

BURNING ECONOMIC ISSUES



- Q4 and FY'17 GDP numbers released this morning
- New incentives to boost economic growth in March



- Fuel scarcity back across the country, average of N191/litre



- Brent oil down 0.10% to \$67.43pb



- Naira depreciates 0.27% to N363/\$ (parallel), CBN sells \$321.4mn
- On grid power output up 21% to 3,801MWh/hr



Good News



- February rainfall to boost power and agricultural output
- Diesel price stable at N190/litre



Bad News



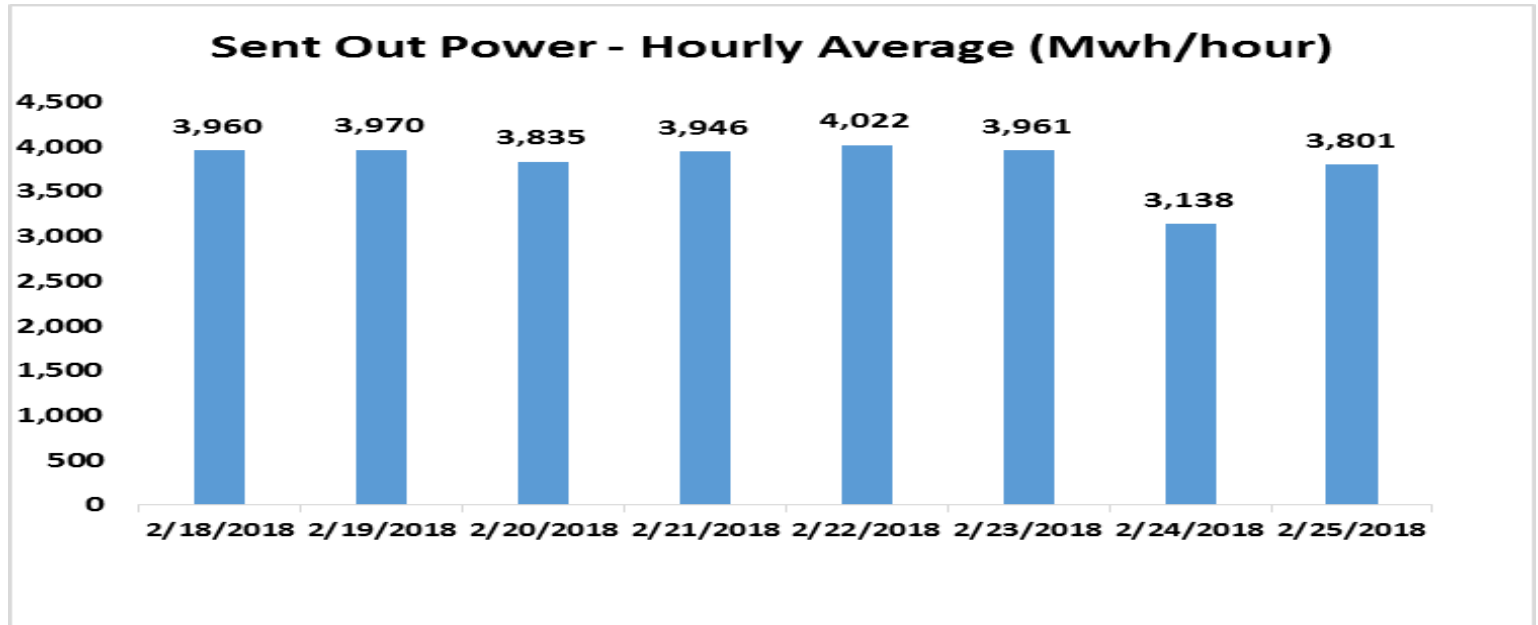
- Fuel scarcity back again
- Average power output below 4000MWh/h

POWER GENERATION ANALYSIS & IMPACT



February 25th: Average power output was 3,801MWh/hour (up 663MWh/h)


- Total gas constraint was 1,102MWh/h; grid constraint was 1,379.5MW
- Naira equivalent of power loss: N1.21bn (annualised at N441.65bn)



DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic

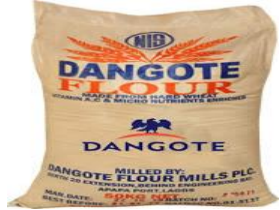
		CURRENT PRICES (LAGOS)			Lagos Price	
Commodities		CURRENT PRICES	PREVIOUS PRICES	DIRECTIONAL CHANGE	1 year Low	1 year High
Price Elastic	Palm Oil (25L) 	N13,000	N13,000	↔	N6,000	N25,000
	Semolina(10kg) 	N1,800	N1,800	↔	N1,800	N3,500
	New Yam(small tuber) 	N400	N400	↔	N400	N900
	Tomatoes (50kg) 	N8,000	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

COMMODITY IN FOCUS - WHEAT

FACTS ABOUT WHEAT



- Planting - harvesting time lag is approximately 10 months
- Global Wheat consumption has nearly tripled since the 1960s to 734.9mn tonnes



- Growth in global Wheat demand has consistently outpaced population growth



- There is a growing attempt to substitute wheat with cassava
- **Uses:** flour, bread, noodles, beer, biscuits, animal feed, pastries

COMMODITY IN FOCUS - WHEAT

- **Total global production (2016/2017):** 754.9mn tonnes (\$159.3bn)

- **Global production forecast (2017/2018):** 757.6mn tonnes

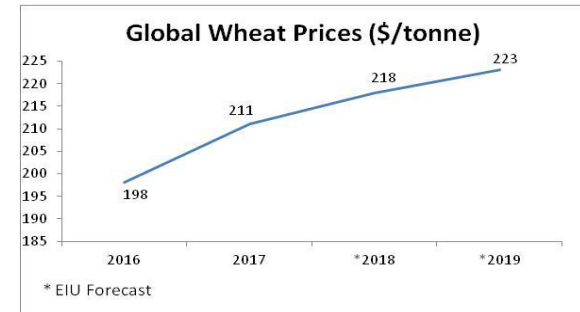
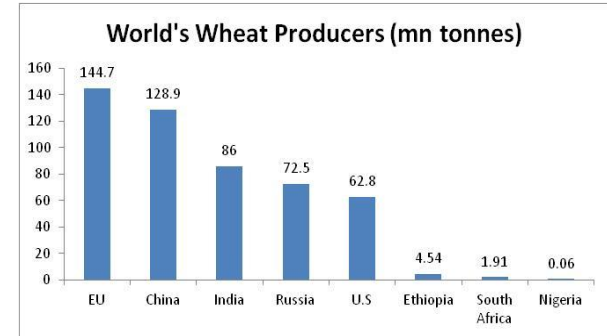
- **World's top producers:** EU, China, India, Russia

- **World's top consumers:** EU, China, India

- **SSA's top consumers:** South Africa, Nigeria, Ethiopia, Kenya

- Correlation between income per capita and consumption

- Wheat price was up 7.1% in 2017. Expected to rise 2.8% in 2018





Every meal starts with us



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

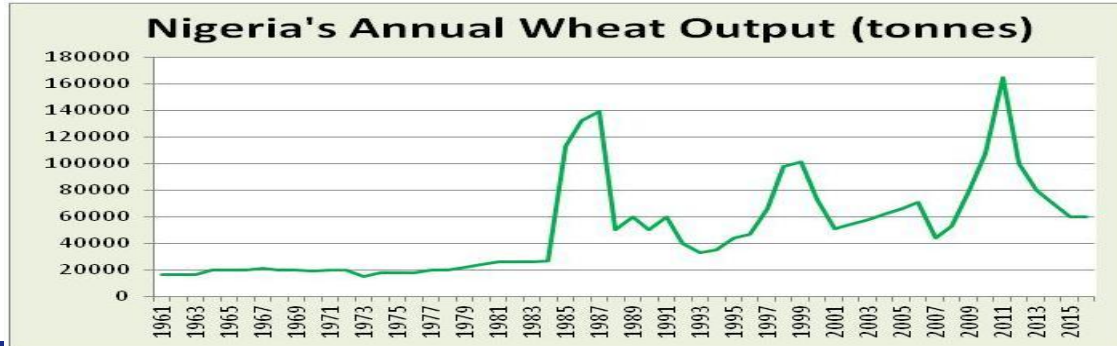
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Available nationwide.

WHEAT PRODUCTION IN NIGERIA

- **Total production (2016):** 60,000 tonnes (\$12.66mn)
- **Nigeria's wheat imports (2016/2017):** estimated at \$2bn
- **Major growing states:** Borno, Yobe, Jigawa
- **Nigeria's wheat demand (2016/2017):** approximately 4.63mn tonnes
- **Demand gap:** 4.57mn tonnes
- **Listed FMCG consumers:** Dangote Flour, UACN





Source: FAOSTAT, FDC Think Tank















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  0.66% to 42,299.56pts
- Consumer goods sub index  1.29% to 958.52pts







	Share Prices (₹)	Daily % Change (Feb 26 – Feb 27)	YTD (%)
Nestle	1,400.00	 1.6	 11.95
Honeywell	2.80	 3.11	 34.29
Flourmill	33.00	 0.46	 12.24
Cadbury	15.85	 -	 1.15
NB	130.10	 0.08	 7.71
Dangote Sugar	21.55	 -	 9.75
Unilever	48.80	 -	 19.02

OIL PRICES



- Brent crude  0.10% to \$67.43pb
- Downward pressure largely due to stronger U.S dollar
- Saudi Arabia reaffirms commitment to output cut deal
- Cold weather in Europe has encouraged refiners to delay maintenance, boosting demand
- Libya is also facing supply disruptions

OIL MARKETS TODAY

COMMODITY	DAILY CHANGE 26 Feb – 27 Feb	YTD	CURRENT PRICE
O I L			
BRENT	 0.10%	 2.98%	\$67.43pb
WTI	 0.11%	 1.52%	\$63.84pb
NATURAL GAS	 0.08%	 11.34%	\$2.618MBtu

AGRIC COMMODITIES

Wheat



↑ •Wheat futures up 0.59%
to \$170.28/ tonne

•Severe cold weather in
Russia is boosting prices

Corn



↑ •Corn futures up 0.27%
to \$149.90/tonne

• Largely driven by
increased speculative
demand

Cocoa



↑ •Cocoa prices up 2.24%
to \$2,194/mt

•On expectations of
lower production from
Ghana

Sugar



↓ •Sugar prices down 0.88%
to \$0.1346/ pound

•Due to ample global
supply and lower demand

OUTLOOK – OIL PRICES



- Delay of refinery maintenance to continue to push up prices in the near term
- Supply disruptions in Libya is also supportive
- U.S Energy Information Administration expects Brent oil to average \$62pb in 2018

OUTLOOK – AGRIC PRICES

Grains

- US corn harvest to fall at its fastest rate in 20 years, supporting possible price rally

SUGAR

- Rising global health awareness will impact demand negatively

COCOA

- Anticipation of lower main-crop harvest in West Africa will boost prices

Softs

