

# BURNING ECONOMIC ISSUES



- Brent oil falls sharply to \$62.9pb
  - Loses 10.8% in 2 weeks



- UK provides \$750million in export credit facility to Nigeria



- Naira flat at N363/\$ (parallel)



- On grid power output down 3.7% to 3,597MWh/hr
- Diesel price stable at N190/litre



## Good News

- Mitigates exchange rate exposure for Nigerian SMEs
- Cocoa prices above \$2,000/mt, good for exporters



## Bad News



- Brent at a 2-month low
- Average power output falls below 4000MWh/h
- Fuel scarcity is back ??

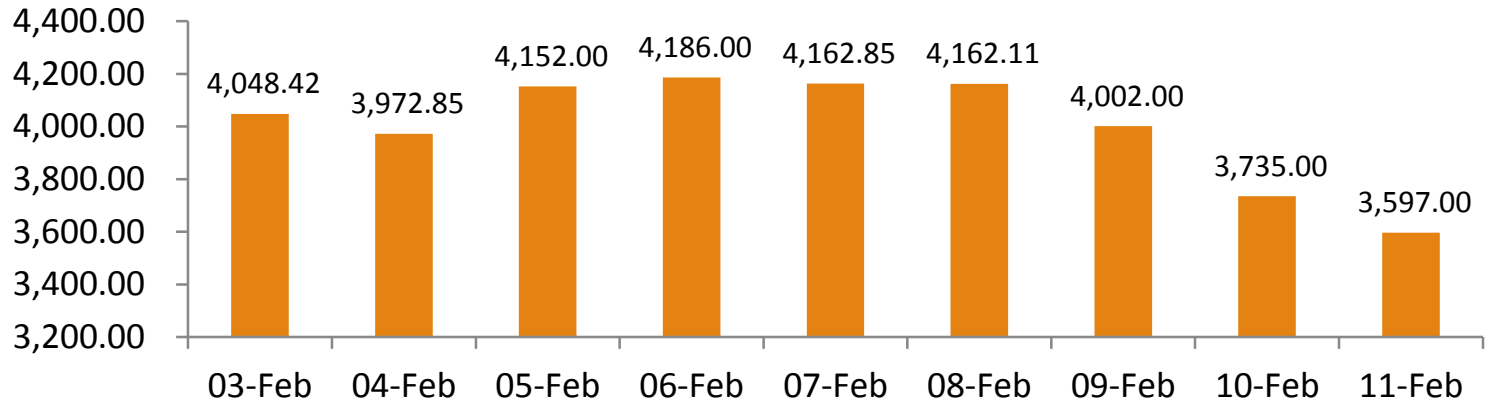
# POWER GENERATION ANALYSIS & IMPACT



February 11<sup>th</sup>: Average power output was 3,597MWh/hour (Down 138MWh/h)

- Total gas constraint was 1,754MWh/h; line constraints: 175; grid constraints was 1,278MW, water management constraint was 145MW
- Naira equivalent of power loss: N1.39bn (annualised at N547.5bn)

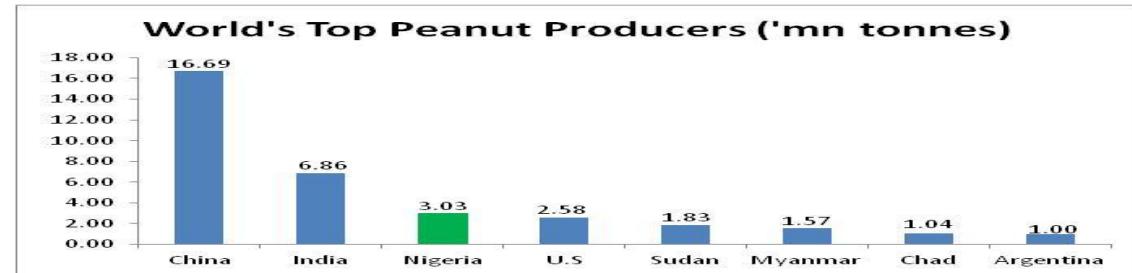
## Power Output MWh/h



# COMMODITY IN FOCUS - PEANUTS (GROUNDNUTS)



- **Planting season:** Spring (March-May)
- **Planting/harvesting lag:** 4-5 months
- **Total global production (2016):** 43.74mn tonnes (\$53.58bn)
- **World's top producers:** China, India, Nigeria, U.S
- **World's top consumers:** China, EU
- **Uses:** boiled, roasted, oil, groundnut cake, groundnut soup



# PEANUTS PRODUCTION IN NIGERIA

**Total production (2016):** 3.03mn tonnes (6.9% of global), valued at \$3.71bn

**Rank:** Global- 3<sup>rd</sup>, SSA- 1<sup>st</sup>

**Potential Output:** 6mn tonnes

Nigeria's peanut output slid 13% in 2016



**Major producing states:** Kano, Kaduna, Taraba, Bauchi, Borno, Adamawa

**Listed FMCG users:** UACN, Flour Mills

# 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)            | N15,500                | N15,500         | ↔                  | N13,400     | N22,000     |
|                 | Flour (50kg)           | N9,500                 | N9,500          | ↔                  | 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      |





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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  0.90% to 42,737.89pts
- Consumer goods sub index  0.95% to 983.40pts







|               | Share Prices<br>(₹) | Daily % Change<br>( Feb 06 – Feb 07)   | YTD (%)   |
|---------------|---------------------|--|---|
| Nestle        | 1,360               |  -   |  12.59 |
| Honeywell     | 2.84                |  3.73 |  35.23 |
| Flourmill     | 31.5                |  3.37 |  8.62  |
| Cadbury       | 14.80               |  -   |  5.55  |
| NB            | 133                 |  2.85 |  1.41  |
| Dangote Sugar | 20.7                |  4.83 |  3.38  |
| Unilever      | 49                  |  0.9  |  19.5  |

# OIL PRICES

- Brent crude  0.6% to \$62.99pb
- After touching \$62.6pb
- Marginal recovery on stronger global equity market
- US output soars above 10mbpd: 40- year high



# OIL MARKETS TODAY

| COMMODITY    | DAILY CHANGE<br>09 Feb – 12 Feb   | YTD  | CURRENT PRICE |
|--------------|---|--|---------------|
| <b>O I L</b> |   |  |               |
| BRENT        |  1.6%  |  4.6%   | \$63.8pb      |
| WTI          |  1.7%  |  0.36%  | \$60.20pb     |
| NATURAL GAS  |  0.77% |  13.22% | \$2.56MBtu    |

# AGRIC COMMODITIES

## Wheat



↑ •Wheat futures up 1.73% to \$4.57/bushel

•Unfavourable weather dampens US production

## Corn



↑ •Corn futures up 1.10% to \$3.66/bushel

• Excess rainfall in Argentina has led to expectations of lower output.

## Cocoa



↑ •Cocoa prices up 0.46% to \$2,070/mt

•Increased demand for chocolates in America and South East Asia.

## Sugar



↑ •Sugar prices up 0.66% to \$0.1364/ pound

Slowdown in India's sales, and higher Pakistan output

# OUTLOOK – OIL PRICES



- Oil expected to trade below January's average price of \$68.9pb
- US production could surpass current top producers- Russia and Saudi Arabia.

# OUTLOOK – AGRIC PRICES

## Grains

- Weaker dollar continues to push up demand for grains

## Softs



### SUGAR

- Concerns of oversupply will continue to weigh on the market

### COCOA

- Increased demand ahead of the Valentine's day holiday is likely to support prices

