

# BURNING ECONOMIC ISSUES



- Brent oil increased by 1.25% to \$73.25pb ahead of OPEC meeting
- Nigeria's total public debt increased 4.5% to \$74.28bn in Q1'18 - DMO



- Public debt now 18% of GDP



- On-grid power down 11.2% to 3,387MWh/hr



- Naira flat at N362/\$ at parallel market despite CBN's sale of \$210mn



## Good News



- Declining diesel retail price (N220/ltr) would reduce logistics & distribution costs

## Bad News



- Capex of \$6.75bn (1.7% of GDP) is insignificant as a stimulant

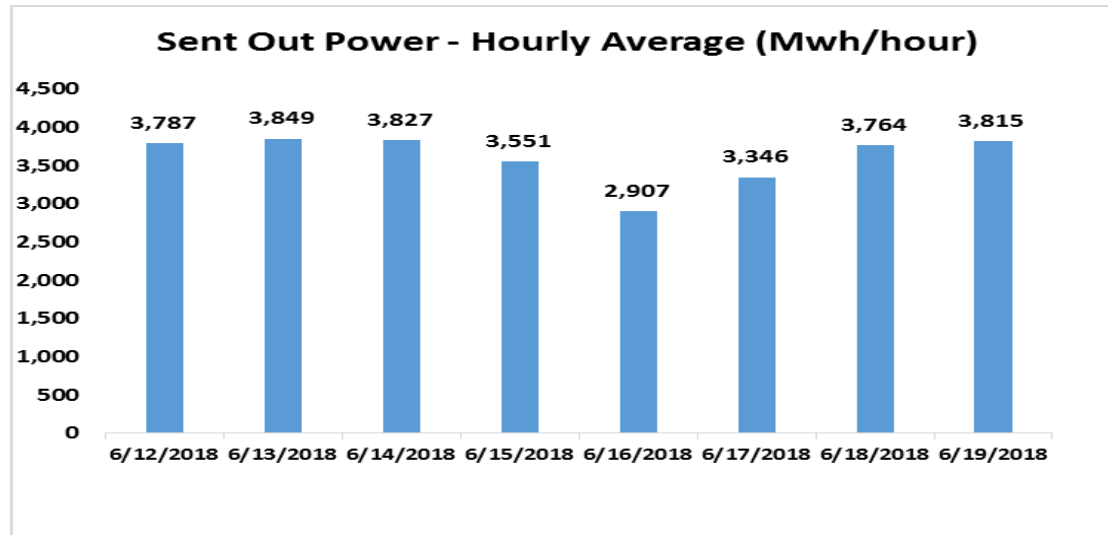


- Prospects of higher global output could weigh on the price of oil
- Average power output stays stubbornly below 4,000MWh/hr

# POWER GENERATION ANALYSIS & IMPACT



- June 20th : Average power output at 3,387MWh/hour (down 428.65MWh/h)
- Total gas constraint was 1,052.5MWh/h; Grid constraint was 2,245.9MWh/h; Water constraint was 140MW
- Naira equivalent of power loss: N1.52bn (annualised at N554.80bn)







State	Temperature
Kano	26°C (+1°C)
Lagos	25°C (0°C)
Abuja	22°C (-1°C)

# 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	-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  1.17% to 38,152.60 on June 21<sup>st</sup> .
- Consumer goods sub index  0.47% to 910.57pts

	Share Prices (₹)	Daily % Change ( June 20 – June 21)	YTD (%)
Nestle	1,495.00	 -	 3.92
Honeywell	2.40	 3.90	 9.81
Flour Mills	31.15	 4.89	 12.59
Cadbury	13.00	 -	 17.04
NB	110.10	 0.09	 14.75
Dangote Sugar	19.40	 -	 5.00
Unilever	55.00	 3.64	 31.15



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# OIL PRICES

- Brent price increased by 1.25% to \$73.25pb
- OPEC and other oil producers have reached a preliminary agreement to boost production by 1 million bpd, despite opposition from Iran.
- Libya has also lost significant storage capacity





# OIL MARKETS TODAY

COMMODITY	DAILY CHANGE 20 June – 21 June	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 1.25%	 13.06%	\$73.25pb
WTI	 1.14%	 9.31%	\$66.29pb
NATURAL GAS	 0.41%	 0.78%	\$2.93MBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures up 1.63% to \$5.45/bushel

•Due to an increase in demand for US wheat

## Corn



•Corn futures decline by 0.55% to \$3.85/bushel

•Driven by a decline in China's corn imports

## Cocoa



•Cocoa prices fall 0.93% to \$2,453MT

•Heavy rainfall in Ivory Coast has boosted the prospects of a strong main-crop harvest

## Sugar



•Sugar prices lose 1.22% in value to \$0.1213/pound

•Due to weak global demand and excess supply

# OUTLOOK – OIL PRICES



- Prices are likely to trade around \$73-76pb
- OPEC set to meet on June 22 in Vienna to determine extension of production cut deal.
- This should determine the direction of prices next week

# OUTLOOK – AGRIC PRICES

## Grains

- Weather patterns in the US would influence prices in the near term



## SUGAR

- Prices to remain bearish due to low demand and ample supply



## Softs

## COCOA

- Higher production from West Africa would depress prices