

BURNING ECONOMIC ISSUES



- Brent oil price crosses \$70pb threshold to \$71pb
- FAAC up 7.38% to N655bn in January- highest since June 2014



- Naira flat at N364/\$ (parallel market)



- AfDB increases exposure to Nigeria by 33% to \$8bn in 2019



- On grid power up 4.23% to 3,711MWh/hr



Good News



- January average oil price \$68.88pb > \$54.58pb (2017)
- FAAC of N655bn- 3-year high, state govts. to benefit
- Salary arrears likely to be cleared



Bad News



- Fuel scarcity lingers
- Pricing differential across states
- Excess liquidity will put the naira under pressure



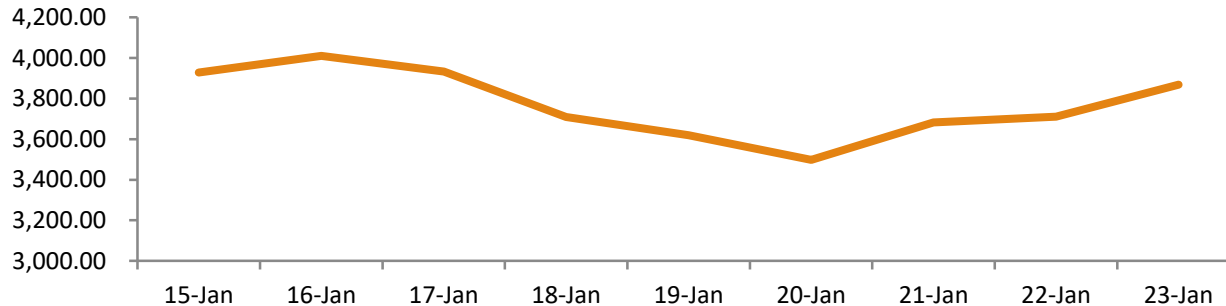
POWER GENERATION ANALYSIS & IMPACT



January 23rd: Average power output was 3,711MWh/hour (Up 156MWh/h)

- Total gas constraint was 2,257MWh/h; transmission constraints was 164MW, frequency management constraints was 291MW, water management constraint was 290MW
- Naira equivalent of power loss: N1.44bn (annualised at N525.6bn)


Avg Power Output (MWh/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) (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 |

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



Every meal starts with us





• Salt (Refined and Iodized) • Seasoning (Cubes and Tablets) • Tomato Paste • Vegetable Oil















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STOCK MARKET

- NSE ASI  0.96% to 43,963.40pts, 3-day loss Σ 2.52% (N390bn)
- Consumer goods sub index  0.47% to 1039.79pts (mixed impact)







| | Share Prices (₹) | Daily % Change (Jan 23 – Jan 24) | YTD (%) |
|---------------|---------------------|--|---|
| Nestle | 1,475 |  0.26 |  5.21 |
| Honeywell | 2.72 |  4.90 |  29.52 |
| Flourmill | 30.00 |  - |  3.45 |
| Cadbury | 15.01 |  6.13 |  4.21 |
| NB | 147.99 |  2.06 |  9.70 |
| Dangote Sugar | 19.98 |  0.10 |  0.10 |
| Unilever | 46.00 |  0.88 |  12.20 |

OIL PRICES

- Brent crude  0.67% to \$71pb, highest since November 2014
- Weak dollar
- Decline in US crude inventory for the 10th straight week
- OPEC-Russia supply cuts



OIL MARKETS TODAY

| COMMODITY | DAILY CHANGE 24 Jan – 25 Jan | YTD | CURRENT PRICE |
|--------------|---|--|---------------|
| O I L | | | |
| BRENT |  0.67% |  6.18% | \$71.00pb |
| WTI |  0.98% |  9.65% | \$66.25pb |
| NATURAL GAS |  0.85% |  17.97% | \$3.48MBtu |

AGRIC COMMODITIES

Wheat



↑ •Wheat futures up 0.47% to \$4.23/bushel

•Driven by stronger import demand for Russian milling wheat.

Corn



↑ •Corn futures up 0.28% to \$3.52/bushel

•Unfavourable weather in the US dampens market expectations for crop harvest.

Cocoa



↑ •Cocoa prices up 0.62% to \$1,941/mt

•Increased demand as cocoa processors take advantage of lower prices

Sugar



↓ •Sugar prices down 0.15% to \$0.1317/ pound

•Driven by increased Asian supply

OUTLOOK – OIL PRICES



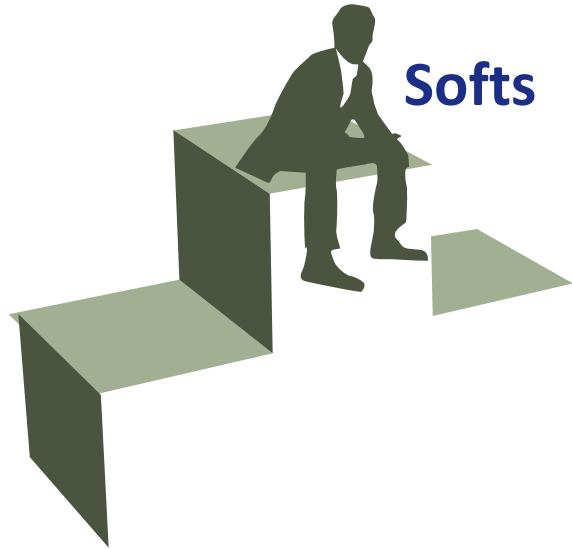
- Oil expected to trade horizontally in January
- US dollar weakness is pushing oil and gold price
- Accelerating global economic growth
- Driving energy demand across continents
- Improved discipline amongst OPEC members

OUTLOOK – AGRIC PRICES

Grains

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

Softs



SUGAR

- The governments of sugar producing countries (India, Pakistan) are looking into measures to control the fall in sugar prices.

COCOA

- Increased cocoa processing will push up demand and price in the weeks leading up to Valentine's Day