

Burning Economic Issues



- Brent jumped by 2.70% to \$61.55pb
- LNG has plunged 23% to \$2.90/mmbtu in the past 2 weeks
- January FAAC drops 20.12% to N649.2bn due to lower oil sales
- External reserves up 0.14% to \$43.17bn
- US Fed to hold first FOMC meeting of 2019 on Jan 29/30
- US & China to hold further trade talks later this week



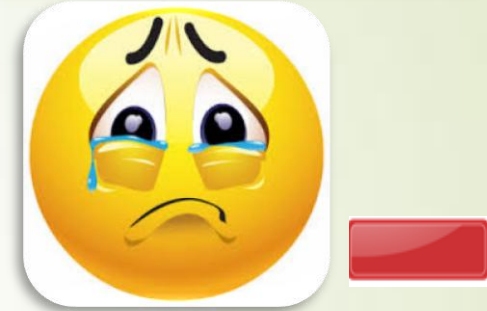
Impact

The Goodies



- Retail diesel price down 2% to N235/litre

The Downers



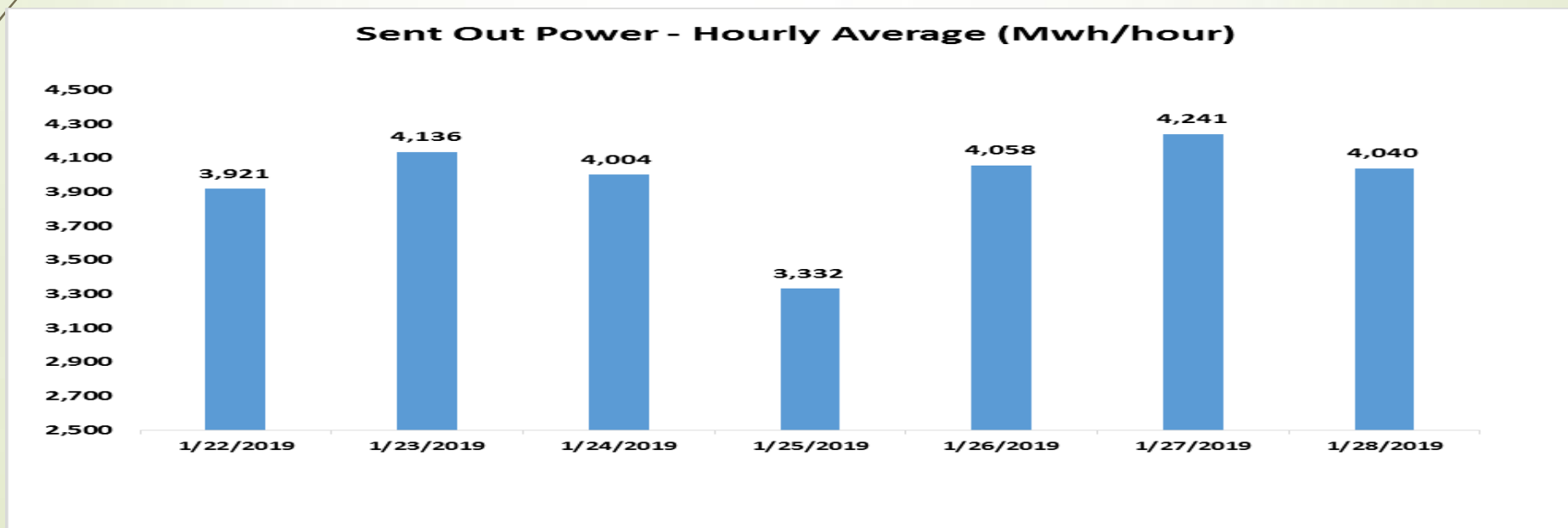
- FAAC at 8-month low – N649.20bn
- State govts' capacity to implement minimum wage impaired

Power Sector

January 28th




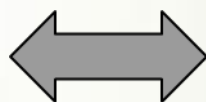




State	Temperature(noon-time)
Abuja	27°C
Kano	22°C
Lagos	28°C

- Average power output: 4,040MW/h (down by 201MW/h)
- Gas constraint stood at 2,306.5MWh/h and grid constraint at 222MWh/h.
There was no water constraint.
- Naira equivalent of power loss: N1.21billion (annualized at N441.65billion)







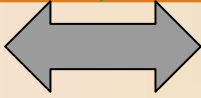







Domestic Commodities Price Movement

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

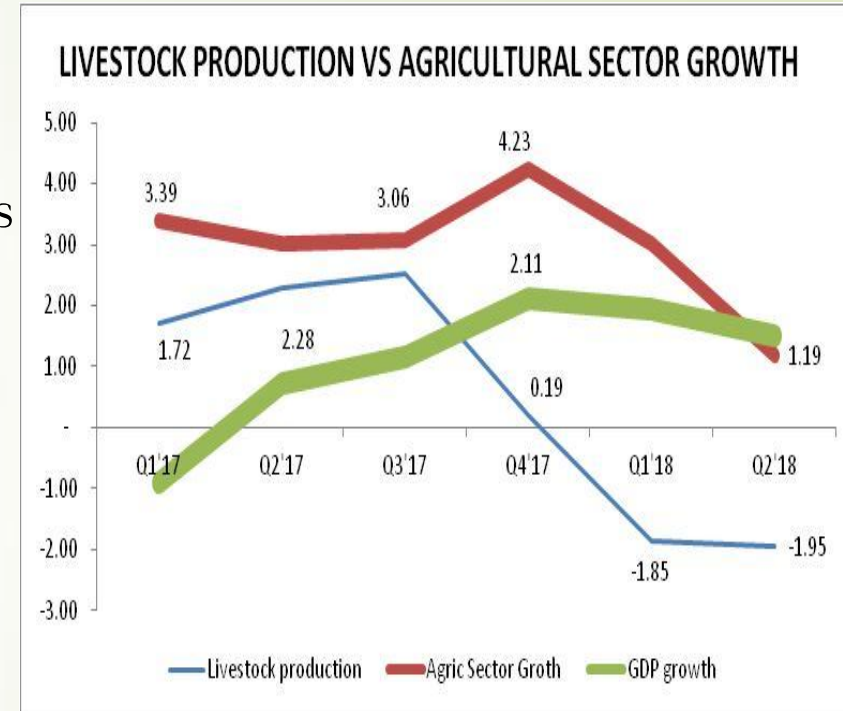
Commodity in Focus - Livestock Feed



- Total global livestock feed production (2018): 1.07bn tonnes
- An increase of 2.6% year on year
- World's largest producers: China, US, Brazil
- World's largest consumers: China, India
- Countries with largest livestock head: China, India
- Positive correlation between livestock head and feed consumption
- Positive correlation between protein consumption and global competitiveness
- Source commodities: maize, sorghum, groundnut, soybean, wheat
- New trends of feed production – pelletization, marsh, etc

Livestock Feed Production in Nigeria

- **Output:** approximately 5mn tonnes
- 0.47% of global production
- Nigeria's feed production has grown rapidly by over 15% in the last 5 years
- Partly due to strong population growth and high protein demand
- **Major producers:** Livestock Feeds Plc (UACN), Premier Feeds (FMN)
- **Other sources for small scale livestock farmers:** cassava peels, waste from grinded maize, grasses
- Nigeria's livestock production has consistently lagged agricultural output growth. Livestock production currently in contraction territory (-1.95%)



Source: NBS, FDC Think Tank

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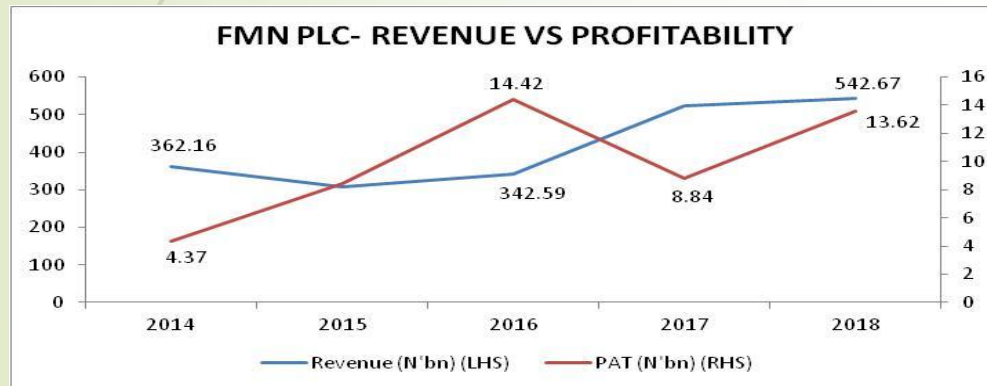
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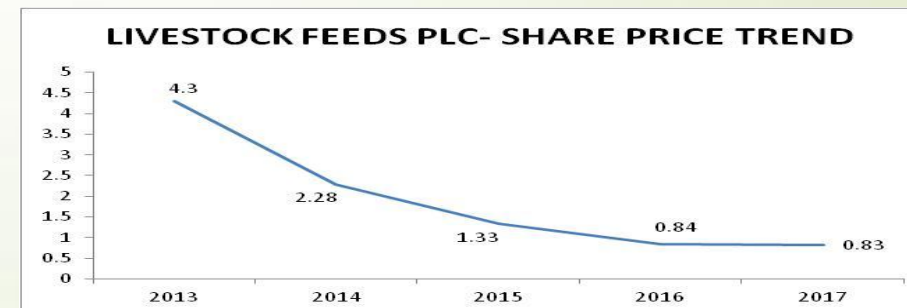
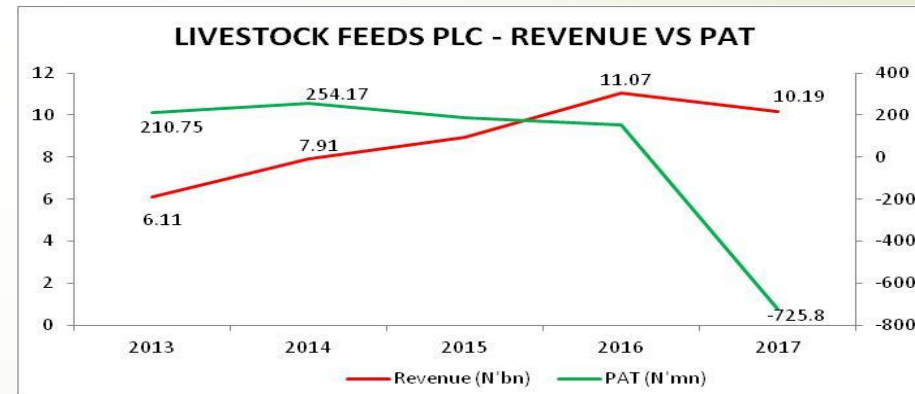
Financials



- Higher turnover in the last 3 years
- PAT spiked 54.07% in FY'18 (Apr-Mar)
- Share is currently trading at N19.50



















- Revenue increased consistently from 2013-2016
- Recorded a loss in 2017, partly due to higher distribution, administrative and interest expenses
- Share price currently N0.53









Stock Market

- NSE ASI  0.53% to 31,178.71 on January 29th
- Consumer goods sub index:  0.56% to 715.67pts

	Share Prices (₦)	Daily % Change (January 28 th – 29 th)	YTD (% Change)
Nestle	1,409	 -	 2.36
Honeywell	1.23	 5.38	 8.51
Flour Mills	19.50	 0.51	 15.8
Cadbury	10.00	 2.04	 2.04
Dangote Sugar	14.10	 1.40	 2.80
Unilever	36.05	 -	 -
Ikeja Hotels	1.52	 9.52	 6.65
Newrest ASL	7.15	 -	 9.49

Oil Markets Today

COMMODITY	DAILY CHANGE January 28 th – 29 th	YTD	CURRENT PRICE
BRENT	 2.70%	 12.88%	\$61.55pb
WTI	 1.92%	 16.27%	\$52.60pb
NATURAL GAS	 1.12%	 1.02%	\$2.90MBtu

Oil Prices

- Brent crude jumped 2.70% to \$61.55pb
- After the US imposed sanctions on Venezuela's state oil firm
- However, persistent weakness in Chinese economic data points to lower global demand for crude oil in 2019
- Industrial companies reported a second monthly fall in earnings in December

2018



Agricultural Commodities

Wheat



- Wheat prices up by 0.58% to \$5.23/bushel
- On expectations of strong demand

Corn



- Corn prices up by 0.26% to \$3.81/bushel
- Despite unfavourable weather condition in Brazil

Cocoa



- Cocoa prices down by 1.37% to \$2,225/MT
- Due to projections of strong Ghanaian cocoa output

Sugar



- Sugar prices increased by 0.72% to 0.1253/pound
- Amid unfavourable weather conditions in Brazil and India

OUTLOOK – Oil Prices



- Threat of possible U.S. sanctions on Venezuela to continue to support the market
- Gains to be moderated by increase in U.S. crude production and concerns of China's economic slowdown
- Brent to trade within the range of \$60-\$63pb this week

OUTLOOK – Agricultural Prices

GRAINS

- Wheat prices to be bullish in the near term due to arid weather conditions in Australia

SOFTS

Sugar

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

Cocoa

- Strong West African supply of cocoa to depress prices
- Negative for Nigeria's export earning