

BURNING ECONOMIC ISSUES



- Oil price up 0.75% to \$62.91pb

- US fed hikes interest rates to 1.5% in December meeting



- FAAC shared in November drops 4.4% to N533bn



- Q3'17 trade balance hits N1.23 trillion (Increased by 143%)- NBS



- CBN intervention of \$210mn

- Parallel market flat at N363/\$



Good News



- Import substitution policy boosts trade balance

Bad News



- US fed rate hike to strengthen the dollar



- Dollar denominated commodities (oil) to become more expensive
- 4.4% drop in FAAC to increase salary arrears



- Diesel price remains flat at N200/ltr

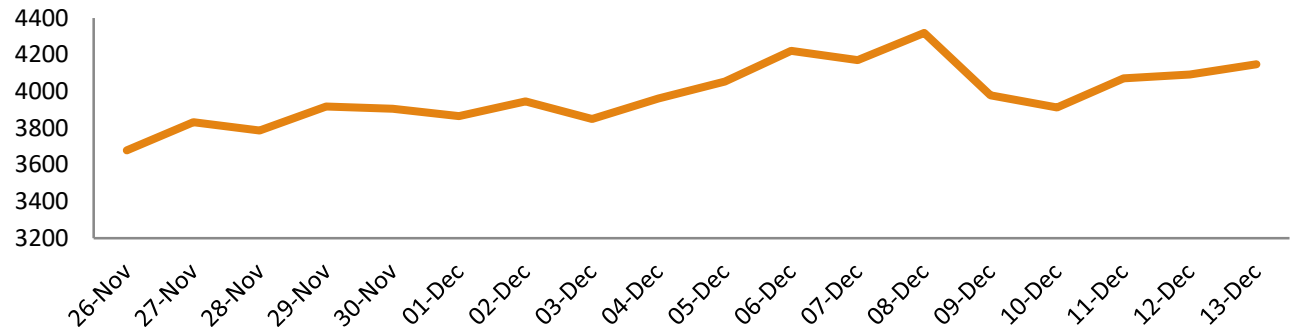
POWER GENERATION ANALYSIS & IMPACT



December 13th : Average power output sent was 4,147MWh/hour (up 54MWh/h)

- Gas constraint was 766MW; line constraint was 0MW; frequency management constraint due to loss of DisCo feeders was 1321MW, water management constraint was 150MW
- Estimated loss: N1.074mn (annualised at N392.01bn /\$0.98mn)
- Highest peak ever reported achieved at 2200hrs with 5156MW



Power Generated (on Grid) MW/h



DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic



| | | CURRENT PRICES (LAGOS) | | | Lagos Price | |
|-----------------|---|------------------------|-----------------|--------------------|-------------|-------------|
| Commodities | | CURRENT PRICES | PREVIOUS PRICES | DIRECTIONAL CHANGE | 1 year Low | 1 year High |
| Price Elastic | 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)  | N400 | N400 | ↔ | N400 | N900 |
| | Tomatoes (50kg)  | N8,000 | N8,000 | ↔ | N8,000 | N28,000 |
| Price Inelastic | Garri (50kg)  | N10,500 | N10,500 | ↔ | N8,000 | N16,000 |
| | Rice (50kg)  | N17,000 | N15,000 | ↔ | N13,500 | N22,000 |
| | Flour (50kg)  | N9,600 | N9,600 | ↔ | N8,500 | N11,000 |
| | Sugar (50kg)  | N16,000 | N16,000 | ↔ | N8,000 | N20,000 |
| | Beans (Oloyin) (50kg)  | N27,500 | N28,000 | ↔ | N12,000 | N34,000 |
| | Cement (50kg)  | N2,500 | N2,500 | ↔ | N1,400 | N2,700 |















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  1.00% to 38,534.64pts
- Consumer goods sub index  0.48% to 980.04pts

| | Share Prices (₹) | Daily % Change (Dec 12 –Dec 13) | YTD (%) |
|---------------|---------------------|--|---|
| Nestle | 1462.5 |  2.4 |  80.2 |
| Honeywell | 2.20 |  0.02 |  69.2 |
| Flourmill | 34.19 |  |  84.9 |
| Cadbury | 15.54 |  0.81 |  0.58 |
| NB | 139.65 |  3.67 |  3.37 |
| Dangote Sugar | 21.95 |  0.45 |  190.9 |
| Unilever | 40.3 |  0.2 |  15.7 |



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OIL PRICES

- Brent crude  0.75% to \$62.91pb
- Prices are up due to a crack in Forties pipeline in the UK
- Cutting supplies (575,000bpd) from the UK to the US and Asia
- US crude inventories dropped by 7.38mbpd, biggest withdrawal since August 2017-EIA



OIL MARKETS TODAY

| COMMODITY | WEEKLY CHANGE 11 Dec – 13 Dec | YTD | CURRENT PRICE |
|--------------|---|--|---------------|
| O I L | | | |
| BRENT |  0.75% |  11.05% | \$62.91pb |
| WTI |  0.34% |  6.40% | \$56.79pb |
| NATURAL GAS |  3.90% |  27.15% | \$2.71MBtu |

AGRIC COMMODITIES

Wheat



- Wheat futures down 1.12% to \$4.13/bushel
-
- Favourable weather increases supply

Corn



- Corn futures down 0.07% to \$3.48/bushel
-
- On technical selling

Cocoa



- Cocoa prices down 2.35% to \$1,867/mt
-
- Prices down on ample supplies from Cameroon

Sugar



- Sugar prices down 1.29% to \$0.1377 pound
-
- Sugar fundamentals point to large supplies in 2018

OUTLOOK – OIL PRICES



- US rate hike could lower demand for oil temporarily
- Drop in US output expected to keep prices above \$63pb

OUTLOOK – AGRIC PRICES

Grains

- Growing global supplies to keep prices down



SUGAR

- Price gains to be capped due to drop in Brazilian output

COCOA

- Prices to trade bearish on global supply glut

Softs

