

BURNING ECONOMIC ISSUES



- National grid temporary collapse

- On grid power output at 3,475MWh/hr – January 2nd



- Brent oil hits 3-year high (\$68.13pb) on Iran tensions, upbeat economic data



- \$6bn oil swap deal to be reviewed

- Diesel price flat at N195/litre



- Parallel market flat at N363/\$



Bad News



- National grid collapse
- Fuel scarcity persists in many states



Good News



- T/Bill rates decline marginally (91 day – 13.41%p.a., 364 day – 13.89%p.a.)



COMMODITY IN FOCUS - SORGHUM



- **Total global production (2016): 63.93mn tones (\$51.71bn)**

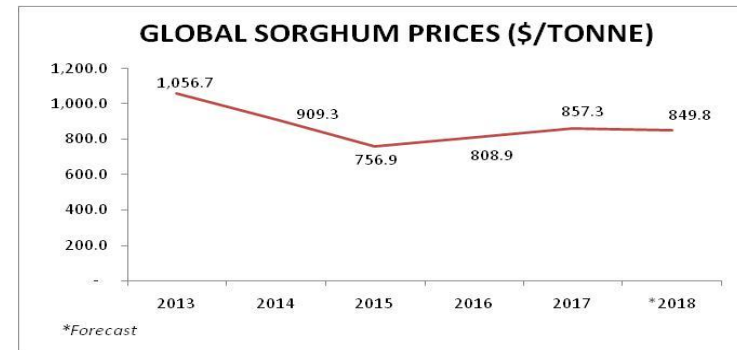
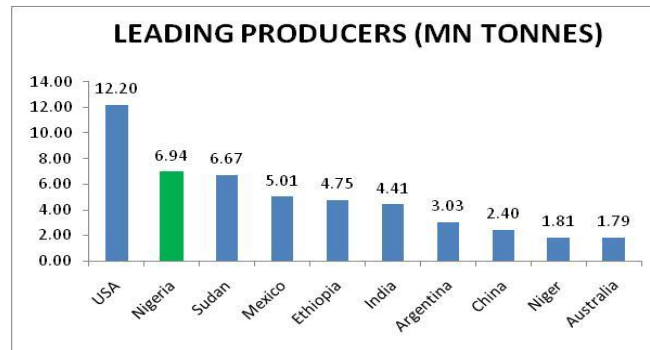
- **World's top producers: USA, Nigeria, Sudan, Mexico**

- **World's top consumers: Mexico, China, Japan**

- **Global sorghum prices to decline by 0.87% in 2018**

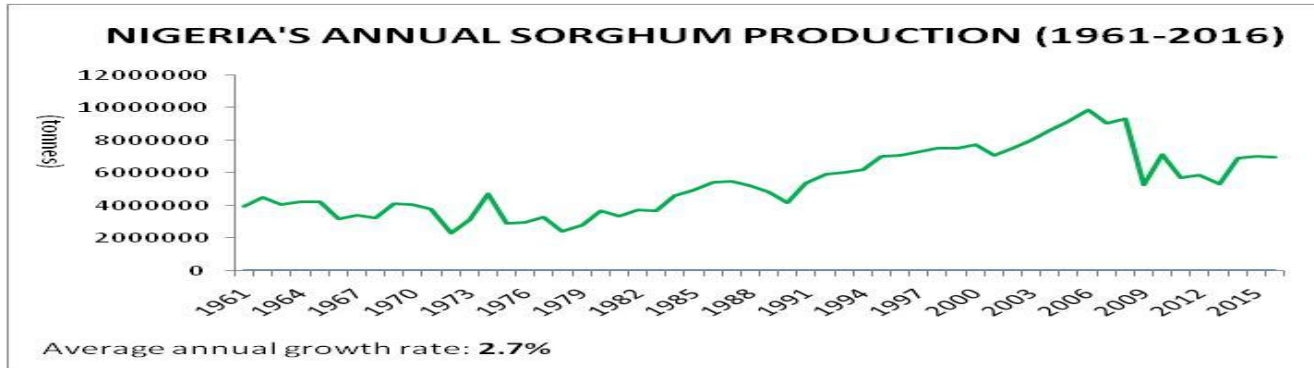


- **Uses: ethanol/biofuel production, barley substitute, livestock feed, breakfast cereals**



SORGHUM PRODUCTION IN NIGERIA

- **Total output (2016):** 6.94mn tonnes (\$5.61bn), 11% of global production
- **Potential production:** approximately 13mn tonnes (\$11bn)
- **Rank in production:** Global- 2nd, Africa – 1st
- **Major producing states:** Zamfara, Niger, Plateau, Katsina
- **Consumers in the FMCG sector:** Nigerian Breweries, Guinness, International Brewery, Flour Mills, Livestock Feeds



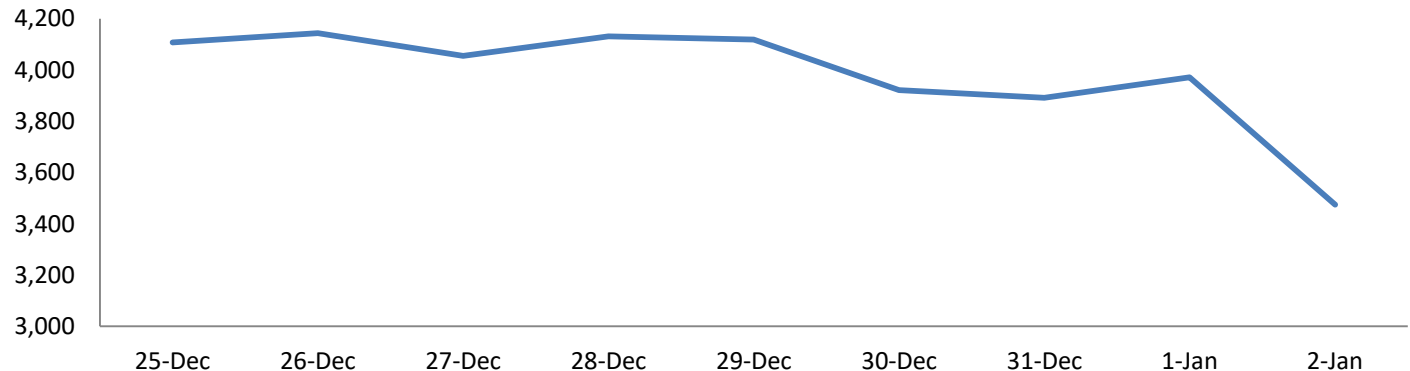
POWER GENERATION ANALYSIS & IMPACT



January 02nd : Average power output sent was 3,475MWh/hour (down 495MWh/h)

- Gas constraint was 2,675MW; line constraint was 58MW, frequency management constraints was 0MW, water management constraint was 290MW,
- Naira equivalent of power loss: N1.31bn (annualised at N478.15bn)
- System collapse occurred on January 2& 3 resulting from loss of generation capacity


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) 	N15,500	N16,000	↓	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) 	N27,000	N27,000	↔	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  1.28% to 38,676.12pts
- Consumer goods sub index  0.18% to 982.14pts







	Share Prices (₹)	Daily % Change (Jan 03 – Jan 04)	YTD (%)
Nestle	1500.00	 3.60	 2.57
Honeywell	2.40	 3.90	 4.12
Flourmill	30.45	 5.00	 5.23
Cadbury	15.50	 3.68	 2.12
NB	136.00	 0.74	 1.20
Dangote Sugar	21.95	 0.37	 1.21
Unilever	41.99	 -	 0.65

OIL PRICES

- Brent crude  0.43% to \$68.13pb
- On upbeat economic data from the U.S and Europe
- Strong OPEC compliance with output deal
- Tensions in Iran continue to support prices



OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 03 Jan – 04 Jan	YTD	CURRENT PRICE
O I L			
BRENT	 0.43%	 1.26%	\$68.13pb
WTI	 0.78%	 0.75%	\$62.11pb
NATURAL GAS	 1.90%	 1.21%	\$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 up 0.35% to \$1,870/mt

•Prices up on higher U.K demand for chocolates

Sugar



•Sugar prices down 1.29% to \$0.1377 pound

•Due to lower output from Asian producing countries

OUTLOOK – OIL PRICES



- Rising shale production poses a threat to the recent rally
- Goldman Sachs forecasts oil to average \$62pb in 2018, 11% above the 2017 average

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