

BURNING ECONOMIC ISSUES



- Fed Reserve Bank meets to decide on US interest rates
- Nigeria's external reserves slips 0.78% to \$47.43bn



- Headline inflation to decline to 11.8% in May



- Diesel price surges to N240-N245/litre in Lagos



- On-grid power up 28% to 3,286MWh/hr (Avg power in May- 3,780MWh/hr)
- Brent oil down 0.07% to \$76.41pb



Good News



- Naira flat in spite of a slip in external reserves
- CBN intervenes with \$541.41mn in June so far



Bad News

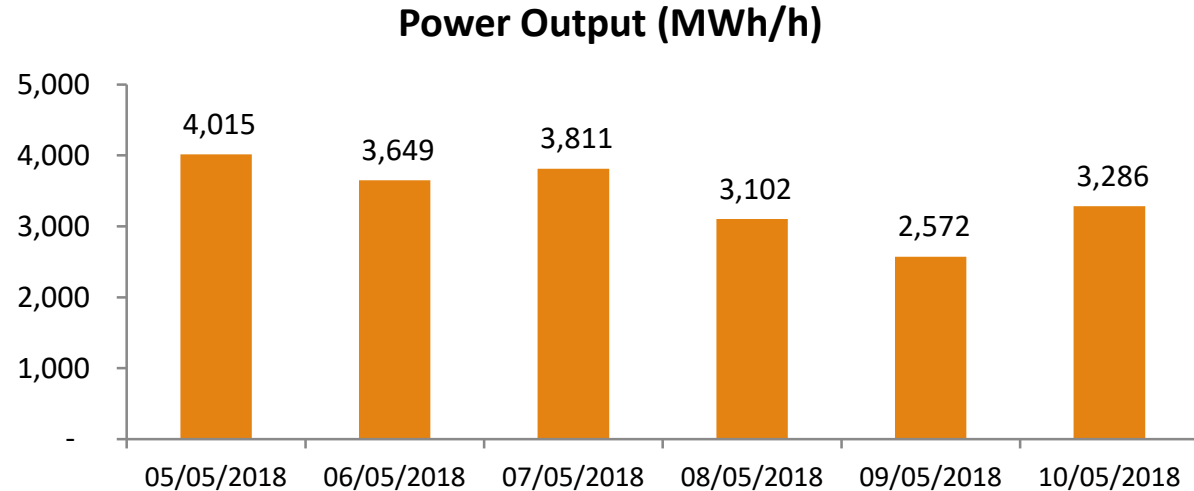


- Increase in Fed funds rate will put additional pressure on the naira
- Diesel price at N240-245/litre will undermine price stability

POWER GENERATION ANALYSIS & IMPACT



- June 10th : Average power output at 3,286MWh/hour (down 529.55MWh/h)
- Total gas constraint was 2,771MWh/h; Grid constraint was 221.4MWh/h; Water constraint was 365MW
- Naira equivalent of power loss: N1.61bn (annualised at N587.65bn)



| State | Temperature |
|-------|--------------|
| Kano | 32°C (+4C) |
| Lagos | 29°C (0°C) |
| Abuja | 29°C (+3C) |

DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic







Price Inelastic

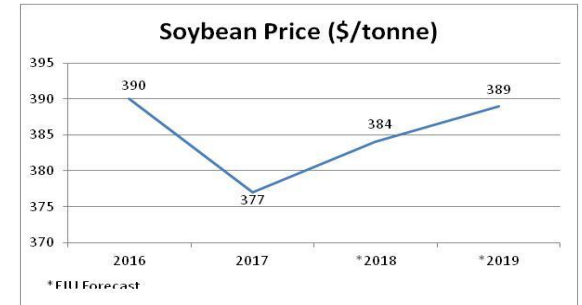
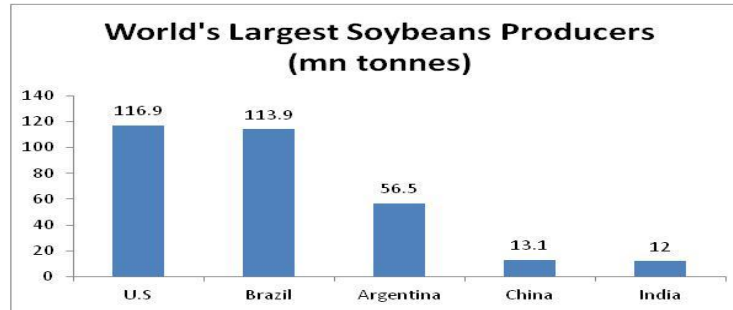
| | | CURRENT PRICES (LAGOS) | | | Lagos Price | |
|-----------------|---|------------------------|-----------------|--------------------|-------------|-------------|
| Commodities | | CURRENT PRICES | PREVIOUS PRICES | DIRECTIONAL CHANGE | 1 year Low | 1 year High |
| Price Elastic | Palm Oil (25L)  | 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


COMMODITY IN FOCUS - SOYBEANS

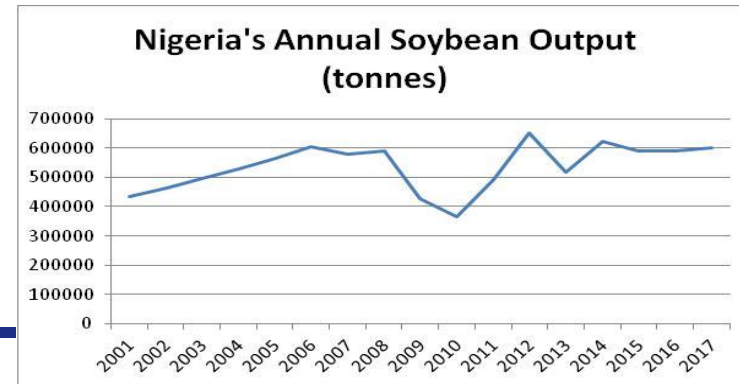


- **Planting-harvesting time lag:** 2 – 3 harvests a year
- **Total global production (2016/2017):** 347.1m tonnes (\$130.8bn)
- 10.8% increase over 2015/2016
- **World 's top producers:**  U.S,  Brazil,  Argentina
- **World's top consumers:**  China,  U.S,  Brazil
- **Uses:** Vegetable oil, animal feed, soy milk, soy flour, biodiesel



SOYBEAN PRODUCTION IN NIGERIA

- **Soybean output:** Approximately 600,000 (0.17% of global output)
- Revenue at \$226.2mn (0.05% of GDP)
- **Rank:** Global: 15th, SSA: 2nd (after South Africa)
- Nigeria's soybean output reached an all time peak of 650,000 tonnes in 2012
- **Production belt:** Benue (44%), Kaduna (27%), Plateau and Niger
- **Users:** Olam, Flour Mills of Nigeria
- FMN Revenue  9.64% to N427.5bn



Source: FAOSTAT, FDC Think Tank



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CONSUMER GOODS – CURRENT PRICE LAGOS

| GOODS | Street price | Supermarket price | % difference |
|--------------------|--------------|-------------------|--------------|
| Pepsi (50cl) | N120 | N100 | 20% |
| Beer (60cl) | N260 | N300 | -15.30% |
| 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  0.45% to 38,844.32 on June 11th .
- Consumer goods sub index  0.36% to 919.02pts







| | Share Prices (₹) | Daily % Change (June 08 – June 11) | YTD (%) |
|---------------|---------------------|--|---|
| Nestle | 1,450.02 |  - |  6.80 |
| Honeywell | 2.31 |  0.40 |  10.00 |
| Flour Mills | 33.00 |  1.90 |  13.79 |
| Cadbury | 12.50 |  - |  20.23 |
| NB | 118.00 |  0.90 |  12.53 |
| Dangote Sugar | 19.90 |  0.05 |  0.50 |
| Unilever | 55.00 |  - |  34.15 |

OIL PRICES



- Brent price down 0.07% to \$76.41pb
- Due to a rise in US oil rig count for the third consecutive week to 862 and weak Chinese demand
- US crude production at a record high of 10.8mbpd
- However, supply disruptions in Venezuela and Nigeria supported the market

OIL MARKETS TODAY

| COMMODITY | DAILY CHANGE 11 June – 12 June | YTD | CURRENT PRICE |
|--------------|---|--|---------------|
| O I L | | | |
| BRENT |  0.07% |  14.34% | \$76.41pb |
| WTI |  0.50% |  9.95% | \$66.43pb |
| NATURAL GAS |  0.71% |  0.78% | \$2.93MBtu |

AGRIC COMMODITIES

Wheat



•Wheat futures down 0.29% to \$5.19/bushel

•On the back of favourable weather condition in US growing regions

Corn



•Corn futures decline by 0.33% to \$3.77/bushel

•As rainy weather in US Midwest pressured prices

Cocoa



•Cocoa prices fall 1.61% to \$2,390/MT

•Due to increased supply from key producing countries

Sugar



•Sugar up 0.40% to \$0.1257/pound

•Amid fears of supply shortage

OUTLOOK – OIL PRICES



- Prices are likely to hover around \$75-76pb
- Possible increase in US Fed rates will put pressure on Oil prices
- OPEC set to meet on June 22 in Vienna to determine extension of production cut deal

OUTLOOK – AGRIC PRICES

Grains

- Favourable weather conditions likely to put pressure on prices



SUGAR

- Short term outlook remains bullish due to thinning supply

Softs

COCOA

- Prices are expected to trade lower due to adequate supply from key producing regions

