Burning Economic Issues

- Budget to be presented on Wednesday
- November inflation inches up marginally to 11.28%
- Oil production drops to 1.74mbpd in November
- Stock market falls into bear market (YTD loss: 20.07%)
- External reserves inches up to $42.80bn

Impact

The Goodies

- External reserves accretion is positive for naira stability- $42.8bn

The Downers

- Quarterly oil revenue to decline as production falls
- Diesel price remains at N260/litre (up 16% since August)

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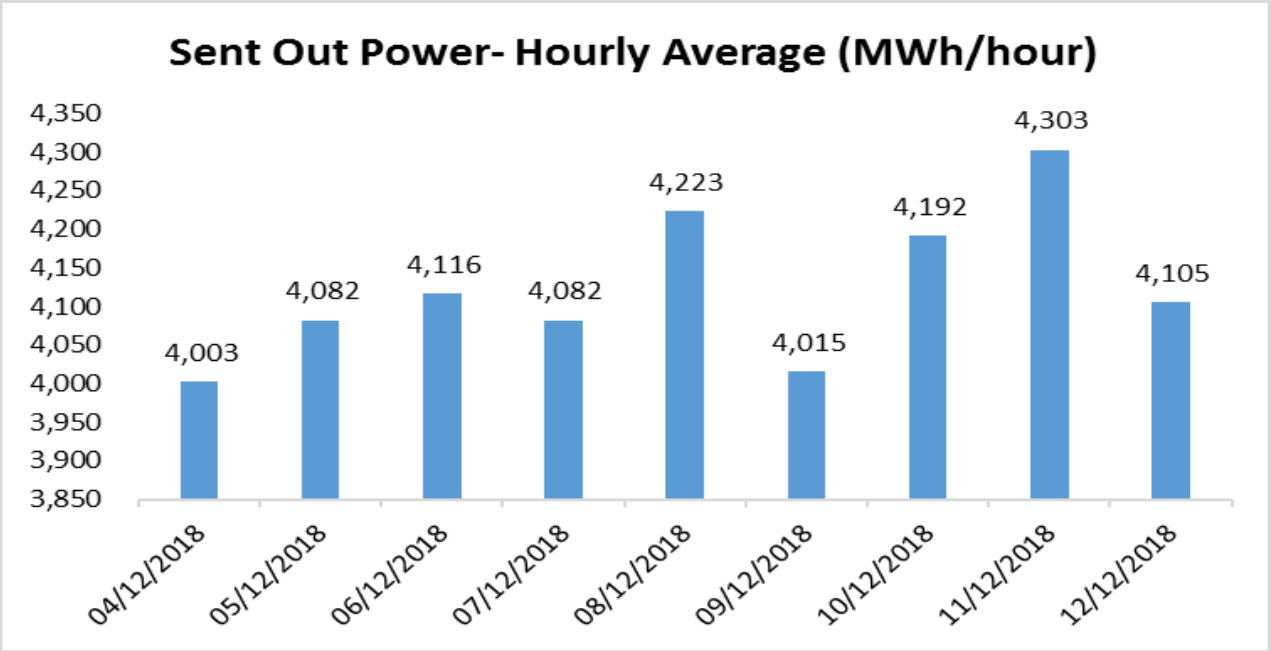
Power Sector

State	Temperature
Abuja	22^0C
Kano	17^0C
Lagos	26^0C

December 12th

- Average power output: 4,105MW/h (down by 198.92MW/h)
- Gas constraint stood at 2,993MW while grid constraint was at 80MW. No water constraint
- Naira equivalent of power loss: N1.48billion (annualized at N540.2billion)



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

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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	↔	N6,500	N16,000
Rice (50kg)	N16,000	N15,500	↑	N13,000	N22,000
Flour (50kg)	N11,000	N11,000	↔	N8,500	N11,100
Beans (Oloyin)(50kg)	N26,500	N26,000	↑	N12,000	N34,000
Cement (50kg)	N2,600	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

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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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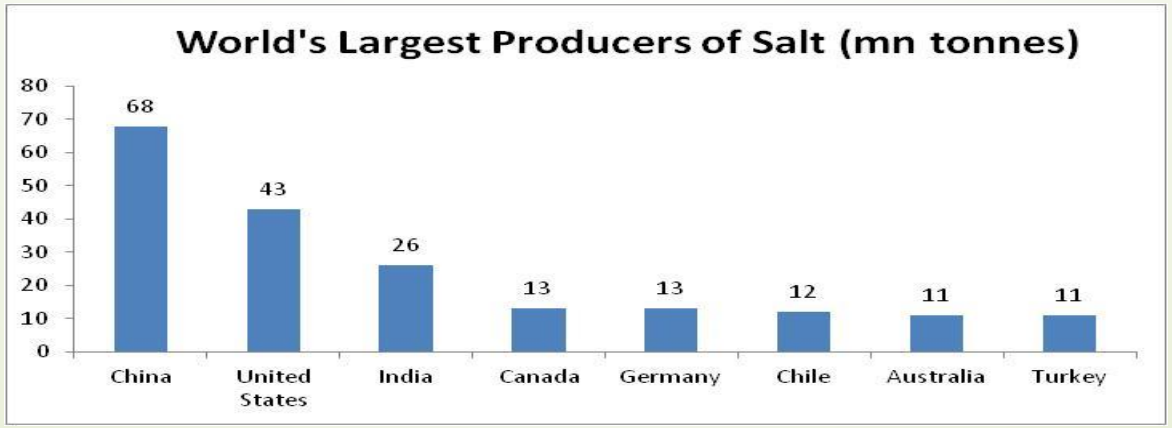
Commodity in Focus - Salt

- **Sources:** sea water, salt mines
- **Total global production:** Estimated at 255mn tonnes ($10.2bn)
- **Top global producers:** China, US, India, Canada
- **Top global consumers:** China, India
- **Uses:** condiment in food and stew, baked foods, food preservation, soaps,
- Constraints to demand: increased health consciousness



Source: FAOSTAT, FDC Think Tank

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Salt Production in Nigeria

- Nigeria is a fringe player in the global salt market
- Output estimated at 10,000 tonnes ($400,000)
- Less than 0.01% of global production
- **Salt locations:** Ebonyi State, Cross River, Anambra
- **Producers:** Nascon, Bayswater Industries Ltd (Mr Chef)
- **Listed users:** Nestle, Unilever, UACN
- Demand mostly met through imports from Namibia, Brazil and USA
- Nigeria's annual salt import bill is estimated at $46.24mn

DANGOTE

NASCON

NATIONAL SALT COMPANY OF NIG. PLC.

Revenue (9M'18): N18.76bn, ⬇9.41% y/y

PAT: N3.79bn, ⬇6.42%

Share Price: N17.90

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Stock Market

- NSE ASI ↓ 0.24% to 30,568.05 on December 13th
- Consumer goods sub index ↓ 0.10% to 719.35pts

	Share Prices (₦)	Daily % Change (December 12th - 13th)	YTD (% Change)
Nestle	1,480	↓ 0.34	↓ 4.88
Honeywell	1.14	↓ 5.56	↓ 45.71
Flour Mills	21.00	↓ 1.87	↓ 27.59
Cadbury	10.00	↑ 0.50	↓ 36.18
NB	76.00	↔ -	↓ 43.66
Dangote Sugar	13.30	↑ 0.76	↓ 33.5
Unilever	38.90	↔ -	↓ 5.12

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Oil Markets Today

COMMODITY	DAILY CHANGE December 13th– 14th	YTD	CURRENT PRICE
BRENT	↑ 2.16%	↓ 8.90%	$60.92pb
WTI	↓ 0.57%	↓ 13.47%	$52.28pb
NATURAL GAS	↓ 1.21%	↑ 37.97%	$4.07MBtu

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Oil Prices

- Brent crude up by 2.16% to $60.92pb
- Amid signs of easing tensions between the US and China
- A drop in US stockpiles has also helped boost sentiment
- OPEC has projected a decline of 3.3% in global oil demand to 31.44mbpd in 2019

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Agricultural Commodities

Wheat

- Wheat prices up by 0.57% to $5.30/bushel
- Despite higher USDA projection in 2018/2019 season

Corn

- Corn prices increased by 0.06% to $3.85/bushel
- As USDA lowered its projection in the 2018/2019 marketing year

Cocoa

- Cocoa prices increased by 2.17% to $2,162/MT
- On strong supply from Ivory Coast

Sugar

- Sugar prices declined by 0.16% to 0.1272/pound
- On expectations of a drop in India's output

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OUTLOOK – Oil Prices

- Weak global demand may offset gains in oil prices
- Brent to continue trading in the range of $60-$62pb

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OUTLOOK – Agricultural Prices

GRAINS

- Increased demand for wheat would drive up prices in the near term

SOFTS

Sugar

- Drop in India's output and exports would push prices up and increase Nigeria's import bill

Cocoa

- Stable Ivory Coast supply would depress prices in the near term

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