

# BURNING ECONOMIC ISSUES



- Headline inflation data released this morning
- NSE in record territory - Bubble or real ?



- Brent oil marginally down 0.85% to \$69.66pb



- On grid power output down 4% to 3,851MWh/hr



- CBN sells \$210mn,  $\Sigma$  \$580mn in January

- Naira falls by 0.27% to N364/\$
- Diesel price flat at N200-205/liter



## Good News



- NSE up 15.2% year-to-date, N1.8trn gain in market cap

## Bad News



- Oil price rally could fizzle in January



- Fuel scarcity persists in some states
- Risk of stock market correction imminent

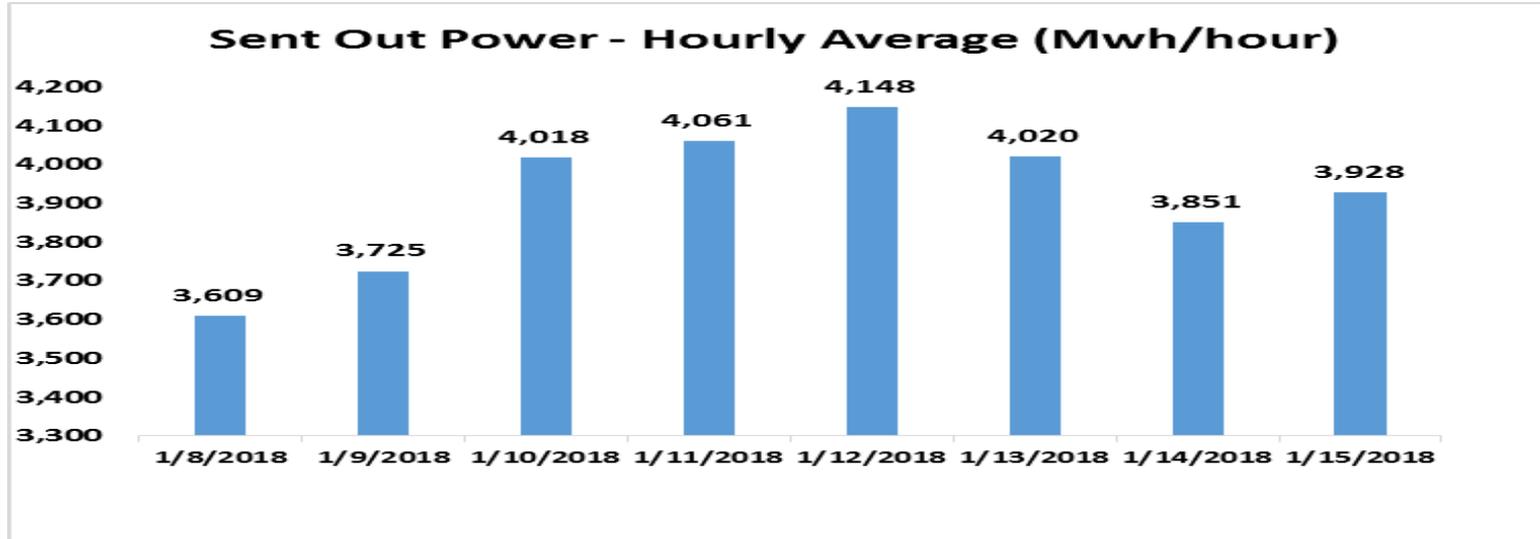


# POWER GENERATION ANALYSIS & IMPACT



January 15th : Average power output sent was 3,928MWh/hour (Up 77.39MWh/h)

- Total gas constraint was 2,177MWh/h; line constraint was 0MW, frequency management constraints was 410MW, water management constraint was 290MW
- Naira equivalent of power loss: N1.38bn (annualised at N503.7bn)



# 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) (Yellow) 	N7,000	N7,000	↔	N7,000	N16,000
	Rice (50kg) 	N13,400	N13,400	↔	N13,400	N22,000
	Flour (50kg) 	N10,500	N10,500	↔	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) 	N2,650	N2,650	↔	N1,400	N2,700

# COMMODITY IN FOCUS - COWPEA

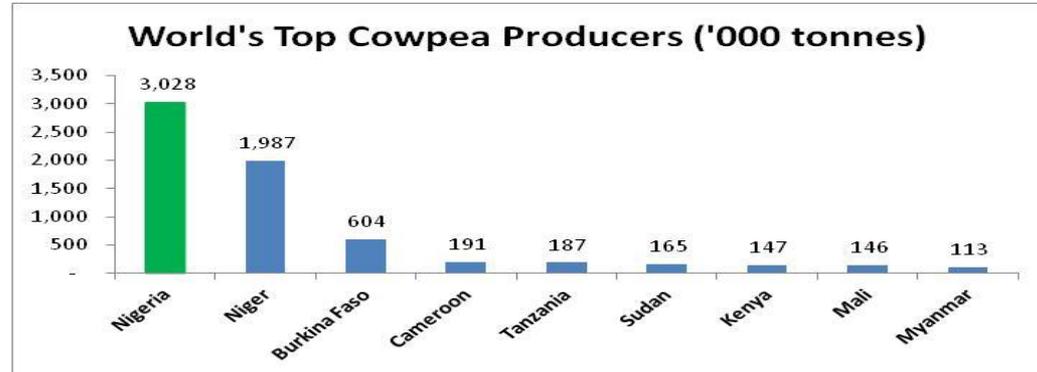


**Total global production (2016): 6.99mn tonnes**

**World's top producers: Nigeria, Niger, Burkina Faso**

**World's largest consumer: Nigeria**

**Uses: beans, bean cake, bean pudding, animal feed**





# COWPEA PRODUCTION IN NIGERIA

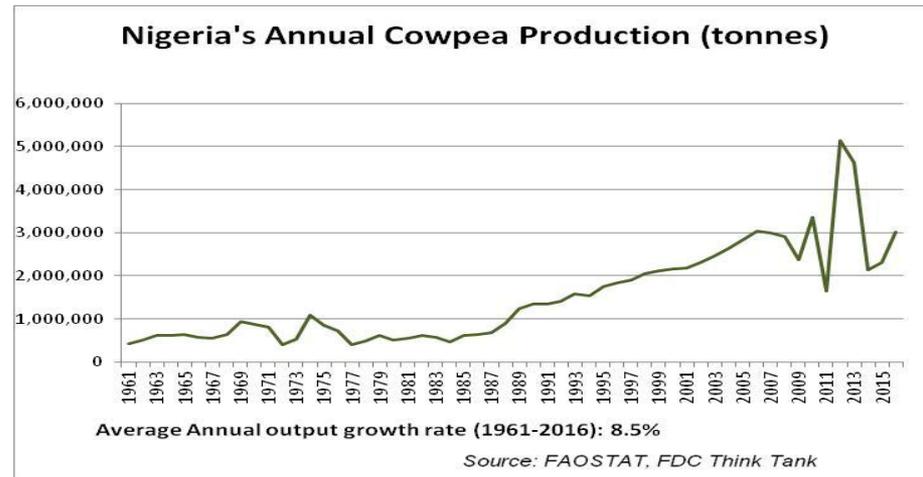
- **Total output (2016):** estimated at 3.03mn tonnes (43% of global)

- **Potential Output:** approximately 6mn tonnes

- **Rank:** Global- 1<sup>st</sup>

- **Imports (2016):** 600,000 tonnes

- **Major producing states:** Borno, Zamfara, Sokoto, Kano





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# CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Street price	Supermarket price	% difference
Pepsi (50cl)	N120	N100	-20%
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  2.17% to 44,054.72pts
- Consumer goods sub index  2.43% to 1,022.05pts

	Share Prices (₹)	Daily % Change ( Jan 15 – Jan 16)	YTD (%)
Nestle	1480	 0.61	 7.39
Honeywell	3.30	 5.98	 33.55
Flourmill	30.00	 -	 15.17
Cadbury	16.11	 1.41	 8.49
NB	149.49	 0.28	 8.23
Dangote Sugar	21.31	 4.98	 13.98
Unilever	47.02	 0.04	 12.48

# OIL PRICES

- Brent crude ↓ 0.85% to \$69.66pb
- Active U.S rigs increased by 10 to 52 last week
- U.S extends nuclear sanctions relief for Iran
- Iraq reiterates its support for OPEC production cut deal



# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 15 Jan – 16 Jan	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 0.85%	 3.83%	\$69.66pb
WTI	 0.64%	 5.06%	\$63.89pb
NATURAL GAS	 0.68%	 0.42%	\$2.94MBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures up 0.2% to \$4.33/bushel

•Resulting from harsh weather conditions in the U.S

## Corn



•Corn futures up 0.13% to \$3.51/bushel

•Extreme weather conditions in U.S have affected crop outlook

## Cocoa



•Cocoa prices up 1.47% to \$1,927/mt

•After a downward revision of Chile's cocoa output

## Sugar



•Sugar prices up 0.27% to \$0.1477/ pound

•Driven by news of lower Indian output

# OUTLOOK – OIL PRICES



- Oil price rally under threat from shale producers
- Brent oil is likely to trade above \$68pb throughout the week

# OUTLOOK – AGRIC PRICES

## Grains

- Extreme winter in the U.S likely to damage crops

## Softs



### SUGAR

- Forecast for higher Asian production is likely to depress prices

### COCOA

- Positive outlook for West Africa's cocoa production

