

Burning Economic Issues



- Qatar announces its exit from OPEC – effective Jan. 2019
- Brent rallies 1.38% to \$62.54pb
- Oil marketers give FG 7-day ultimatum to pay outstanding debt
- PMI increases 4% to 58.9 in November - FBN
- US and China declare truce on trade war
- Naira flat at N370/\$ at the parallel market



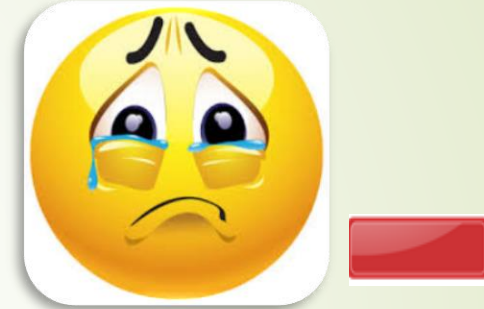
Impact

The Goodies



- Manufacturing activity growth at 11-month high

The Downers



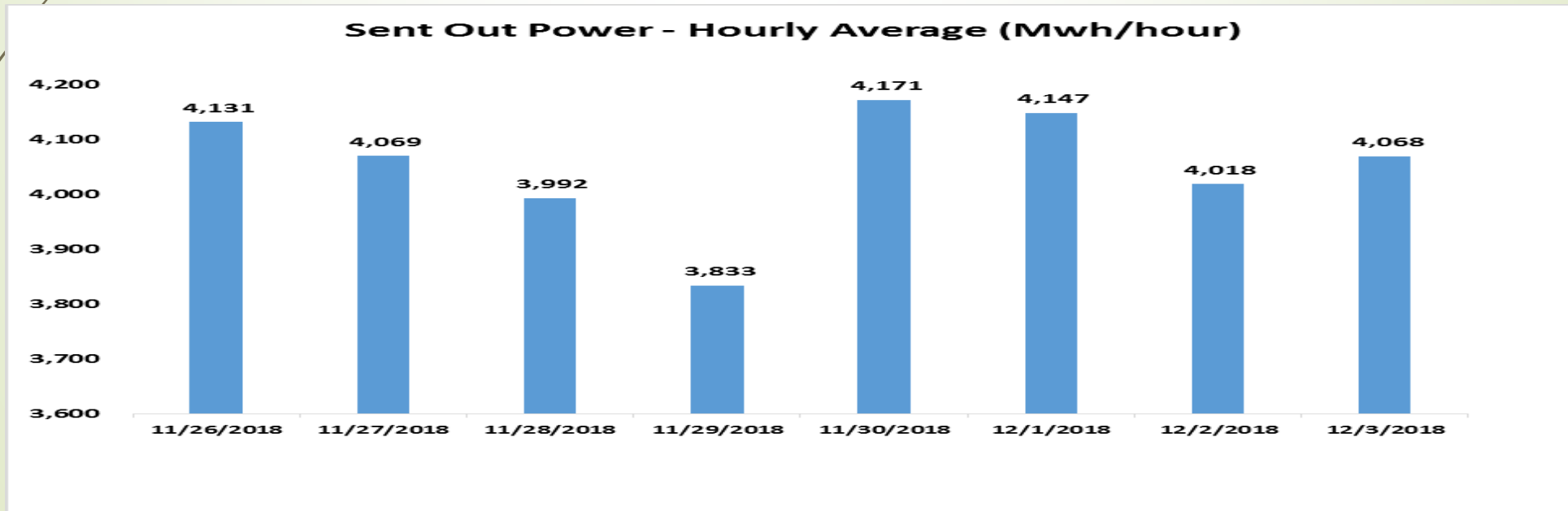
- NSE on the cusp of bear market territory
 - YTD Loss -18.92%
- Weaker naira is negative for imported inflation
- Increase in reserves mainly due to drawdown on Eurobond proceeds

Power Sector

December 3rd





| State | Temperature |
|-------|-------------|
| Abuja | 33°C |
| Kano | 29°C |
| Lagos | 32°C |

- Average power output: 4,068MW/h (up by 50MW/h)
- Grid constraint stood at 202MW while water constraint was at 100MW. There was no gas constraint
- Naira equivalent of power loss: N140million (annualized at N51.10billion)










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) |  | N2,800 | 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) |  | N26,500 | N26,000 | ↑ | N12,000 | N34,000 |
| Cement (50kg) |  | N2,550 | N2,550 | ↔ | N1,400 | N2,700 |
| Tomatoes (50kg) |  | N8,000 | N12,000 | ↓ | N8,000 | N20,000 |
| Pepper (bag) |  | N8,000 | N13,000 | ↓ | N8,000 | N15,000 |

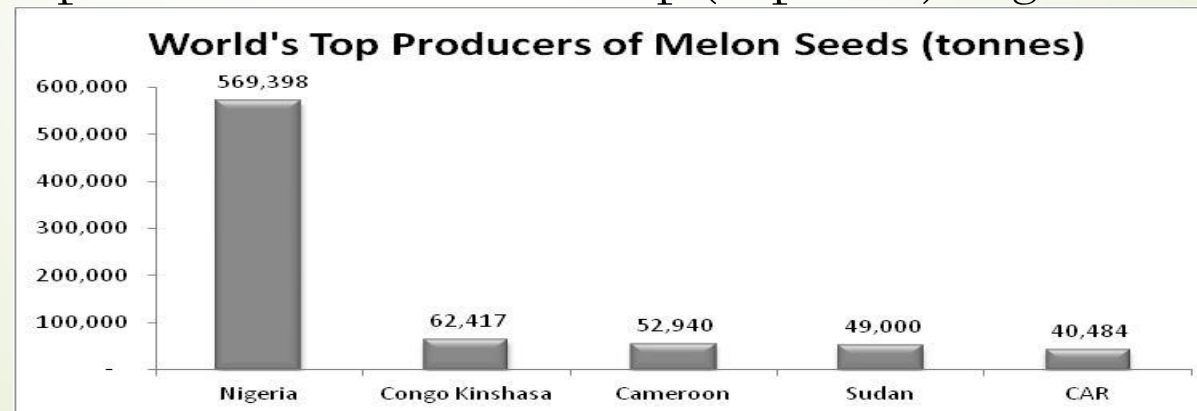
Consumer Goods – Current price

| 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 - Melon Seeds (Egusi)

- Planting/harvesting lag: 3-4 months
- Melon gourds are typically harvested in Q4 (Oct-Dec.)
- Rich in protein and vitamin
- Total global production: Estimated at 921,400 tonnes (\$1.1bn)
- World's largest producers: Nigeria, Congo Kinshasa, Cameroon
- World's top consumers: Nigeria, Sudan, Congo Kinshasa
- Uses: egusi soup, condiment for ewedu soup (in parties), vegetable oil, confectionery



Source: FAOSTAT, FDC Think Tank

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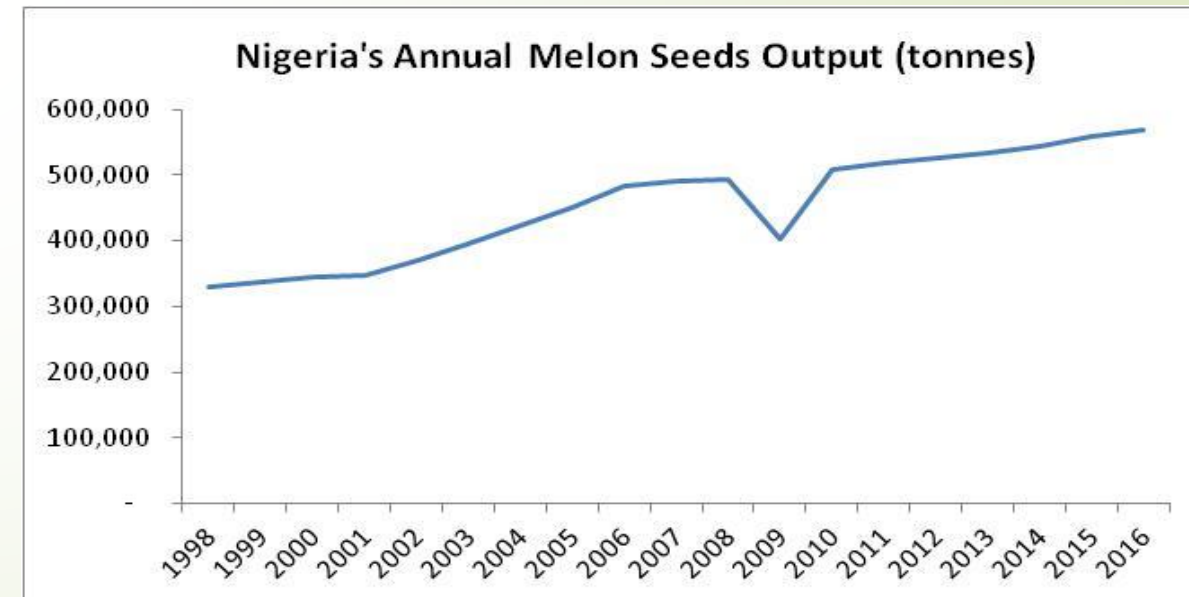


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Egusi Production in Nigeria















- Nigeria's output: 569,400 (\$683mn)
- Approximately 62% of global production
- Rank: 1st globally
- Nigeria's output remains suboptimal in spite of its market dominance
- Potential: 1mn tonnes
- Production areas: Benue, Enugu, Nasarawa
- Users: households, restaurants
- Domestic price = N3,200 per paint bucket
- Price has fallen by 11.1% in the last one month



Source: FAOSTAT, FDC Think Tank

Stock Market

- NSE ASI  0.68% to 31,007.25 on December 04th
- Consumer goods sub index  0.13% to 728.80pts







| | Share Prices (₹) | Daily % Change (December 03 rd –December 04 th) | YTD (% Change) |
|------------------|---------------------|--|---|
| Nestle | 1,485 |  - |  4.56 |
| Honeywell | 1.10 |  1.85 |  45.62 |
| Flour Mills | 20.15 |  0.50 |  30.53 |
| Cadbury | 9.40 |  2.16 |  36.18 |
| NB | 80.00 |  0.50 |  41.44 |
| Dangote Sugar | 13.10 |  0.35 |  33.95 |
| Unilever | 39.50 |  1.00 |  4.66 |

Oil Prices

- Brent crude up 1.38% to \$62.54pb
- Driven by Russia and Saudi Arabia's informal agreement to extend the production cut agreement
- Canada also announced a 7% output cut in one of its major oil fields
- Qatar's exit from OPEC will have a minimal impact on prices as it is a fringe oil producer



Oil Markets Today

| COMMODITY | DAILY CHANGE December 03 rd – December 4 th | YTD | CURRENT PRICE |
|-------------|---|--|---------------|
| BRENT |  1.38% |  9.25% | \$62.54pb |
| WTI |  0.89% |  16.63% | \$53.42pb |
| NATURAL GAS |  5.27% |  59.66% | \$4.63MBtu |

Agricultural Commodities

Wheat



- Wheat prices up 1.41% to \$5.12/bushel
- Amid robust speculative demand

Corn



- Corn prices increased by 0.14% to \$3.69/bushel
- On projections of strong demand for US corn

Cocoa



- Cocoa prices up by 1.76% to \$2,203/MT
- On forecasts of a steady increase in global demand

Sugar




- Sugar prices fell by 0.23% to 0.1284/pound
- On weak global demand

OUTLOOK – Oil Prices



- Brent is likely remain at \$60-\$65pb range this week
- Easing of global trade tensions would support oil demand
- Speculation about the outcome of OPEC's meeting this week would influence prices in the market

OUTLOOK – Agricultural Prices

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- GRAINS**
- Improved demand on the back of the US and China's move to suspend imposition of tariffs on new products

SOFTS

Sugar



- Weak global demand to depress prices this week

Cocoa

- Increased global demand would push prices up and boost Nigeria's export earnings

