- Brent crude down to $62.94pb

- FG pampers Niger Delta – new plans released

- Retail diesel price down 2.4% to N200/litre

- Naira trading flat at N363/$

Economic News

Good News

- Power output sent from grid above 4,000MWh/hour

Bad News

- Moody's downgrade will adversely affect banks' ability to raise capital

Total global production (2016/2017): 23.07mn tonnes

2017/2018 growth forecasts: Production - 8.5%, Consumption- 2%

Uses: Cottonseed oil, livestock feeding, textiles, fishing nets, coffee filters, tents, bandages

World's top producers: India, China, U.S, Pakistan and Brazil – 76% of global output

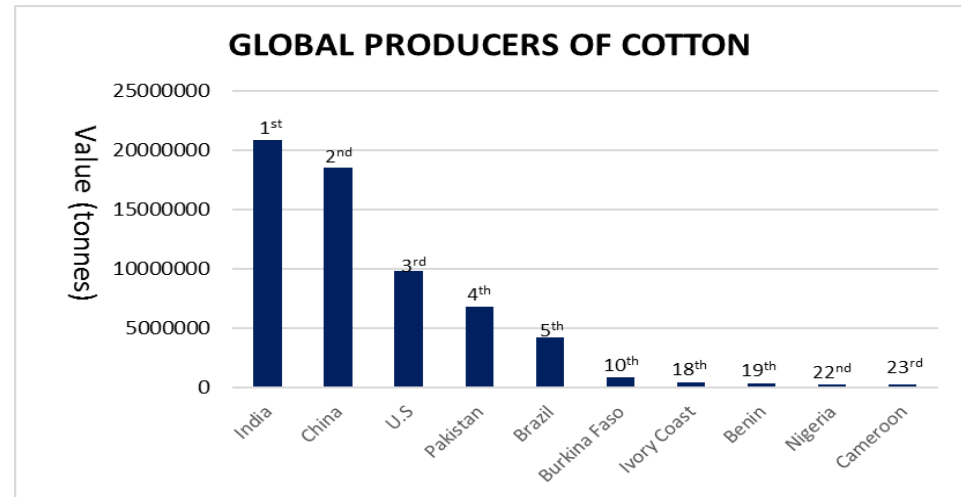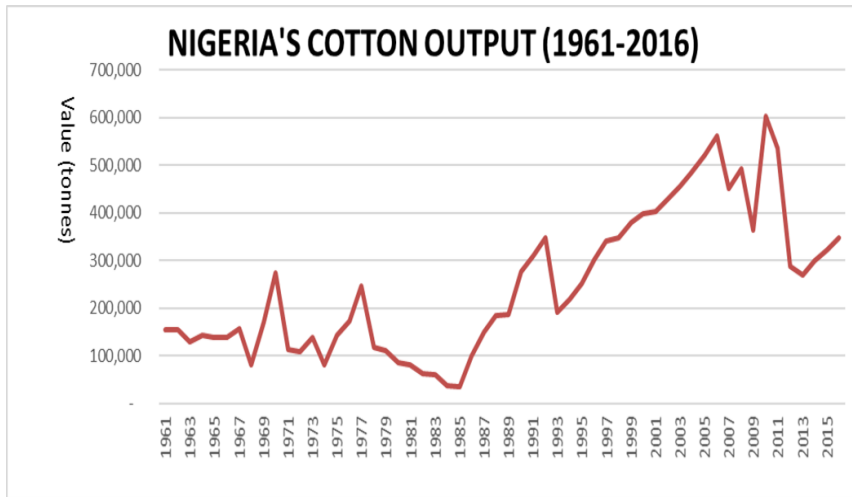**World's top consumers:** China, India, Pakistan, Turkey and Bangladesh

Rank (in production): Global - 22nd, Africa- 6th

**Producing states:** Kaduna, Ondo, Oyo etc. **Average output growth rate (annual):** 7.71%

Nigeria produces 348,000 tonnes (1.5% of global output). Potential – 600,000 tonnes

NIGERIA'S COTTON OUTPUT (1961-2016)

GLOBAL PRODUCERS OF COTTON

Power Generation analysis & Impact

- November 10th: Average power output sent was 4,013MWh/hour (up 175.95MWh/h)

- Gas constraint was 1,256MW; frequency management constraint due to loss of DisCo feeders was 756.8MW, water management constraint was 150MW

- Estimated loss: N1.038bn (annualised at N378.87bn /$1.05bn)

- Shiroro Hydro has commenced water management measures to ensure dry season efficiency

Power Generated (on Grid) MW/h
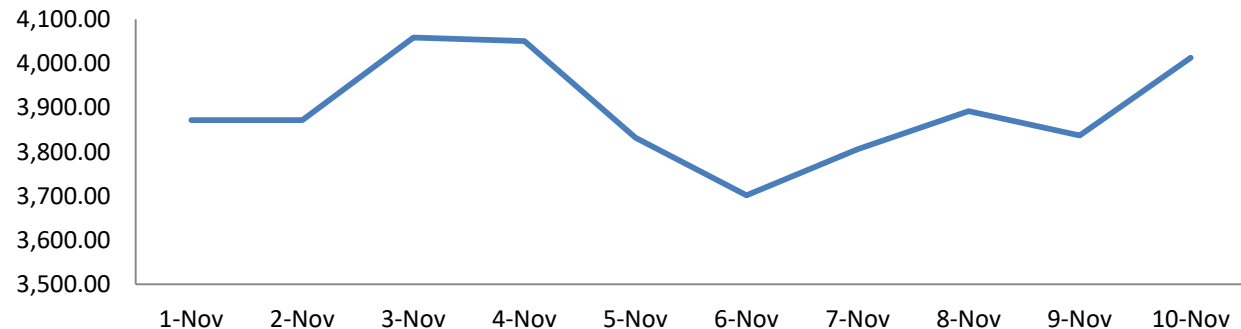
Domestic commodity price movement

Commodities	CURRENT PRICES(LAGOS)			Lagos Price	
	CURRENT PRICES	PREVIOUS PRICES	DIRECTIONAL CHANGE	1 year Low	1 year High
Palm Oil (25L)	N13,000	N13,000	⬌	N6,000	N25,000
Semolina(10kg)	N1,800	N1,800	⬌	N1,800	N3,500
New Yam (small tuber)	N650	N650	⬌	N650	N900
Tomatoes (50kg)	N8,000	N8,000	⬌	N8,000	N28,000
Garri (50kg)	N10,500	N10,500	⬌	N8,000	N16,000
Rice (50kg)	N15,000	N15,000	⬌	N13,500	N22,000
Flour (50kg)	N10,000	N11,000	⬌	N8,500	N11,000
Sugar (50kg)	N16,000	N16,000	⬌	N8,000	N20,000
Beans (Oloyin) (100kg)	N28,000	N28,000	⬌	N12,000	N34,000
Cement (50kg)	N2,700	N2,700	⬌	N1,400	N2,700

Price Elastic (Palm Oil, Semolina, New Yam, Tomatoes)

Price Inelastic (Garri, Rice, Flour, Sugar, Beans, Cement)

FDC FINANCIAL DERIVATIVES COMPANY

Consumer Goods – Current Price Lagos

GOODS	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N90	-10%
Beer (60cl)	N250	N280	-10.71%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N1,900	N2,100	-15.5%
Gala (big size)	N100	N100	0%

Domestic prices remain flat

Stock market

- NSE ASI ⬇️0.96% to 36,953.41pts

- Consumer goods sub index ⬇️1.30% to 904.21 pts

- Most commodity dependent corporates declined

	Share Prices (₦)	Daily % Change 14 Nov		YTD (%)	
Nestle	1,250	⬇️	3.10	⬆️	48.1
Honeywell	2.00	⬇️	0.99	⬆️	52.3
Flourmill	34.89	⬆️	2.62	⬆️	62.2
Cadbury	11.78	⬇️	4.31	⬇️	0.01
NB	139.75	⬆️	0.55	⬆️	8.70
Dangote Sugar	15.00	⬇️	1.06	⬆️	104.7
Unilever	38.00	⬇️	5.00	⬆️	25.7

Oil Prices

- Brent crude ⬇ 0.35% to $62.94pb

- Market remains supported by forecasts of rising demand

- Growing tensions in the Middle East kept a cautious tone on trade

Oil markets today

COMMODITY	WEEKLY CHANGE 13 Nov – 14 Nov	YTD	CURRENT PRICE
O I L			
BRENT	⬇ 0.35%	⬆ 11.83%	$62.94pb
WTI	⬇ 0.25%	⬆ 5.85%	$56.62pb
NATURAL GAS	⬇ 0.32%	⬇ 15.86%	$3.16MBtu

Agric commodities

Wheat

- Wheat futures down 0.35% to $4.25/bushel

- Prices under pressure due to improved crop conditions in the U.S

Corn

- Corn futures down 0.22% to $3.47/bushel

- Expectations of higher corn yields weighed on prices

Cocoa

- Cocoa prices up 1.45% to $2,054/mt

- Ivory Coast's production is expected to drop 12% by year end

Sugar

- Sugar prices down 0.14% to $0.1470pound

- Partly driven by forecasts of lower production in 2018.

Outlook – Oil prices

- Prices likely to remain above $62pb in the near term

- On rising global demand and tighter supply

- Strong macro-economic backdrop and inventory drawdown in the U.S.

Grains

- Bumper U.S harvest to keep prices bearish

Softs

SUGAR

- Prices will be determined by supply/demand dynamics

COCOA

- Lower production forecasts in Ivory Coast will continue to support prices