

Burning Economic Issues



- IMF revises 2019 GDP growth to 2.0% from 2.3%
- MPC concludes first meeting today – maintained status quo
- Inflation expected to remain high – now at 11.44%
- Stock market dips again after 7-day gaining streak
- Domestic oil production up 0.57% to 1.75mbpd in December
- External reserves flat at \$43.13bn



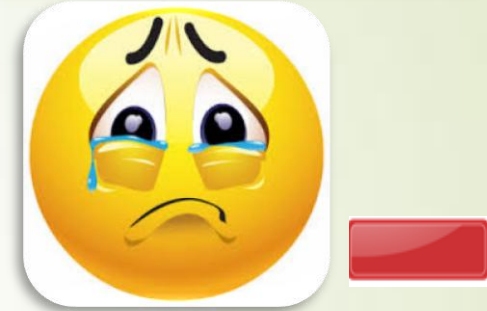
Impact

The Goodies



- Oil price crossed \$63pb before retreating to \$62.18pb
- 7.91% above December average: \$57.62pb
- Reserves flat at \$43.13bn

The Downers



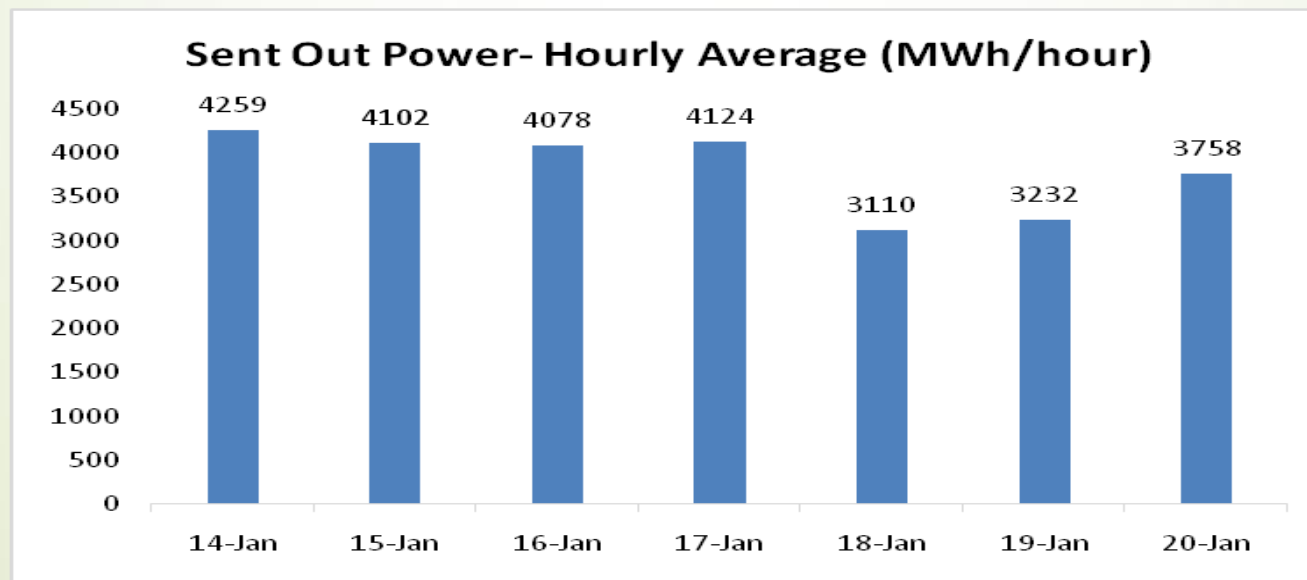
- IMF's 0.3% downward revision is steep
- Stock market reverses direction after 7 days of positive trading

Power Sector

January 21st




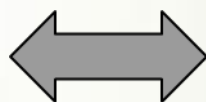
- Average power output: 3,929MW/h (up by 171MW/h)
- Gas constraint stood at 2,034MW, water constraint at 240MW, grid constraint at 248MWh/h
- Naira equivalent of power loss: N1.42billion (annualized at N518.3billion)

State	Temperature(noon-time)
Abuja	33°C
Kano	33°C
Lagos	31°C







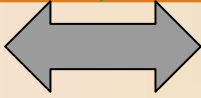







Domestic Commodities Price Movement

Relatively Elastic Products

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	N2,800	↔	N1,800	N3,500
New Yam (medium size)		N500	N400	↑	N400	N1,900
Sugar (50kg)		N14,900	N14,200	↓	N8,000	N20,000

Domestic Commodities Price Movement

Relatively Inelastic Products

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N6,850	N6,500		N6,500	N16,000
Rice (50kg) 	N15,000	N15,500		N13,000	N22,000
Flour (50kg) 	N11,000	N11,000		N8,500	N11,100
Beans (Oloyin)(50kg) 	N20,000	N26,500		N12,000	N34,000
Cement (50kg) 	N2,550	N2,600		N1,400	N2,700
Tomatoes (50kg) 	N6,500	N8,000		N6,500	N20,000
Pepper (bag) 	N5,000	N8,000		N5,000	N15,000

- Commodity prices are bottoming out
- Nearing point of inflection in prices

Consumer Goods – Current price

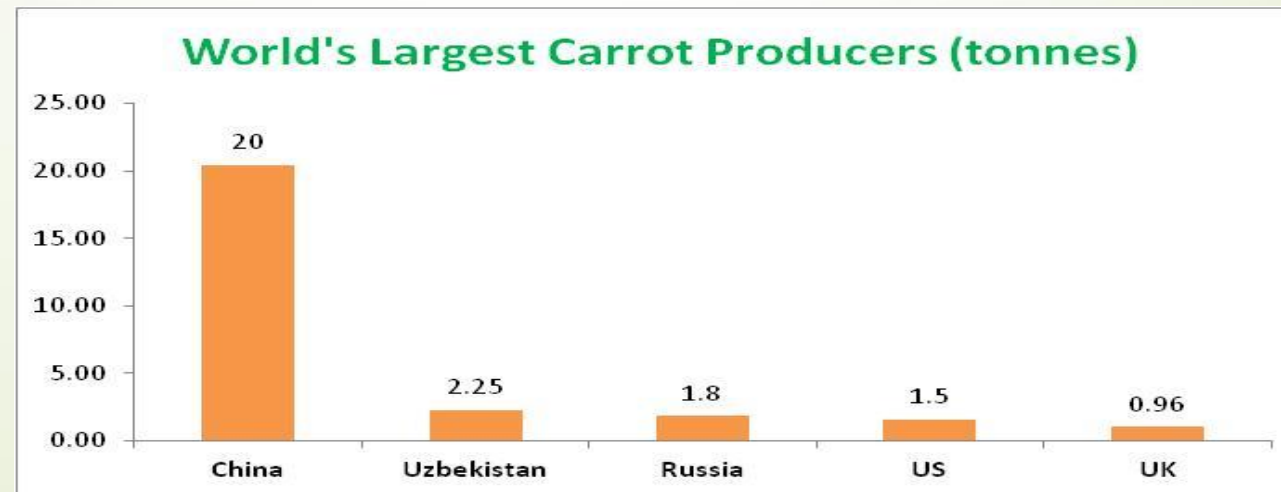
Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N100	0%
Beer (60cl)	N260	N300	-15.30%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N1,900	N2,100	-15.5%
Gala (big size)	N100	N100	0%

Domestic food prices remain flat

Commodity in Focus - Carrots



- Cultivation/maturity lag: 3-4 months
- Grown mostly in temperate areas
- Total global production: Approx. 42mn tonnes (\$50.57bn)
- World's top producers:  China,  Uzbekistan,  Russia,  US
- World's top consumers:  China,  Uzbekistan,  Russia
- Uses: cooking (fried rice, jollof rice, etc), coleslaw, smoothies, bathing soap, body cream



Source: FAOSTAT, FDC Think Tank

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Why carrots are good for you – *“Living well is better than seeing a Doctor”*

- Carrot consumption contains large amount of antioxidants
- Reduces the risk of cancer and cardiovascular diseases
- Regulates blood sugar and protects against high blood pressure
- Positive correlation between carrot consumption and life expectancy
- Global average life expectancy of consumers - 72 years



Top Consumers	Life expectancy (years)
China	76.4
Uzbekistan	72.3
Russia	71.9

Top Consumers	Life expectancy (years)
Nigeria	53.6
Swaziland	48.8
South Africa	57.9

Source: World population review, FDC Think Tank

















Carrot Production in Nigeria

- **Nigeria's output:** Approx. 225,000 tonnes (\$270.9mn), 0.55% of total global production
- **Rank:** Global: 32nd, SSA- 1st
- **Potential output:** Approx. 600,000 tonnes
- **Mostly produced in Northern Nigeria**
- **Major producing states:** Plateau, Kano, Kaduna, Sokoto
- **Production is concentrated in violence prone states**
- **Users:** households, caterers, restaurants (Tantalizers, Mr Bigg's, The Place, etc)









Stock Market

- NSE ASI  0.88% to 30,732.72 on January 21st
- Consumer goods sub index:  at 723.85pts

	Share Prices (₦)	Daily % Change (January 18 th – 21 st)	YTD (% Change)
Nestle	1,450	 -	 2.36
Honeywell	1.24	 -	 3.13
Flour Mills	19.45	 -	 15.8
Cadbury	10	 -	 -
Dangote Sugar	14.5	 -	 4.92
Unilever	37	 -	 -
Ikeja Hotels	1.52	 -	 0.65
Newrest ASL	7.15	 -	 9.49

Oil Markets Today

COMMODITY	DAILY CHANGE January 21 st – 22 nd	YTD	CURRENT PRICE
BRENT	 1%	 15.58%	\$62..18pb
WTI	 0.96%	 17.76%	\$53.38pb
NATURAL GAS	 0.3%	 12.93%	\$3.32MBtu

Oil Prices

- Brent crude down 1% to \$62.18pb
- On reports of a weak economic growth in China
- And a projection of a slowdown in global GDP growth



Agricultural Commodities

Wheat



- Wheat prices up by 0.97% to \$5.18/bushel
- Due to lower global supply

Corn



- Corn prices up by 0.53% to \$3.82/bushel
- On strengthened global demand

Cocoa



- Cocoa prices down by 1.2% to \$2,371/MT
- Amid lower global demand for chocolate

Sugar



- Sugar prices increased by 1.4% to 0.1303/pound
- On a projection of lower output in India, 4th largest exporter of sugar

OUTLOOK – Oil Prices



- OPEC supply cut to keep the market bullish in the near term
- Brent to trade within the range of \$60-\$65pb

OUTLOOK – Agricultural Prices

GRAINS

- Corn prices to be bullish in the near term due to arid weather conditions in Brazil and Argentina

SOFTS

Sugar

- Forecasts of a decline in Indian's 2018-2019 sugar output will push prices up in the near term

Cocoa

- Weak global chocolate demand to depress cocoa prices
- This would weigh on Nigeria's export earnings