

Burning Economic Issues



- Q4 GDP (2.38%) higher than expected (consensus rate: 2.2%)
- January oil rig count sharply higher at 15 (+36%)
- NSE sustains bullish trend (gains 4.01% in February alone)
- Naira flat at N361/\$ at the parallel market

Brent up 0.49% to \$61.81pb



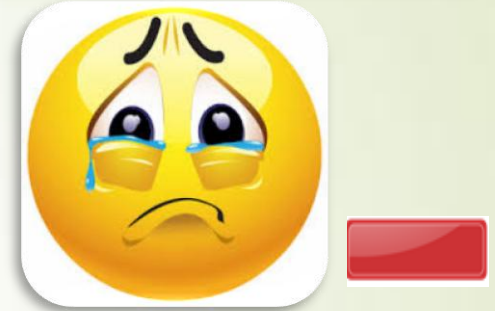
Impact

The Goodies



- Higher growth rate is positive for investor confidence
- NSE rally sustained

The Downers



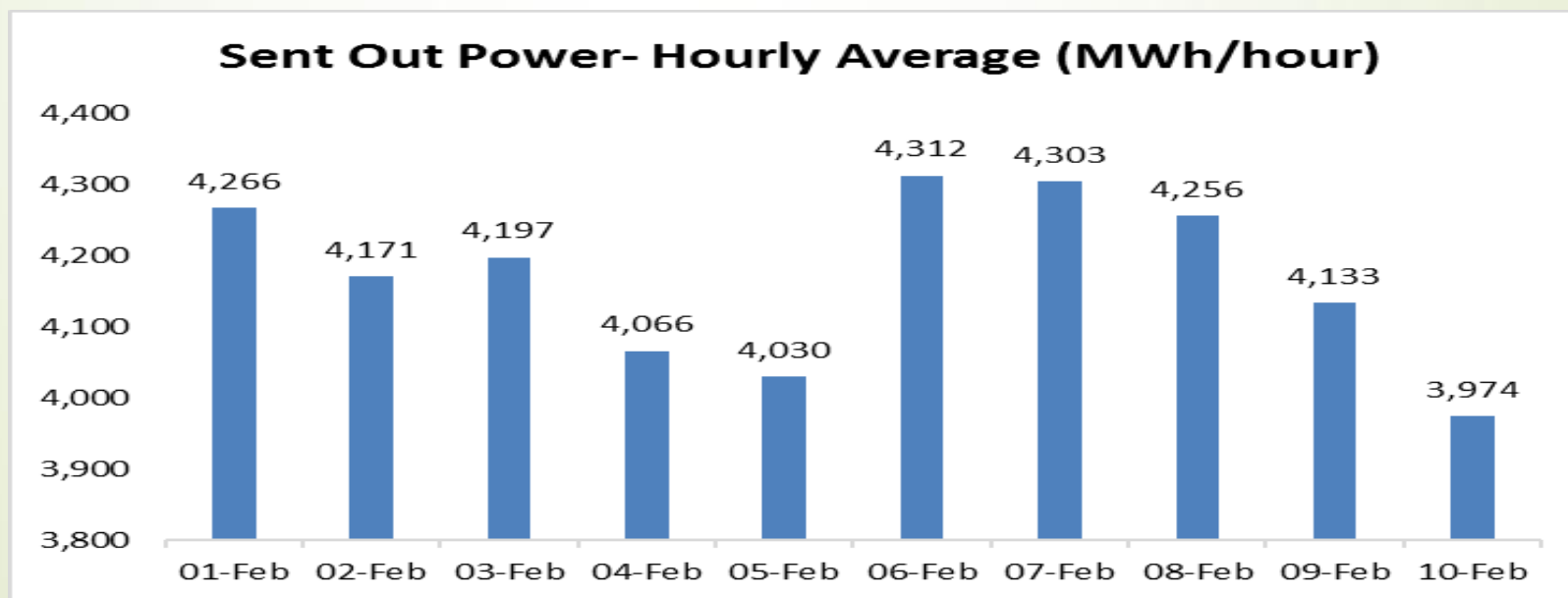
- External reserves slides further to \$42.95bn
- Power falls below 4,000MWh/hour

Power Sector

February 10th





- Average power output: 3,974MWh/h (down by 158.66MWh/h)
- Gas constraint stood at 1,587MWh/h, grid constraint at 1,026.4MWh/h and water constraint at 300MWh/h
- Naira equivalent of power loss: N1.45billion (annualized at N529.25billion)

| State | Temperature(noon-time) |
|-------|------------------------|
| Abuja | 37°C |
| Kano | 27°C |
| Lagos | 33°C |












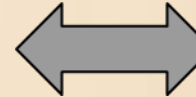




Domestic Commodities Price Movement

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) |  | N700 | N500 | ↑ | N400 | N1,900 |
| Sugar (50kg) |  | N14,900 | N14,900 | ↔ | 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  | N7,150 | N6,850 |  | N6,500 | N16,000 |
| Rice (50kg)  | N14,000 | N15,000 |  | N13,000 | N22,000 |
| Flour (50kg)  | N11,000 | N11,000 |  | N8,500 | N11,100 |
| Beans (Oloyin)(50kg)  | N20,000 | N20,000 |  | N12,000 | N34,000 |
| Cement (50kg)  | N2,550 | N2,550 |  | N1,400 | N2,700 |
| Tomatoes (50kg)  | N6,000 | N6,500 |  | N6,000 | N20,000 |
| Pepper (bag)  | N5,000 | N5,000 |  | N5,000 | N15,000 |

- Mixed movement in domestic commodity 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

Introducing...



BEST VALUE
FOR MONEY
BY FAR

UP TO 50%
STRONGER
AFTER 1 DAY

THE KING
OF CEMENT
IDEAL FOR ALL
BLOCK & CONCRETE
APPLICATIONS



www.dangote.com

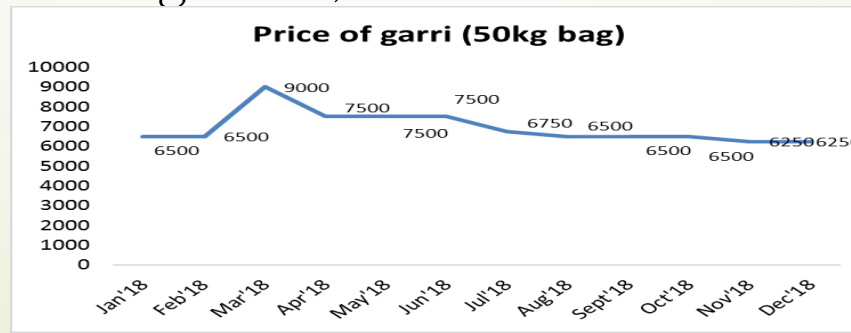
facebook.com/dangoteindustries

[@dangotegroup](https://twitter.com/dangotegroup)



Commodity in Focus - Garri Consumption

- Mostly consumed in West African countries
- A major Nigerian staple
- Easy to preserve
- Carbohydrate associated with obesity
- A myth of eye sight problems
- Two main variants- white (Ijebu) & yellow (ibos)
- Consumed in two ways: dry with groundnut and sugar or as 'eba' (swallow) with African soups (efo, egusi)
- Price volatility- current price of 50kg bag (yellow) is N7,150
- 12-month high- N16,000

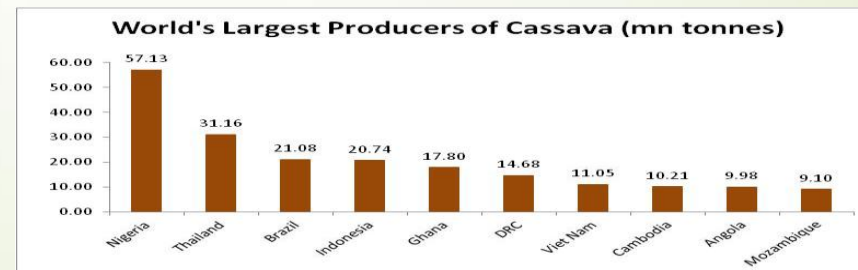


Source: FDC Think Tank

Commodity in Focus - Garri





















- Produced from cassava root
- Nigeria is the 2nd largest producer of roots & tubers (111mn tonnes) after China
- Domestic production of cassava is estimated at 57.13mn tonnes annually
- Potential output: 100mn tonnes
- Produced mainly in Southern states
- Also in the North Central & Middle Belt states
- Opportunity for commercial investment (food processing)









Source: FAOSTAT, FDC Think Tank

Stock Market

- NSE ASI  0.80% to 31,781.87pts on February 11th
- Consumer goods sub index:  0.42% to 728.34pts

| | Share Prices (₦) | Daily % Change (February 8 th – 11 th) | YTD (% Change) |
|------------------|---------------------|--|---|
| Nestle | 1,500 |  - |  1.01 |
| Honeywell | 1.29 |  - |  0.78 |
| Flour Mills | 20.00 |  - |  13.42 |
| Cadbury | 11.00 |  10.00 |  10.00 |
| Dangote Sugar | 14.60 |  1.04 |  4.26 |
| Unilever | 39.0 |  5.41 |  5.41 |
| Ikeja Hotels | 1.65 |  - |  7.84 |
| Newrest ASL | 6.45 |  - |  18.35 |

Oil Markets Today

| COMMODITY | DAILY CHANGE February 11 th – 12 th | YTD | CURRENT PRICE |
|-------------|---|--|---------------|
| BRENT |  0.49% |  14.89% | \$61.81pb |
| WTI |  0.44% |  15.92% | \$52.64pb |
| NATURAL GAS |  0.49% |  9.52% | \$2.66MBtu |

Oil Prices

- Brent crude up 0.49% to \$61.81pb
- Despite an increase in operational rigs in the US last week
 - Second consecutive weekly increase
- Slow pace in trade talks have limited production cuts
- Factors that have bolstered prices:
 - US sanctions on Venezuela



Agricultural Commodities

Wheat



• Wheat prices down by 0.77% to \$5.13/bushel

• Driven by ample US wheat supply

Corn



• Corn prices declined by 0.20% to \$3.74/bushel

• On expectations of higher Ukraine exports

Cocoa



• Cocoa prices up by 0.63% to \$2,249/MT

• Despite global cocoa glut

Sugar



• Sugar prices decreased by 0.87% to 0.1255/pound

• Owing to a surge in India's sugar exports

OUTLOOK – Oil Prices



- Markets would be driven by the progress from US-China trade talks this week
- Brent to trade within the range of \$61-\$63pb this week

OUTLOOK – Agricultural Prices

GRAINS

- Increased corn supply from leading producers- Argentina, china and Ukraine- would depress prices

SOFTS

Sugar

- Expectations of a deficit global market in 2019/2020 season expected to result in increased prices

Cocoa

- Higher global supply to result in a decline in prices and Nigeria's export revenue