

# BURNING ECONOMIC ISSUES



- New excise duty on alcoholic beverages & tobacco kicks in

- Unemployment data release shelved



- Brent oil up 0.71% to \$75.43pb

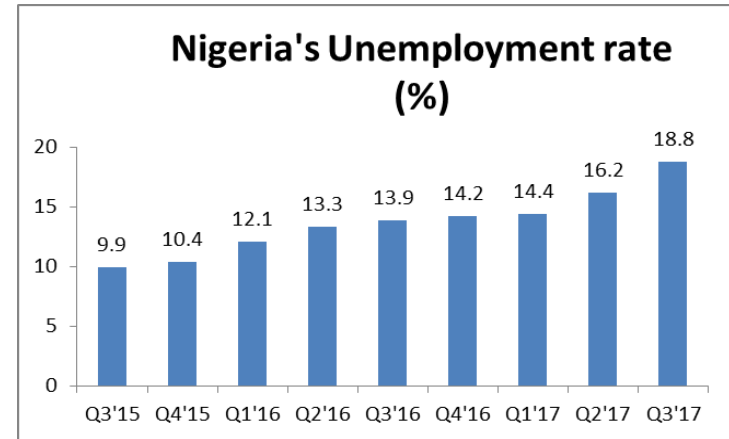


- Naira appreciates 0.27% to N362/\$



- Diesel retail price flat at N230-235/litre

- On-grid output up 9% to 4,004MWh/hr





## Good News



- Improved revenue generation from excise duty would reduce fiscal deficit
- Stock market haemorrhage halted



## Bad News



- Distillers and brewers likely to lay off staff due to reduced demand
- Diesel price stays high, could stoke inflation

# IMPACT ANALYSIS OF EXCISE DUTY

- Excise duty has changed from ad-valorem to specific with rates increased significantly
- Increase will be staggered over next three years

Year	Beer	Spirits
2018	30k/cl	N1.50/cl
2019	35k/cl	N1.75/cl
2020	35k/cl	N2.00/cl

- Prices of 60cl beer  10% to N260
- Price of 60cl stout  10% to N330
- Nigeria produces 18 million hecto litres

# IMPACT ANALYSIS OF EXCISE DUTY

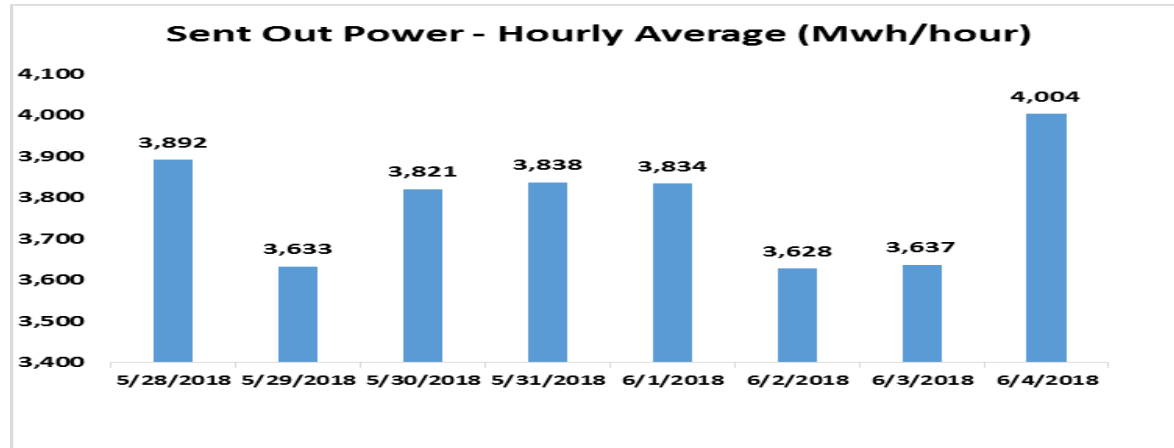


- Nigeria's petroleum tax contribution is low
- Government revenue is declining relative to expenditure, resulting in widening fiscal deficit
- Nigeria's tax-to GDP ratio is 6%, compared with South Africa's 25%

# POWER GENERATION ANALYSIS & IMPACT



- June 04th : Average power output at 4,004MWh/hour (up 367.38MWh/h)
- Total gas constraint was 1,851MWh/h; Grid constraint was 521.5MWh/h; Water constraint was 290MW
- Naira equivalent of power loss: N1.28bn (annualised at N467.2bn)




State	Temperature
Kano	39°C (+4C)
Lagos	32°C (0°C)
Abuja	34°C (+3C)

# 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) 	N10,000	N10,000	↔	N6,000	N25,000
	Semolina(10kg) 	N3,000	N3,000	↔	N1,800	N3,500
	Old Yam(large tuber) 	N1,900	N1,900	↔	N400	N1,900
	Tomatoes (50kg) 	N15,000	N15,000	↔	N8,000	N28,000
Price Inelastic	Garri (50kg) (Yellow) 	N7,000	N7,000	↔	N7,000	N16,000
	Rice (50kg) 	N16,500	N16,500	↔	N13,000	N22,000
	Flour (50kg) 	N10,700	N10,700	↔	N8,500	N11,000
	Sugar (50kg) 	N14,900	N14,900	↔	N8,000	N20,000
	Beans (Oloyin) (50kg) 	N27,000	N27,000	↔	N12,000	N34,000
	Cement (50kg) 	N2,550	N2,550	↔	N1,400	N2,700

Domestic commodity prices remain flat

# CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Street price	Supermarket price	% difference
Pepsi (50cl)	N120	N100	20%
Beer (60cl)	N260	N300	-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  2.46% to 37,854.92pts on June 05<sup>th</sup> .
- Consumer goods sub index  2.78% to 882.48pts







	Share Prices (₹)	Daily % Change ( June 04 – June 05)	YTD (%)
Nestle	1,430.00	 -	 2.83
Honeywell	2.31	 5.00	 21.05
Flour Mills	31.15	 3.49	 13.72
Cadbury	11.50	 -	 14.04
NB	111.30	 5.00	 5.41
Dangote Sugar	18.35	 6.38	 6.36
Unilever	51.55	 0.19	 21.95

# OIL PRICES



- Brent price up 0.71% to \$75.43pb
- Due to lower US crude inventories
- However, prospects of higher US & Russian output weighed on the market
- US production climbed to 10.47 million bpd last week

# OIL MARKETS TODAY

COMMODITY	DAILY CHANGE 04 June – 05 June	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 0.71%	 18.14%	\$75.43pb
WTI	 0.61%	 18.88%	\$65.41pb
NATURAL GAS	 0.14	 4.07%	\$2.88MBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures down 0.25% to \$5.31/bushel

•As India hikes tax on wheat imports

## Corn



•Corn futures up 0.24% to \$4.09/bushel

•On indications of lower production from Brazil

## Cocoa



•Cocoa prices gain 1.12% to \$2,618/mt

•Demand for dark chocolate has increased in the UK

## Sugar



•Sugar jumped 1.65% to \$0.12/pound

•Due to stronger demand in Europe

# OUTLOOK – OIL PRICES



- Prices are likely to trade between the range of \$75pb-\$79pb in the near term
- OPEC set to meet on June 22 to determine extension of production cut deal
- This will determine oil prices in H2'18

# OUTLOOK – AGRIC PRICES

## Grains

- Weather trends in the US will influence prices



## SUGAR

- Prices will continue to strengthen on higher demand

## Softs

## COCOA

- Prices are expected to trade lower in the short term as weather concerns in the US have abated

