

BURNING ECONOMIC ISSUES



- CBN to restrict dividend payout by Nigerian Deposit Money Banks (DMBs)



- World bank to disburse \$486mn for Nigerian power projects

- FGN issues new \$2.5bn Eurobonds (Total Eurobonds = \$7.3bn)



- Brent oil down 0.99% to \$65.02pb



- Naira appreciated by 0.28% to N362/\$ (parallel market)



Good News



- World bank disbursement to boost power supply and transmission networks
- Diesel flat at retail market - N190/litre



Bad News



- On grid power output down 4.28% to 3,960MWh/hr
- Stock market blues as market loses 1.62%

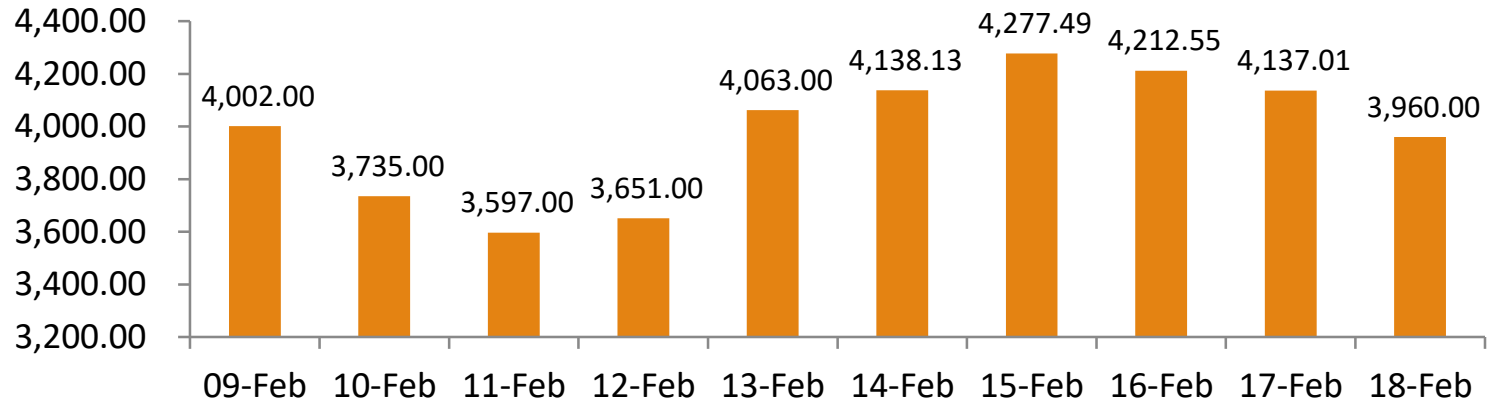
POWER GENERATION ANALYSIS & IMPACT



February 18th: Average power output was 3960MWh/hour (down 177MWh/h)

- Total gas constraint was 1,331MWh/h; grid constraint was 1,684MW, line constraint was 41MW, water management constraint was 290MW
- Naira equivalent of power loss: N1.59bn (annualised at N580.35bn)

Power Output MWh/h



COMMODITY IN FOCUS - PALM OIL



Total global production (2016/2017): 65.8mn tonnes (\$47.11bn)

2017/2018 production forecast: 69.4mn tonnes

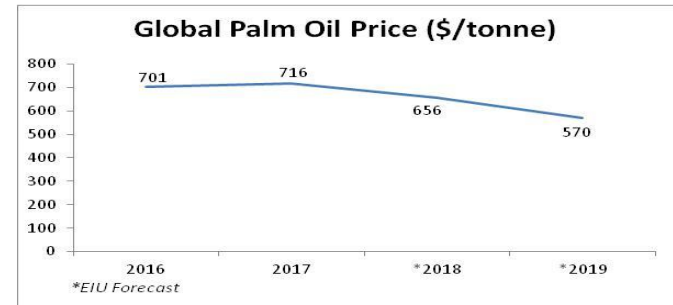
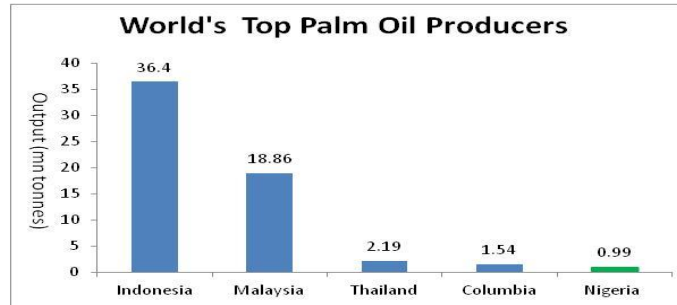
World's top producers: 🇮🇩 Indonesia, 🇲🇾 Malaysia, 🇹🇭 Thailand

World's top consumers: 🇮🇳 India, 🇮🇩 Indonesia, 🇪🇺 EU, 🇨🇳 China



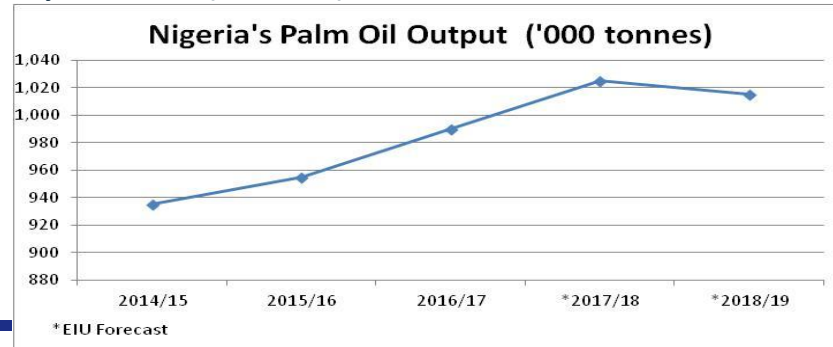
EU projects a 2.7% increase in global palm oil consumption in 2017/18, prices to decline by 8.3% in 2018

Uses: Soap, detergent, margarine, stew, noodles, cosmetics



PALM OIL PRODUCTION IN NIGERIA

- **Palm oil output (2016/2017):** 990,000 tonnes (\$708.84mn), 1.5% of global
- **Rank:** Global- 5th, SSA- 1st
- Nigeria's palm oil production is forecast to reach 1.03mn tonnes in 2018
- **Major producing states:** Akwa Ibom, Cross River, Rivers, Abia
- **Leading players:** Okomu Oil (N71) and Presco Plc (N70.5)
- **Users:** Unilever, PZ Cussons, Dufil Prima Foods
- Agricultural sector grew by 3.06% (Q3'17)





Source: EIU, FDC Think Tank

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  1.53% to 41,988.18pts
- Consumer goods sub index  1.62% to 968.10pts







	Share Prices (₹)	Daily % Change (Feb 16 – Feb 19)	YTD (%)
Nestle	1,341.80	 4.16	 13.77
Honeywell	2.88	 -	 37.14
Flourmill	32.50	 -	 12.07
Cadbury	15.10	 -	 3.64
NB	128.90	 1.60	 4.45
Dangote Sugar	21.90	 -	 9.50
Unilever	49.00	 -	 19.51

OIL PRICES

- Brent crude  0.99% to \$65.02pb
- A dip in Asian stock
- Stronger US dollar
- 51 US oil rigs added so far in 2018 - total rigs 798



OIL MARKETS TODAY

COMMODITY	DAILY CHANGE 19 Feb – 20 Feb	YTD	CURRENT PRICE
O I L			
BRENT	 0.99%	 2.77%	\$65.02pb
WTI	 0.03%	 2.05%	\$61.66pb
NATURAL GAS	 3.40%	 10.43%	\$2.65MBtu

AGRIC COMMODITIES

Wheat



•Wheat futures up 0.42% to \$175.37/ tonne

•Unfavorable weather conditions in the US wheat growing regions

Corn



•Corn futures up 0.20% to \$150.30/tonne

• Dry weather across key producing regions in Argentina

Cocoa



•Cocoa prices flat at \$2,134/mt

•Concerns about hot weather in Ivory Coast

Sugar



•Sugar prices down 1.70% to \$0.1328/ pound

•Growing health concerns

OUTLOOK – OIL PRICES



- Prices expected to trade around current levels
 - Recovery in US equity market
- Resurgence in US crude production remains a potent threat
 - Start of the U.S. refinery turnaround season
- EIA expects total U.S. Production to rise to 10.6 million bpd in 2018
- OPEC may institutionalize cooperation beyond the end of output-cut deal in 2018

OUTLOOK – AGRIC PRICES

Grains

- Weaker dollar continues to push up demand for grains

Softs



SUGAR

- Health concerns and oversupply will continue to weigh on the market

COCOA

- Bearish market expected due to a projected global surplus for the 2017/18 season

