

# Burning Economic Issues



- Brent oil up 0.10% to \$70.27pb
- FG securitizes state governments' debt owed to contactors (N483bn)
- FPI outflow declines 23% to \$259mn in Q3 – NSE
- Retail diesel price flat at N255/litre
- On-grid power output up 4.4% to 3,968MW/hour
- Naira depreciates to N363/\$ at parallel market

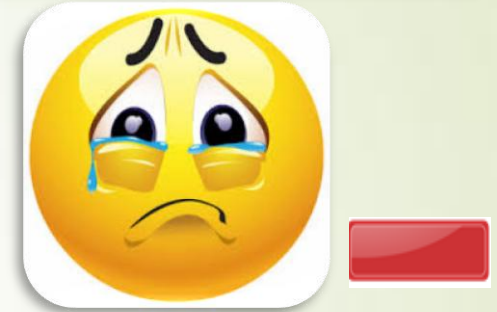
# Impact

## The Goodies



- Contractors would be able to meet their debt obligations
- Declining pace of FPI outflows is positive

## The Downers



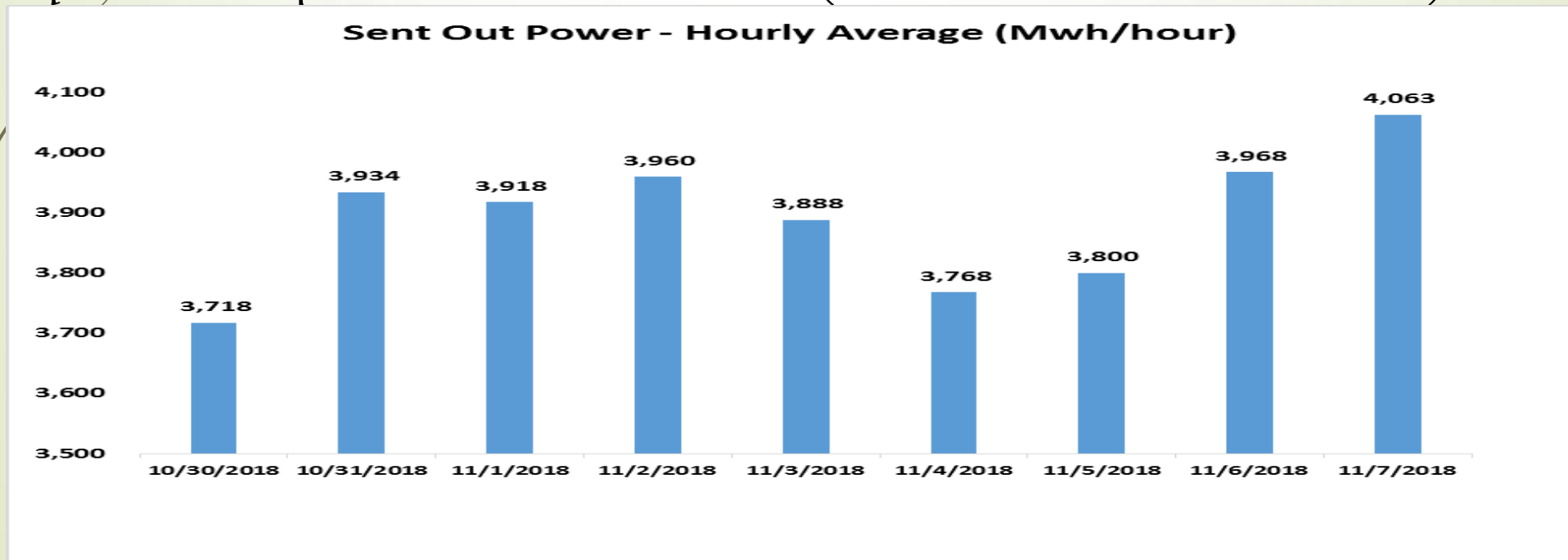
- High diesel price is negative for PPI

# Power Sector

November 07<sup>th</sup>





| State | Temperature |
|-------|-------------|
| Abuja | 23°C        |
| Kano  | 22°C        |
| Lagos | 26°C        |

- Average power output: 4,063MW/h (up by 95MW/h)
- Gas constraint stood at 749.7MW while grid constraint was at 1,800.3MW. No water constraint
- Naira equivalent of power loss: N1.22billion (annualized at N445.3billion)









# 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        | N16,000               | ↔                  | N13,000    | N22,000     |
| Flour (50kg)         |    | N11,100        | N11,100               | ↔                  | N8,500     | N11,100     |
| Beans (Oloyin)(50kg) |   | N27,000        | N27,000               | ↔                  | N12,000    | N34,000     |
| Cement (50kg)        |  | N2,550         | N2,550                | ↔                  | N1,400     | N2,700      |
| Tomatoes (50kg)      |  | N12,000        | N12,000               | ↔                  | N8,000     | N20,000     |

- Prices of most domestic commodities were flat relative to the previous month

# 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

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# Stock Market

- NSE ASI  0.37% to 32,228.50 on November 08<sup>th</sup>
- Consumer goods sub index  0.39% to 725.52pts

|                  | Share<br>Prices<br>(₹) | Daily % Change<br>(November 07 <sup>th</sup> -<br>08 <sup>th</sup> )                       | YTD (%<br>Change)   |
|------------------|------------------------|--|---|
| Nestle           | 1,450                  |  1.40   |  11.31   |
| Honeywell        | 1.09                   |  0.91   |  49.07   |
| Flour Mills      | 15.25                  |  9.23   |  46.07   |
| Cadbury          | 9.90                   |  -      |  36.18   |
| NB               | 81.60                  |  0.12 |  38.92 |
| Dangote<br>Sugar | 13.00                  |  -    |  31.00 |
| Unilever         | 39.50                  |  -    |  2.68  |



# Oil Prices

- Brent crude up 0.10% to \$70.27pb
- Prices were supported by reports that Saudi Arabia and Russia are discussing output cuts
- Concerns about weak global economic outlook and higher US inventories limited price gains
- US crude inventories rose by 7.8 million barrels last week



# Oil Markets Today

| COMMODITY   | DAILY CHANGE<br>November 08 <sup>th</sup> – November<br>09 <sup>th</sup> | YTD      | CURRENT<br>PRICE |
|-------------|--|----------|------------------|
| BRENT       | ↑ 0.10%  | ↑ 12.86% | \$70.27pb        |
| WTI         | ↑ 0.19%  | ↑ 7.46%  | \$60.51pb        |
| NATURAL GAS | ↑ 0.28%  | ↑ 10.85% | \$3.54MBtu       |

# Agricultural Commodities

## Wheat



• Wheat prices down by 0.40% to \$4.98/bushel

• As favourable weather conditions boost US corn yields

## Corn



• Corn prices declined by 0.27% to \$3.64/bushel

• Weighed down by US-China trade tensions

## Cocoa



• Cocoa prices up 0.31% to \$2,301/MT

• Driven by strong global demand

## Sugar



• Sugar prices declined by 1.05% to 0.1318/pound

• Driven by prospects of higher output from India

# OUTLOOK – Oil Prices



- Likely to trade around \$70pb-\$73pb as market assesses impact of US sanctions on Iran's oil exports
- OPEC meeting in December will also influence price direction

# OUTLOOK – Agricultural Prices

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- GRAINS** • Trade rhetoric from US and China likely to influence direction of prices

**SOFTS** **Sugar**



- Weakening fundamentals expected to weigh on prices

**Cocoa**

- Record Ivory Coast harvest expected in the 2018/2019 harvest will likely lead to lower prices