

# Burning Economic Issues



- Brent plunges 2.13% to \$53.31pb
- NNPC incurs N623bn as under-recovery in 11M'18
- MTN settles out of court to pay \$52.6mn as against \$8.1bn
- Naira appreciates 0.27% to N364/\$ (parallel market)
- On-grid power up 2.2% to 4,275MWhr/hour as industrial demand falls



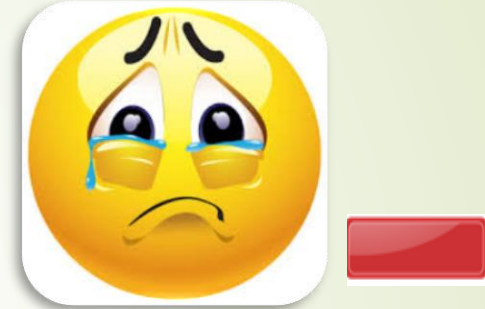
# Impact

## The Goodies



- MTN settlement should reduce investor concerns and portfolio haemorrhage
- External reserves up to \$43.24bn

## The Downers



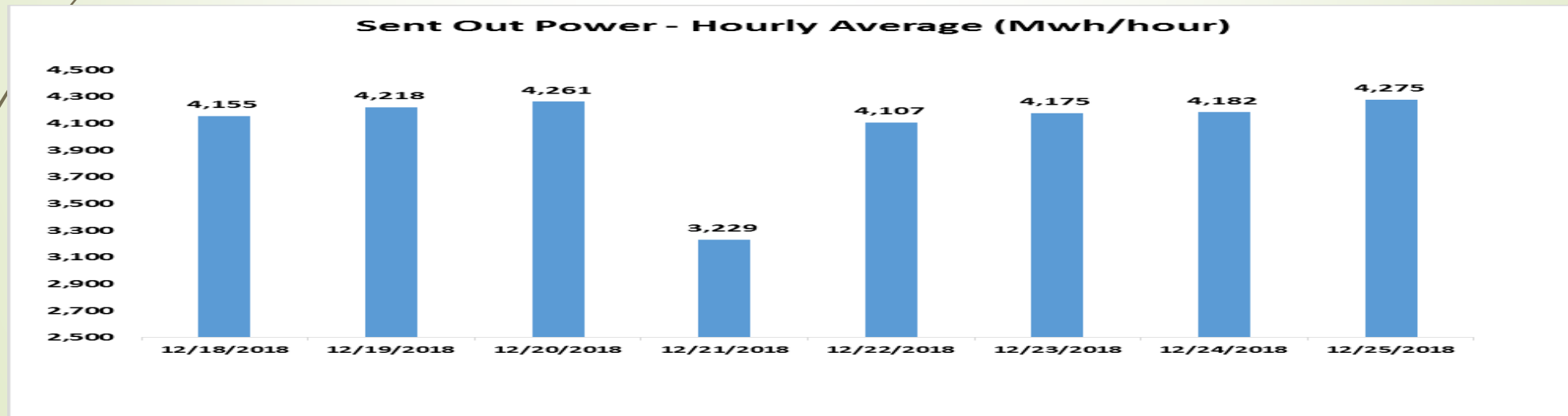
- Oil is set to fall by 10-15% in Q4
- Subsidy of N623bn is 100% above what is apportioned in 2019 budget
- Increase in fiscal deficit is imminent
- Diesel price stays high at N260/ltr

# Power Sector

December 25<sup>th</sup>





State	Temperature
Abuja	33°C
Kano	27°C
Lagos	32°C

- Average power output: 4,275MW/h (up by 93.5MW/h)
- Gas constraint stood at 2,170.5MW while grid constraint was at 907MW. No water constraint
- Naira equivalent of power loss: N1.48billion (annualized at N540.20billion)










# 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

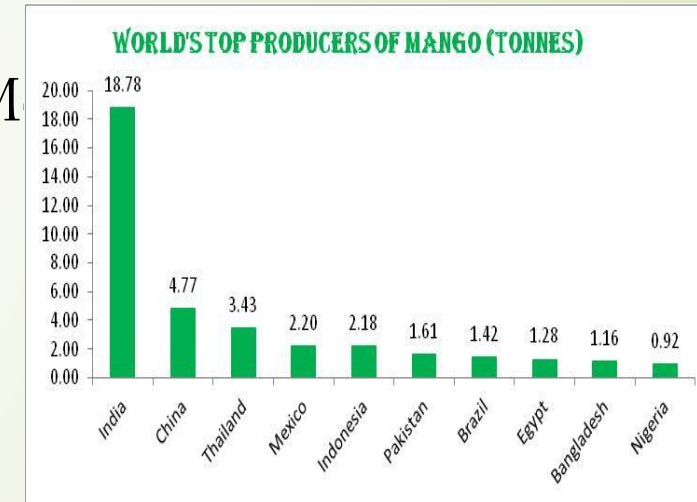
# Domestic Commodities Price Movement

## Relatively Inelastic Goods

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N6,500	N6,500	↔	N6,500	N16,000
Rice (50kg) 	N16,500	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

# Commodity in Focus - Mango

- Planting/fruiting lag: 3-5 years
- Total global production: Approximately 40mn tonnes (\$48bn)
- Mainly produced in India – 47% of global production
- Other world's top producers: China, Thailand, Mexico
- World's top consumers: India, China, Thailand
- Uses: eaten raw, mango juice, chutneys
- Leaves used for traditional medicine & pharmaceuticals



Source: FAOSTAT, FDC Think Tank

# Mango Production in Nigeria

- **Nigeria's output:** Estimated at 917,600 tonnes (\$1.1bn)
- 2.3% of global production
- **Production rank:** Global- 10<sup>th</sup>, SSA- 1<sup>st</sup>
- **Potential output:** Approximately 2mn tonnes
- Can be grown across all states
- **Major producing states:** Anambra, Oyo, Enugu
- Mango harvest season lasts from April to August
- Price of mango ranges from N800-N1,000/ kg



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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

# Oil Markets Today

COMMODITY	DAILY CHANGE December 26 <sup>th</sup> – 27 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 2.13%	↓ 18.93%	\$53.31pb
WTI	↓ 1.75%	↓ 24.16%	\$45.41pb
NATURAL GAS	↓ 1.58%	↑ 24.41%	\$3.49MBtu

# Stock Market

- NSE ASI  0.86% to 31,692.63 on December 27th
- Consumer goods sub index  0.04% to 765.81pts

	Share Prices (₹)	Daily % Change (December 24 <sup>th</sup> - 27 <sup>th</sup> )	YTD (% Change)
Nestle	1,617	 -	 5.53
Honeywell	1.33	 0.76	 41.70
Flour Mills	21.10	 2.09	 26.66
Cadbury	10.00	 -	 36.18
NB	82.50	 0.49	 41.81
Dangote Sugar	15.40	 10.00	 33.5
Unilever	37	 -	 9.76

# Oil Prices



- Brent down 2.13% to \$53.31pb
- Driven by profit taking
- Brent surged 8% on Dec. 26<sup>th</sup>, posting its strongest daily gain in more than 2 year
- However, concerns over 2019 global outlook and scepticism over OPEC production cuts still weigh on the market

# Agricultural Commodities

## Wheat



• Wheat prices down by 0.12% to \$5.24/bushel

• On higher production from the Black Sea region

## Corn



• Corn prices fell by 1.29% to \$3.79/bushel

• Amid threats to production in South America

## Cocoa



• Cocoa prices up by 1.94% to \$2,315/MT

• Despite higher production from Ivory Coast

## Sugar



• Sugar prices increased by 0.49% to 0.1240/pound

• Due to festive demand

# OUTLOOK – Oil Prices



- Brent likely to trade below \$55pb for the rest of 2018
- As concerns of 2019 economic outlook weighs on market
- Effect of OPEC production cut has also failed to manifest

# OUTLOOK – Agricultural Prices

## GRAINS

- Increased global wheat supply in 2018/2019 season would push prices down

## SOFTS

### Sugar

- Strong festive demand should continue to support the market in the near term

### Cocoa

- Robust main-crop harvest from Ivory Coast should keep prices down