

# Burning Economic Issues



- Brent oil up 1.74% to \$63.24pb
- LNG jumps to \$4.68/mmbtu – Highest since 2014
- MPC to hold last meeting of 2018 on Wednesday
- External Reserves down to \$41.60bn

Africa's coffee output forecast to double by 2023



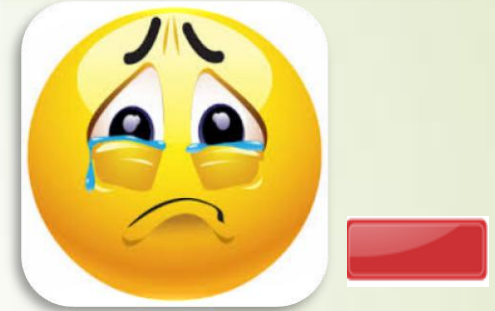
# Impact

## The Goodies



- Windfall from LNG will help compensate for shortfalls in oil revenue

## The Downers



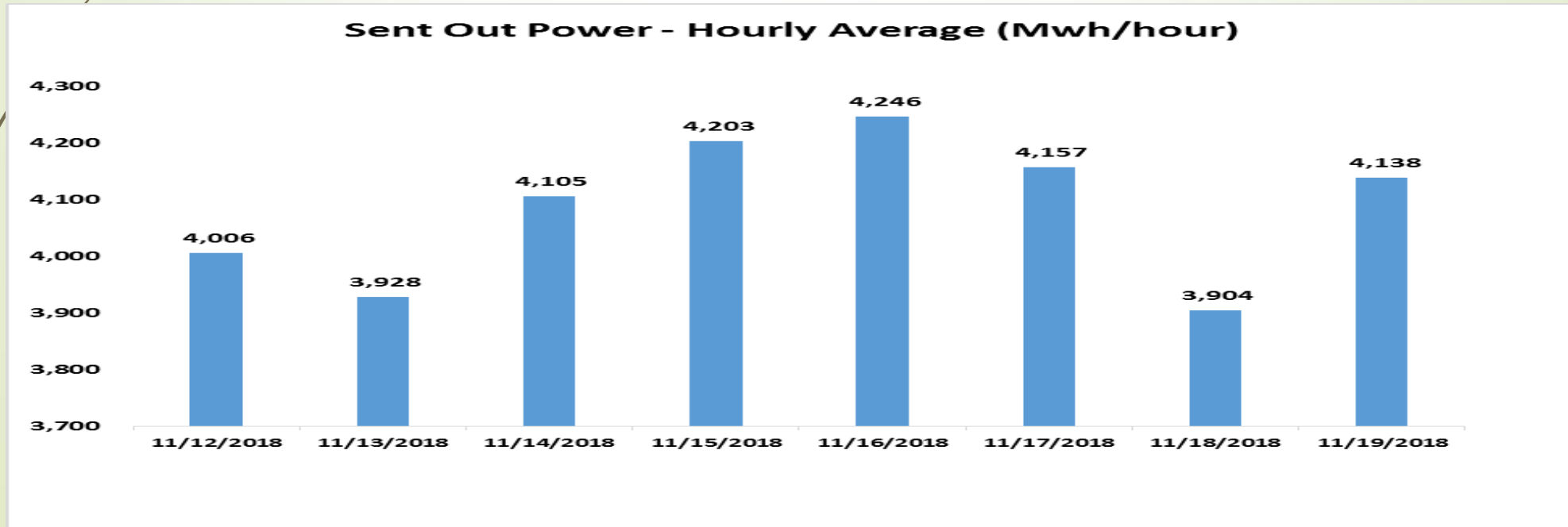
- Diesel price at N255-N260/litre undermines price stability

# Power Sector

November 19<sup>th</sup>





State	Temperature
Abuja	33°C
Kano	27°C
Lagos	31°C

- Average power output: 4,138MW/h (up by 234MW/h)
- Gas constraint stood at 1,270.7MW while grid constraint was at 1,363.6MW. No water constraint
- Naira equivalent of power loss: N1.26billion (annualized at N459.90billion)









# Domestic Commodities Price Movement

## Relatively Elastic Goods

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N10,000	N10,000	↔	N6,000	N25,000
Semovita (10kg)		N2,850	N2,850	↔	N1,800	N3,500
New Yam (medium size)		N400	N400	↔	N400	N1,900
Sugar (50kg)		N14,900	N14,900	↔	N8,000	N20,000

# Domestic Commodities Price Movement

## Relatively Inelastic Goods

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow		N6,500	N6,500	↔	N7,000	N16,000
Rice (50kg)		N16,000	N15,500	↑	N13,000	N22,000
Flour (50kg)		N11,100	N11,100	↔	N8,500	N11,100
Beans (Oloyin)(50kg)		N26,000	N27,000	↓	N12,000	N34,000
Cement (50kg)		N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg)		N12,000	N10,000	↑	N8,000	N20,000

# Consumer Goods – Current price

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

# Commodity in Focus - Coffee

- Total global production (2017/18): Estimated at 9.52mn tonnes (\$27.5bn)



- EIU expects global output to spike 6.5% in 2018/19

- World's top producers: Brazil, Vietnam, Mexico

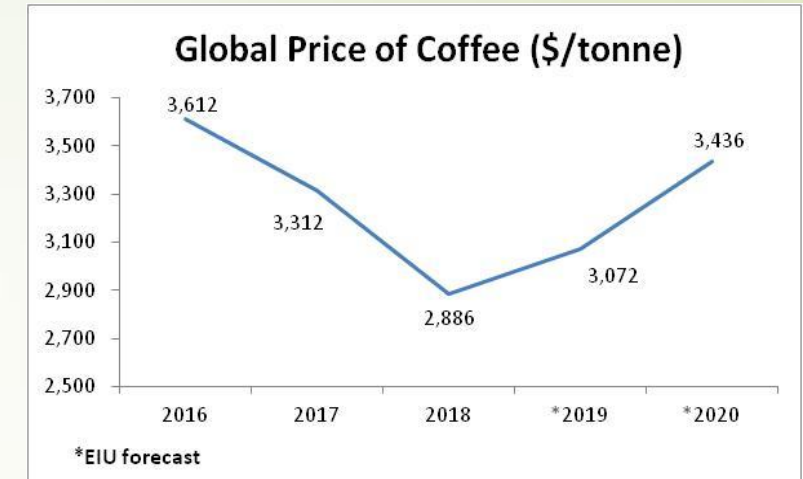
- World's top consumers: U.S, Germany, Brazil

- Use: mainly for coffee beverage, ice cream

- Other uses: skin care, hair beauty, insect repellent, deodorization, nocturnal reading

- Global price of coffee has declined cumulatively by 20% since 2016 to \$2,886/tonne

- EIU expects price to rise 6.4% in 2019



Source: EIU. FDC Think Tank

Introducing...



**BEST VALUE  
FOR MONEY  
BY FAR**

**UP TO 50%  
STRONGER  
AFTER 1 DAY**

**THE KING  
OF CEMENT**  
IDEAL FOR ALL  
**BLOCK & CONCRETE**  
APPLICATIONS



[www.dangote.com](http://www.dangote.com) [facebook.com/dangoteindustries](https://facebook.com/dangoteindustries) [@dangotegroup](https://twitter.com/dangotegroup)



















# Coffee Production in Nigeria

- Total output: 1,900 tonnes (\$5.48mn), 0.02% of global
- Rank: Global- 52<sup>nd</sup>, SSA- 18<sup>th</sup>
- SSA's largest producers are mostly Eastern African countries- Ethiopia, Uganda, Kenya
- Nigeria's potential output: 5,000 tonnes
- Major producing states: Kwara, Bauchi, Osun
- Users: Nestlé (Nescafé), Maxwell House Instant Coffee, Richmond Coffee
- Nestlé Plc's PAT (9M'18)= N33.12bn, 44% y/y ↑
- Share price = N1,480

# Stock Market

- NSE ASI  0.51% to 32,222.24 on November 19<sup>th</sup>
- Consumer goods sub index  1.37% to 736.53pts







	Share Prices (₹)	Daily % Change (November 16 <sup>th</sup> - 19 <sup>th</sup> )	YTD (% Change)
Nestle	1,450	 -	 6.81
Honeywell	1.06	 6.00	 49.52
Flour Mills	16.5	 2.08	 43.10
Cadbury	9.35	 -	 40.33
NB	82.50	 0.61	 38.84
Dangote Sugar	12.45	 0.80	 37.75
Unilever	39.50	 -	 3.66

# Oil Prices

- Brent crude up 1.74% to \$63.24pb
- On increasing prospect of OPEC production cut deal in December
- However, higher US production and lingering Sino/US trade tensions limited price gains



# Oil Markets Today

COMMODITY	DAILY CHANGE November 20 <sup>th</sup> – 21 <sup>st</sup>	YTD	CURRENT PRICE
BRENT	 1.74%	 1.21%	\$63.24pb
WTI	 1.91%	 7.20%	\$54.45pb
NATURAL GAS	 3.47%	 68.66%	\$4.68MBtu

# Agricultural Commodities

## Wheat



- Wheat prices up by 0.15% to \$5.18/bushel
- Amid news of adverse weather conditions in the world's major wheat exporting countries

## Corn



- Corn prices increased by 0.20% to \$1.67/bushel
- Driven by projections of a surge in Chinese corn stocks

## Cocoa



- Cocoa prices down 0.27% to \$2,248/MT
- Due to robust Ivory Coast supplies

## Sugar



- Sugar prices up 0.08% to 0.1294/pound
- Supported by forecasts of a global sugar deficit in 2019/20

# OUTLOOK – Oil Prices



- Oil prices likely to increase this week on rhetoric from OPEC and Russia about possible production cut
- Weekly report on US inventories and production will also influence prices this week
- Trade between \$66-\$68pb

# OUTLOOK – Agricultural Prices

- 
- GRAINS**
- Projected increase in Russia's wheat exports could push prices further down

**SOFTS**

**Sugar**



- Unfavourable weather conditions in key producing states would reduce global supply and increase prices

**Cocoa**

- Robust West African output would continue to depress prices