

BURNING ECONOMIC ISSUES



- OPEC agrees to raise oil production by 1 million barrels per day
- Brent oil up 0.27% to \$74.93pb, despite expectations of higher output



- On-grid power down 16.55% to 3,278MWh/hr



- Naira flat at N362/\$ at parallel market
 - Despite forex intervention of \$70mn on June 22nd



- Electricity workers threaten to strike
- Dangote Cement to issue N150bn commercial papers to fund short term capital requirements



Good News



- Refinancing of bank debt with commercial paper programme will reduce costs of bellwether stock
- This will free up liquidity and could lead to increased bank lending to MSMEs
- Naira stability is positive for trade and other forex-sensitive sectors



Bad News

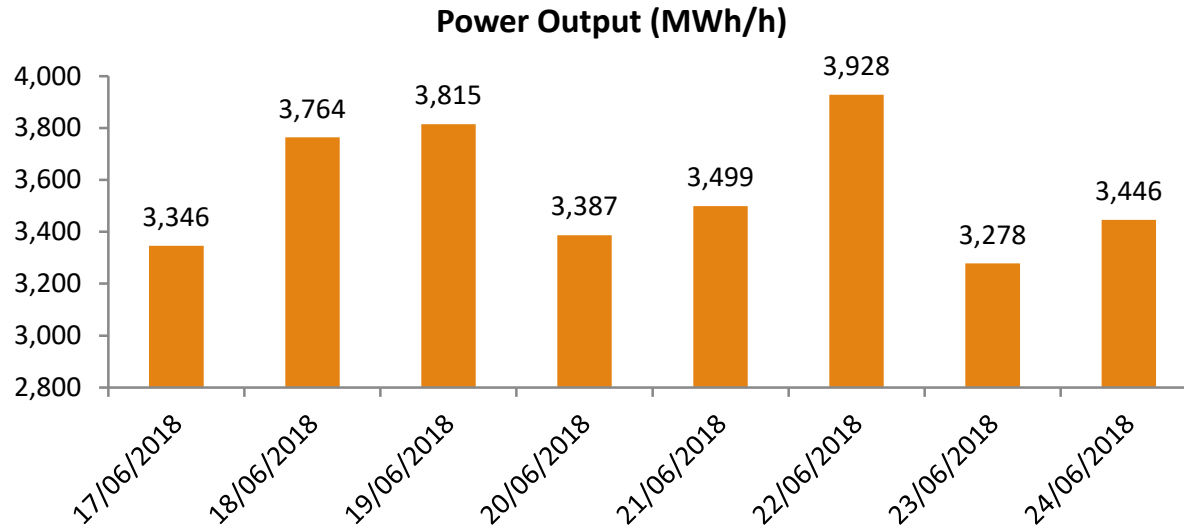


- Expected increase in oil supply would dampen price and FG's fiscal revenue
- Average power output so far in June is 6.3% lower than May's figures
- Herdsmen crisis will disrupt food production in east-central region

POWER GENERATION ANALYSIS & IMPACT



- June 24th: Average power output at 3,446MWh/hour (up 168MWh/h)
- Total gas constraint was 1,586MWh/h; Grid constraint was 1,462MWh/h; Water constraint was 190MW
- Naira equivalent of power loss: N1.66bn (annualised at N565.75bn)




State	Temperature
Kano	35°C (+6°C)
Lagos	29C (+3°C)
Abuja	30°C (+6°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  0.34% to 37,992 on June 25th.
- Consumer goods sub index  0.21% to 901.47pts

	Share Prices (₹)	Daily % Change (June 22 – June 25)	YTD (%)
Nestle	1,490.00	 0.33	 4.24
Honeywell	2.14	 2.39	 1.91
Flour Mills	31.05	 0.16	 7.07
Cadbury	13.00	 -	 17.04
NB	110	 0.45	 18.45
Dangote Sugar	19.00	 -	 5.00
Unilever	51	 0.49	 24.39



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OIL PRICES

- Brent oil gained 0.27% to \$74.93pb
- In the aftermath of OPEC announcement
- OPEC to unwind production curbs and reallocate limits
- Bloc's output to rise by 1mbpd over the next six months



Oil markets today

COMMODITY	DAILY CHANGE 25 June – 26 June	YTD	CURRENT PRICE
BRENT	 0.27%	 12.05%	\$74.93pb
WTI	 0.06%	 13.22%	\$68.54pb
NATURAL GAS	 0.92%	 1.02%	\$2.918MBtu

Agric commodities

Wheat



- Wheat futures down 1.93% to \$183.15/tonne
- Due to improved Australian weather conditions.

Corn



- Corn futures decline by 1.09% to \$145/tonne
- Suppressed by corn friendly weather conditions in the U.S.

Cocoa



- Cocoa prices rise 0.04% to \$2,514MT
- Ivory Coast's policies raise concerns over tightening global supply.

Sugar



- Sugar prices gained 1.64% in value to \$0.1241/pound
- Due to Philippine's governments plans to increase imports

OUTLOOK – OIL PRICES



- Alliance between oil super powers, Saudi Arabia and Russia, could become permanent
- Outage at Syncrude, Canada could lead to a decline in North America's total production in short-term
- Analysts expect global market to remain tight throughout 2018

OUTLOOK – AGRIC PRICES

Grains

- Favourable weather in largest producers (US & Australia) would continue to support bearish movement in grains market



SUGAR

- Soft drink manufacturers worldwide have pledged to cut sugar content, this will soften global demand and keep prices low.

COCOA

- Higher production from West Africa would depress prices

Softs

