

BURNING ECONOMIC ISSUES



- Inflation eases for the 10th consecutive month to 15.90% in November

- Cumulative decline of 2.81% in 11 months (Point of inflection)



- Oil workers' union (PENGASSAN) calls off strike



- FG awards \$2.8bn Ajaokuta-Kano gas pipeline



- Oil price up 0.25% to \$63.57pb

- Parallel market weakens to N365/\$ on high demand pressure

- On grid power output up 4.9% to 4,266MWh/hr



Good News



- On grid power output has been above 4,000MW since December 11
- Gross external reserves maintains upward trend (\$36.85bn) – December 14
- Threat of oil union strike averted, likely to quell panic petrol buying



Bad News



- Food inflation remains high at 20.30%
 - Core inflation up to 12.20%
- Fuel scarcity likely to impact on December's inflation figures



COMMODITY IN FOCUS - RICE

- **Total global production (2016/2017):** 485.4mn tonnes (\$188.34bn)

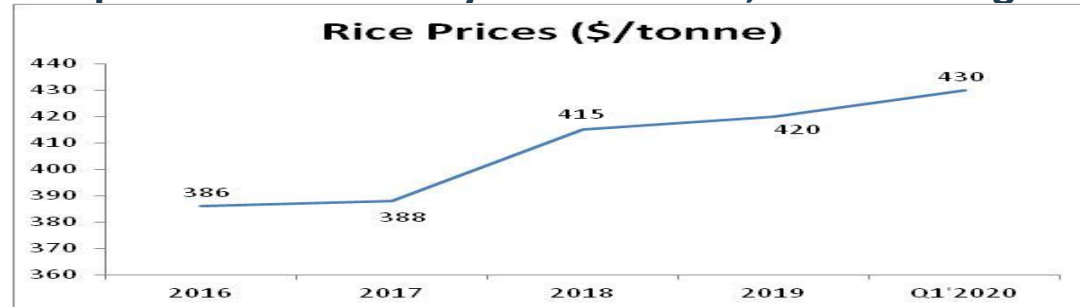
- **2017/2018 production forecast:** 484.4mn tonnes

- **World's top producers:** China, India, Indonesia, Vietnam, Thailand

- **World's top consumers:** China, India, Indonesia

- Positive correlation between highly populated countries and rice consumption

- **Global price of rice rose by 0.6% in 2017, forecast to gain 6.9% in 2018**

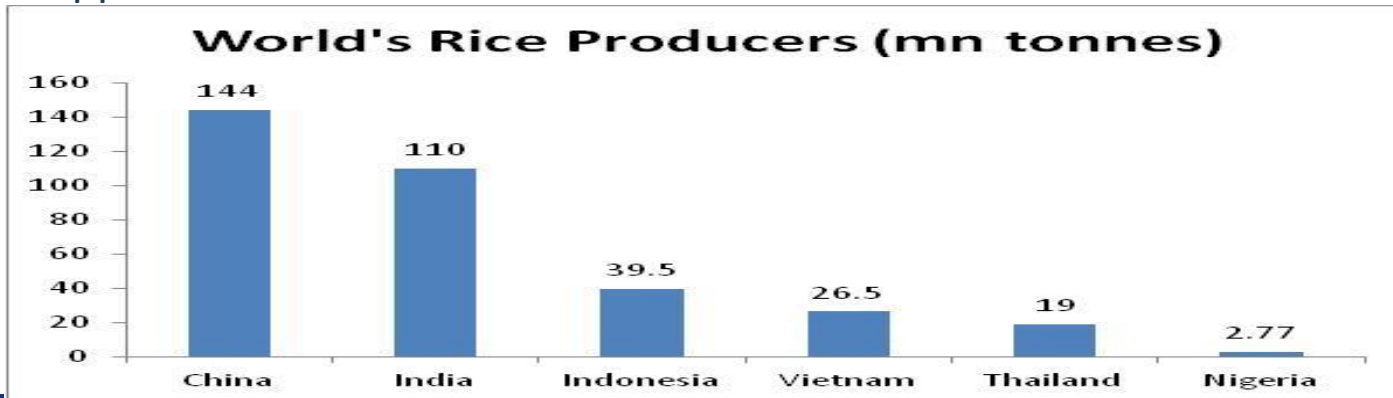


Source: Economist Intelligence Unit, FDC Think Tank



RICE PRODUCTION IN NIGERIA

- **Nigeria is a fringe player in global rice production**
- **Rice production:** Approximately 2.77mn tonnes (0.57% of global production), valued at \$1.07bn
- **Major producing states:** Ebonyi, Kaduna, Kano, Niger, Benue
- **Production potential:** 8mn tonnes
- **Rice imports:** Approximated at 7mn tonnes- \$2.72bn



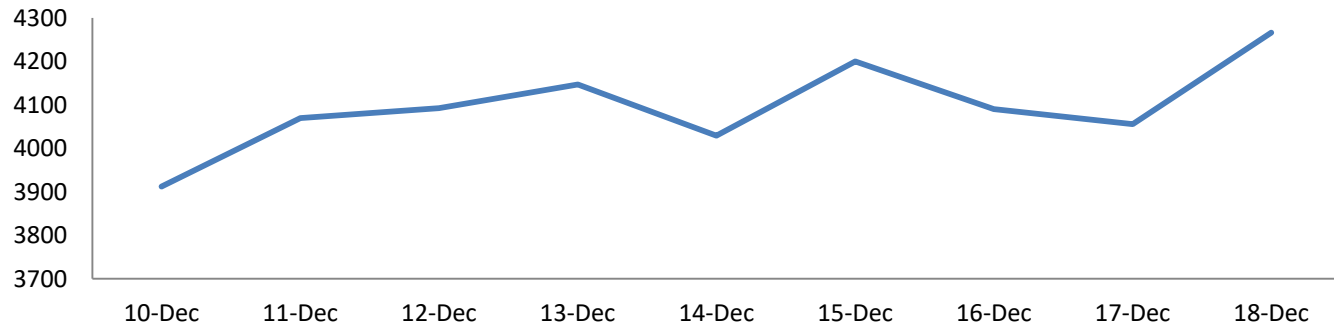
POWER GENERATION ANALYSIS & IMPACT



December 18th : Average power output sent was 4,266MWh/hour (up 210MWh/h)

- Gas constraint was 853.5MW; frequency management constraint due to loss of DisCo feeders was 674MW, water management constraint was 248MW
- Estimated loss: N0.85mn (annualised at N310.25bn /\$0.86mn)
- The latest Nigerian peak generation record occurred on December 18 (5,222MW)


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) 	N15,000	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) 	N28,000	N28,000	↔	N12,000	N34,000
	Cement (50kg) 	N2,500	N2,500	↔	N1,400	N2,700



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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  0.46% to 37,783.76pts
- Consumer goods sub index  0.24% to 971.96pts







	Share Prices (₹)	Daily % Change (Dec 18 –Dec 19)	YTD (%)
Nestle	1464.50	 -	 80.2
Honeywell	2.10	 -	 69.2
Flourmill	29.85	 0.50	 84.9
Cadbury	13.40	 3.60	 0.58
NB	142.19	 0.22	 3.37
Dangote Sugar	20.57	 4.99	 190.9
Unilever	41.99	 4.45	 15.7

OIL PRICES

- Brent crude  0.25% to \$63.57pb
- Outage of North Sea pipeline continues to support prices
- Threat of supply disruptions in Nigeria due to oil union strike
- Number of active U.S oil rigs declined last week



OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 18 Dec – 19 Dec	YTD	CURRENT PRICE
O I L			
BRENT	 0.25%	 11.05%	\$63.57pb
WTI	 0.75%	 6.40%	\$57.30pb
NATURAL GAS	 3.90%	 27.15%	\$2.71MBtu

AGRIC COMMODITIES

Wheat



•Wheat futures down 1.12% to \$4.13/bushel

•Favourable weather conditions increase supply

Corn



•Corn futures down 0.07% to \$3.48/bushel

•On reduced speculative demand for the grain

Cocoa



•Cocoa prices down 2.35% to \$1,867/mt

•Prices down on prospects of higher West African output

Sugar



•Sugar prices down 1.29% to \$0.1377 pound

•Downward revision of global sugar consumption in 2018

OUTLOOK – OIL PRICES



- Temporary supply disruption to boost oil prices
- Brent oil likely to remain above \$62pb for the rest of 2017.

OUTLOOK – AGRIC PRICES

Grains

- High U.S output to keep prices down



SUGAR

- Forecast of lower sugar consumption in 2018 likely to keep prices depressed

COCOA

- Prices to trade bearish on global supply glut

Softs

