

Burning Economic Issues

- Brent fell 0.59% to \$66pb on higher US crude output
- President Trump raises hopes of a US-China trade deal
- February FAAC allocation drops 6.4% to N610.37bn
- Naira stays flat at N360/\$ at parallel market
- Power output up 8.5% to 4,042MWh/h
- Retail diesel price at N230-N240/ltr

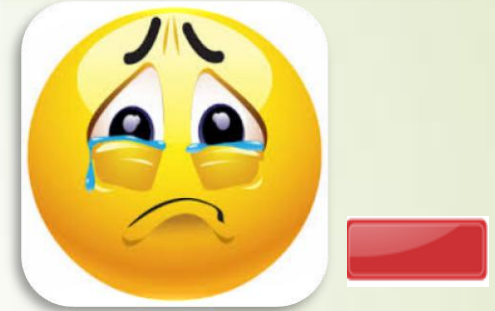
Impact

The Goodies



- Relatively hitch-free election is positive for investor confidence
- President Buhari's victory signals policy stability
- Naira flat at N360/\$ in spite of election risk

The Downers



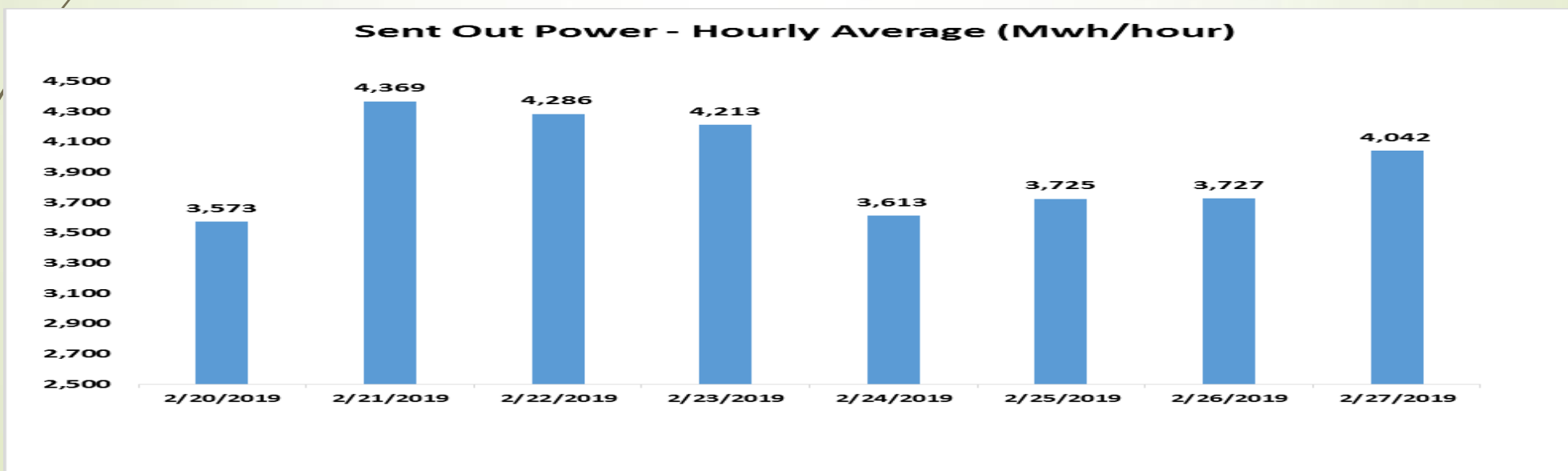
- External reserves maintains downward trend – down to \$42.31bn

Power Sector

February 27th





State	Temperature(noon-time)
Abuja	23°C
Kano	16°C
Lagos	27°C

- Average power output: 4,042MW/h (up by 315MW/h)
- Gas constraint stood at 1,985.5MWh/h, grid constraint at 1,247.5MWh/h while water constraint nil
- Naira equivalent of power loss: N1.57billion (annualized at N573.05billion)






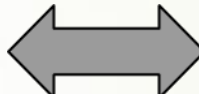










Domestic Commodities Price Movement

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)		N2,850	N2,800	↑	N1,800	N3,500
New Yam (medium size)		N800	N700	↑	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 	N6,150	N7,150		N6,150	N16,000
Rice (50kg) 	N14,000	N14,000		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) 	N7,000	N6,000		N6,000	N20,000
Pepper (bag) 	N7,000	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

Commodity in Focus – Pawpaw

- Planting and maturity lag: 2-6 years



- Grows faster in hot climate

- Total global production : Estimated at 13.02mn tonnes (\$44.92bn)

- Global price has fallen by 10.2% to \$3,450/tonne in the last month

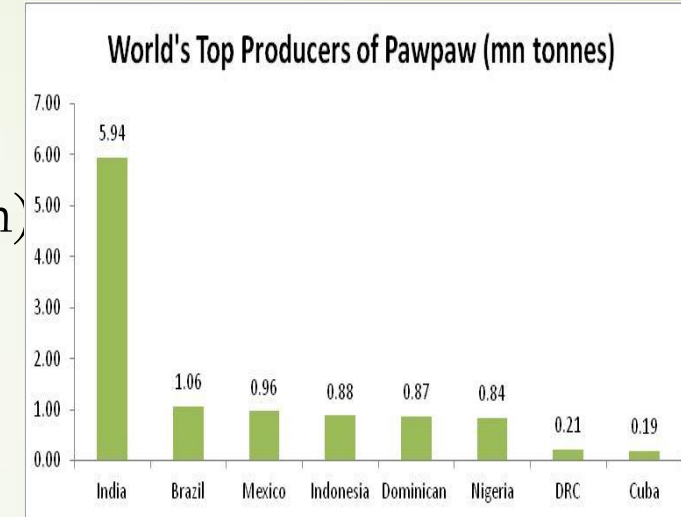


- World's top producers: India, Brazil, Mexico, Indonesia

- World's top consumers: India, Brazil, Nigeria

- Uses: eaten on its own, papaya juice, fruit salads, fruit juice, leaves

used for traditional medicine, seeds for skin beauty



Source: FAOSTAT, FDC Think Tank

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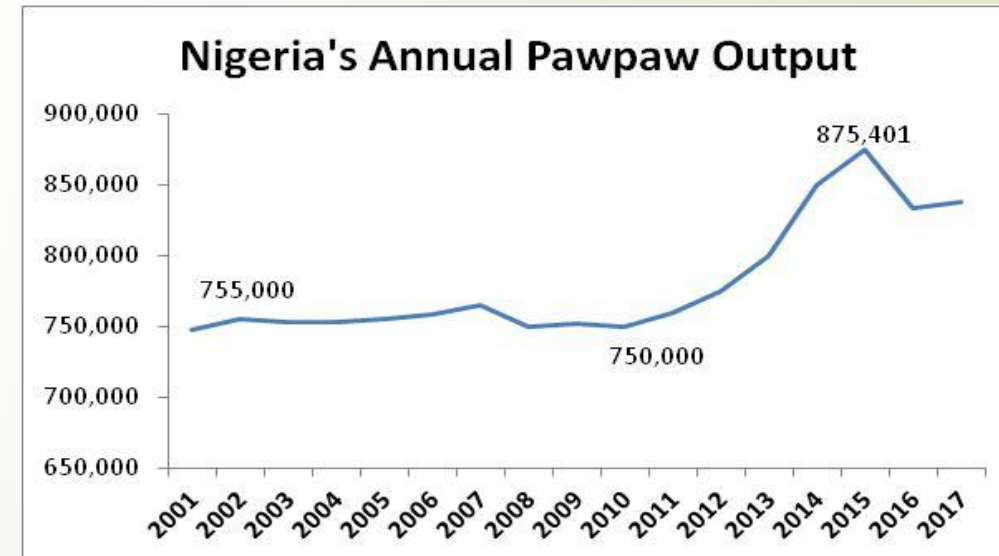
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Pawpaw Production in Nigeria

- **Pawpaw output:** Estimated at 838,000 tonnes (\$2.9bn), 6.5% of global production
- **Rank:** Global – 6th, Africa -1st
- Harvest season falls between November – April, market is currently supplied
- Price elastic since it is perishable and has many substitutes
- Widely cultivated in houses on a subsistence scale
- Highly perishable with limited export potential
- An average size pawpaw fruit costs between N300 – N500 in Nigeria
- **Users:** Restaurants, Hotels (Ikeja Hotel, Radisson Blu, etc), Aviation (Newrest ASL)



Source: FAOSTAT, FDC Think Tank

Performance of Listed Pawpaw Users in Nigeria



- Top line (9M'18): N9.74bn

- Up 13.92%

- PAT: N664.93mn, ▲ 23.6%

- Share Price: N2.13, up 20% in

the last 52 weeks



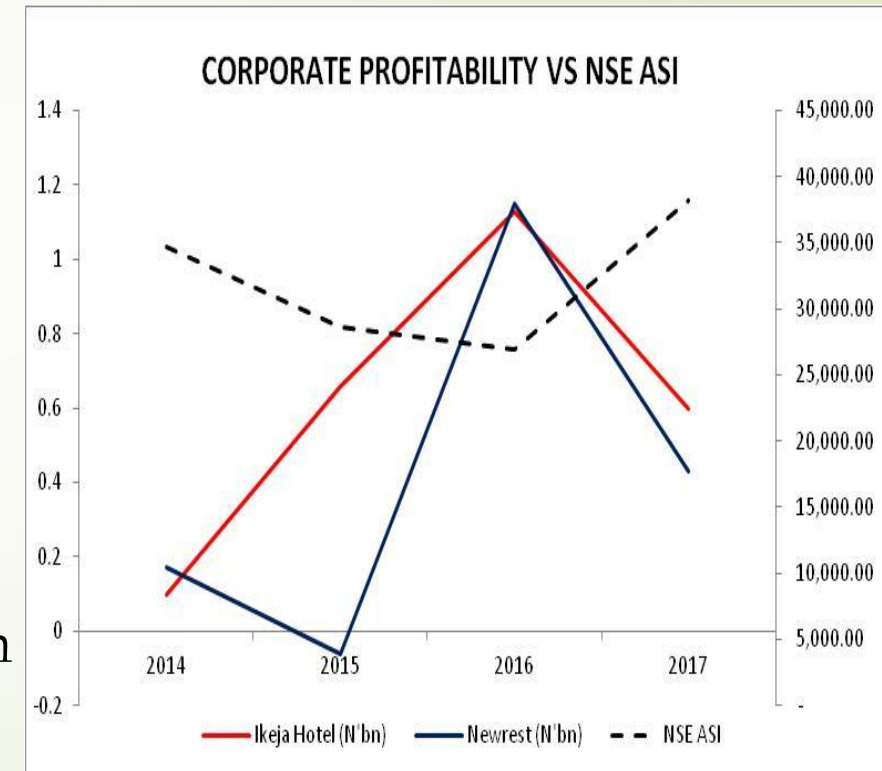
- Top line (FY'18): N5.43bn

- Up 38.52%

- PAT: N1.49bn, ▲ 246.5%

















- Share Price: N7.05, up 44% in

the last 52 weeks



Stock Market

- NSE ASI  1.63% to 31,718.70pts on February 28th
- Consumer goods sub index:  2.02% to 730.36pts

	Share Prices (₦)	Daily % Change (February 27 th – 28 th)	YTD (% Change)
Nestle	1,470	 2.00	 5.67
Honeywell	1.38	 5.07	 4.49
Flour Mills	19.75	 0.25	 11.16
Cadbury	9.95	 -	 15.00
Dangote Sugar	15.00	 -	 3.65
Unilever	39.00	 -	 13.21
Ikeja Hotels	2.13	 -	 18.3
Newrest ASL	7.05	 -	 18.35

Oil Markets Today

COMMODITY	DAILY CHANGE February 27 th – 28 th	YTD	CURRENT PRICE
BRENT	↓ 0.59%	↑ 22.30%	\$66.00pb
WTI	↓ 0.14%	↑ 26.31%	\$56.86pb
NATURAL GAS	↓ 0.72%	↓ 9.86%	\$2.77MBtu

Oil Prices

- Brent crude down 0.55% to \$66pb
- Driven by higher US crude oil production
- US President Donald Trump is mounting pressure on OPEC to lower oil prices
- However, OPEC is insistent on maintaining its production cut deal



Agricultural Commodities

Wheat



• Wheat prices down by 0.31% to \$4.91/bushel

• Due to robust wheat supplies from Ukraine & South America

Corn



• Corn prices up by 0.52% to \$3.84/bushel

• On robust Chinese corn imports

Cocoa



• Cocoa prices increased by 0.57% to \$2,288/MT

• On projections of strong growth in chocolate consumption

Sugar



• Sugar prices down by 0.76% to 0.1330/pound

• Driven by weak global demand

OUTLOOK – Oil Prices



- Brent to trade within the range of \$65-\$68pb in the short term
- Outlook is “modestly bullish” as the market continues to tighten significantly- Goldman Sachs

OUTLOOK – Agricultural Prices

GRAINS

- Optimism of a US-China trade deal would provide support to prices

SOFTS

Sugar

- Prices to trend upwards due to expectations of lower global sugar production

Cocoa

- Unfavourable weather in Ivory Coast coupled with strong demand for chocolate would lead to an increase in global prices