

# BURNING ECONOMIC ISSUES



- Headline inflation declines further to 11.23% in June
- MPC to conclude third meeting of 2018 today



- CBN commences auction of Chinese Yuan- (approx. \$833mn p.a.)



- FAAC disburses N668.9bn, after a 3-week delay

- Brent dips 0.16% to \$72.94pb



- On-grid power rises to 3,560MWh/hour



## Good News



- Inflation declines further to 11.23%
- Power output back up on restored grid
- FAAC paid after 3 weeks



## Bad News

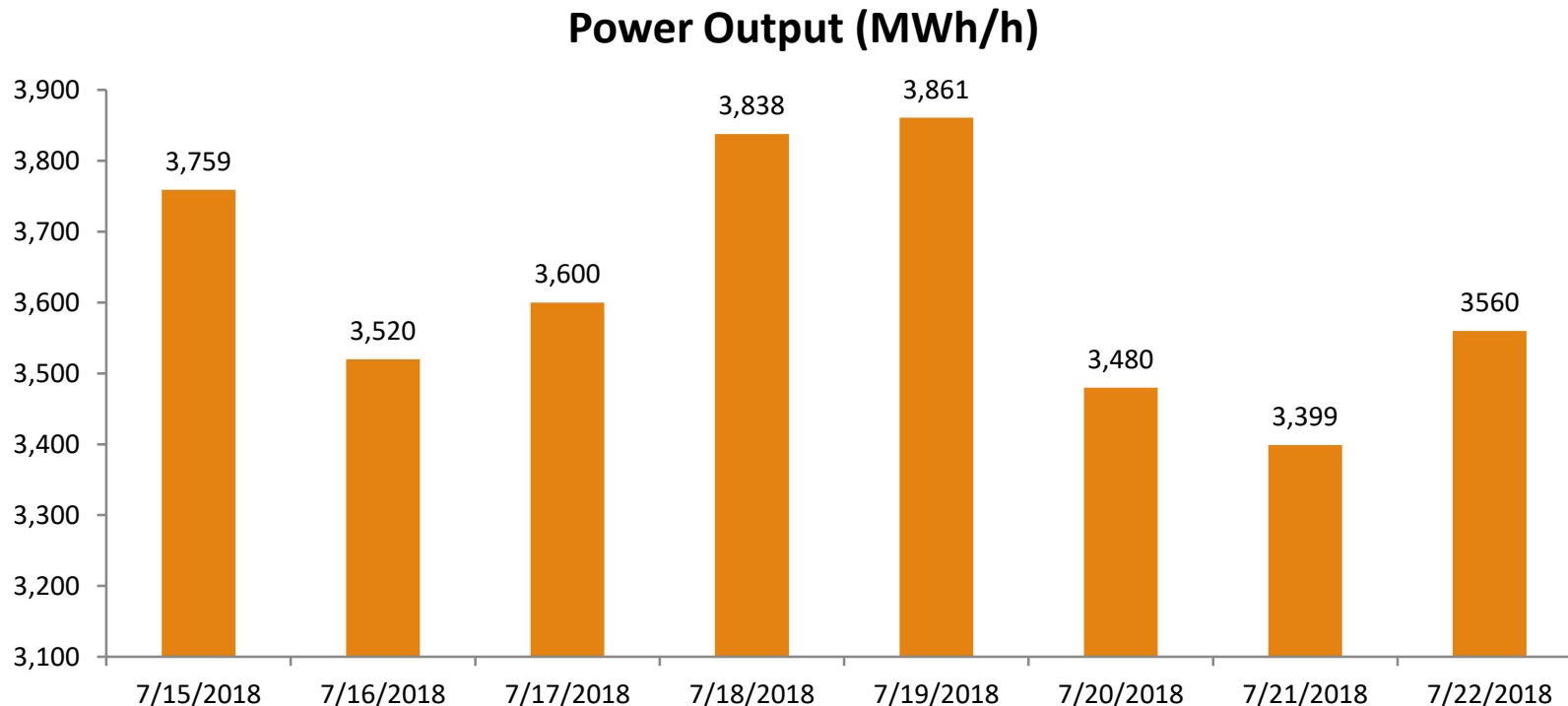


- Month-on-month inflation creeps up to 1.23% (annualized at 15.94%)
- Naira remains flat at N360/\$, falls at IE window to N362/\$
- External reserves slips further to \$47.39bn

# POWER GENERATION ANALYSIS & IMPACT



- July 22<sup>nd</sup>: Average power output at 3,560MWh (up 161MWh/h)
- Total gas constraint was 1,519MW; Grid constraint was 1,225.9MW; Water constraint was 240MWh/h
- Naira equivalent of power loss: N1.43bn (annualised at N521.95bn)






State	Temperature
Kano	34°C (+3°C)
Lagos	28°C (+0°C)
Abuja	25°C (-4°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) 	N12,500	N12,500	↔	N6,000	N25,000
	Semovita(10kg) 	N2,900	N2,900	↔	N1,800	N3,500
	Old Yam(large tuber) 	N1,900	N1,900	↔	N400	N1,900
	Tomatoes (50kg) 	N20,000	N20,000	↔	N8,000	N20,000
Price Inelastic	Garri (50kg) (Yellow) 	N7,500	N7,500	↔	N7,000	N16,000
	Rice (50kg) 	N16,000	N16,000	↔	N13,000	N22,000
	Flour (50kg) 	N11,000	N11,000	↔	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

# 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 food prices remain flat in spite of inflation decline

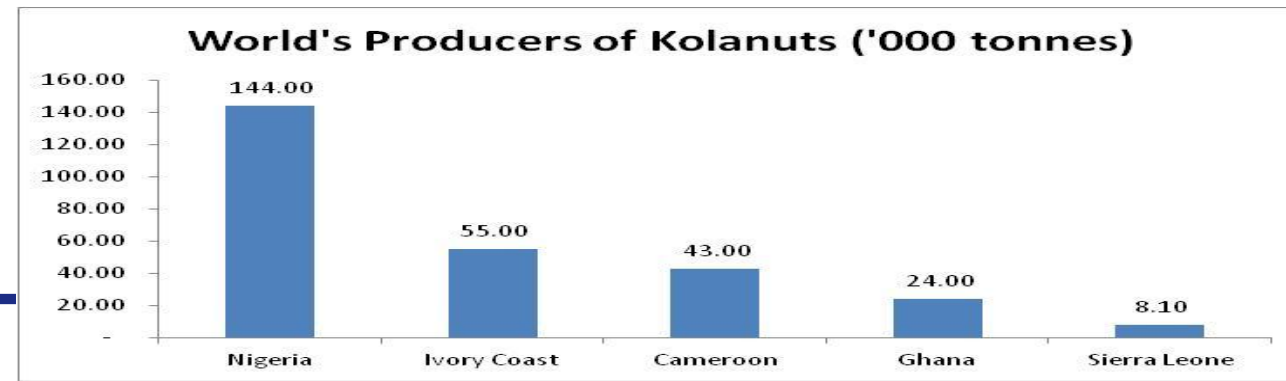
# COMMODITY IN FOCUS - KOLA NUT



- **Planting/harvesting lag:** About 4 years
- **Total global output:** 275,000 tonnes
- **Uses:** nocturnal reading habits (students), athletic performance enhancement (doping)
- **Other uses:** ceremonial consumption, pharmaceuticals, beverages, brewery,

• **World's top producers:**   Nigeria,   Ivory Coast,  Cameroon

• **World's top consumers:**   Nigeria,   Ivory Coast





Every meal starts with us



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

[www.nasconplc.com](http://www.nasconplc.com)

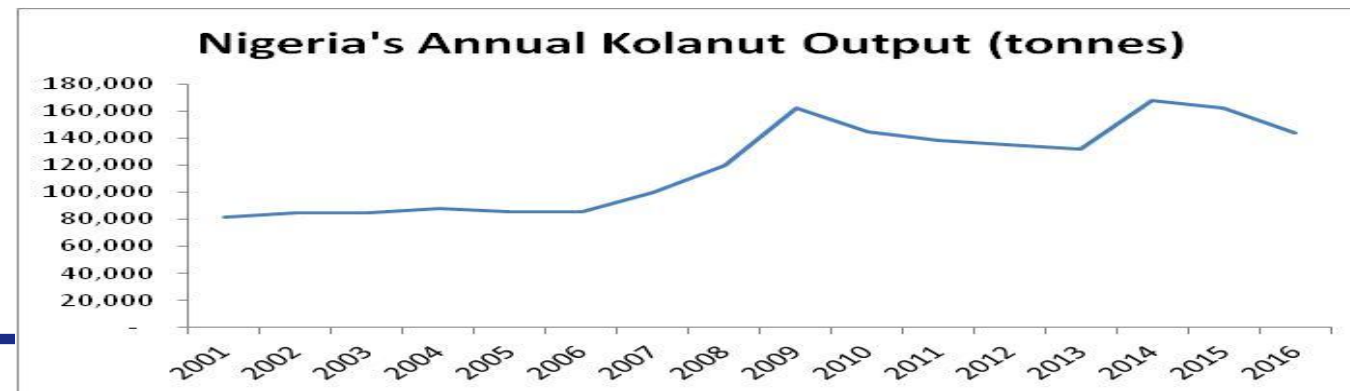


Available nationwide.



# KOLA NUT PRODUCTION IN NIGERIA















- **Output:** 144,000 tonnes (52.4% of global production) (revenue <\$10m annually)
- 11.1% decline year on year
- Highest in the world
- Mainly consumed domestically
- Historically, cattle for Kola nut exchange at Sagamu (Sabo)
- **Major producing states:** Ogun, Osun, Oyo, Kwara
- Consumed mainly in the Northern states (Kano, Kaduna, Sokoto, Katsina)
- **Listed users:** Nigerian Breweries, Guinness
- **Non-listed users:** Coca-Cola





# STOCK MARKET

- NSE ASI  0.30% to 36,711.96 on July 23<sup>rd</sup>
- Consumer goods sub index  0.10% to 859.23







	Share Prices (₹)	Daily % Change (July 20 <sup>th</sup> - July 23 <sup>rd</sup> )	YTD (%)
Nestle	1,430.00	 -	 8.10
Honey Flour	1.9	 -	 9.52
Flour Mills	29.7	 -	 2.41
Cadbury	10.80	 -	 31.08
NB	108.00	 0.47	 19.94
Dangote Sugar	17.7	 -	 11.5
Unilever	52	 -	 26.83

# OIL PRICES



- Brent oil dipped 0.16% to \$72.94pb
- US-Iran tensions extends to the oil markets
  - Trump and Rouhani in Twitter battle
- Iran threatens US with “mother of all wars”
- Iran overtakes Saudi Arabia to become 2<sup>nd</sup> largest oil supplier to India

# OIL MARKETS TODAY

COMMODITY	DAILY CHANGE July 23 <sup>rd</sup> – 24 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	 0.16%	 9.08%	\$72.94pb
WTI	 0.19%	 12.15%	\$67.76pb
NATURAL GAS	 0.26%	 8.14%	\$2.71MBtu

# AGRIC COMMODITIES

## Wheat



•Wheat increased by 0.24% to \$5.17/bushel

• Projected decline in wheat producing countries

## Corn



•Corn went up 0.41% to \$3.71/bushel

• On strong global demand

## Cocoa



•Cocoa prices declined by 0.78% to \$2,304/MT

• Forecasts of weak Indonesian output

## Sugar



•Sugar prices increased by 0.99% to \$0.1123/pound

•Despite upward review of USDA's global sugar surplus forecast

# OUTLOOK – OIL PRICES



- US and Iran tensions may push prices up
- Trump insists on a ban of Iranian oil exports
- Iran threatens to close Strait of Hormuz
- Brent oil prices likely to trade around \$73pb-\$75pb next week

# OUTLOOK – AGRIC PRICES

## Grains

Rising global demand may lead to an increase in prices



## Softs

### SUGAR

- Favourable growing conditions in producing countries may lead to a decline in global prices

### COCOA

- Indonesia's output is projected to decline as farmers switch to other crops

