

Burning Economic Issues



- PMI falls (2.14%) to 50.4pts in February – FBN Quest
- External Reserves up to \$42.32bn
- Brent up 0.75% to \$65.56pb
- On-grid power output up to 4,076MW/h
- Naira flat at N360/\$ (parallel market)



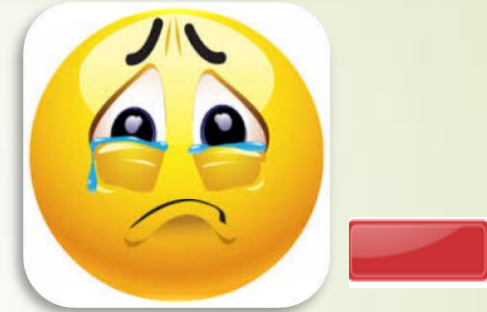
Impact

The Goodies



- Brent at \$65.56, 21.86% YTD
- Dollar revenues expected to rise
- Stock market up 0.14%

The Downers



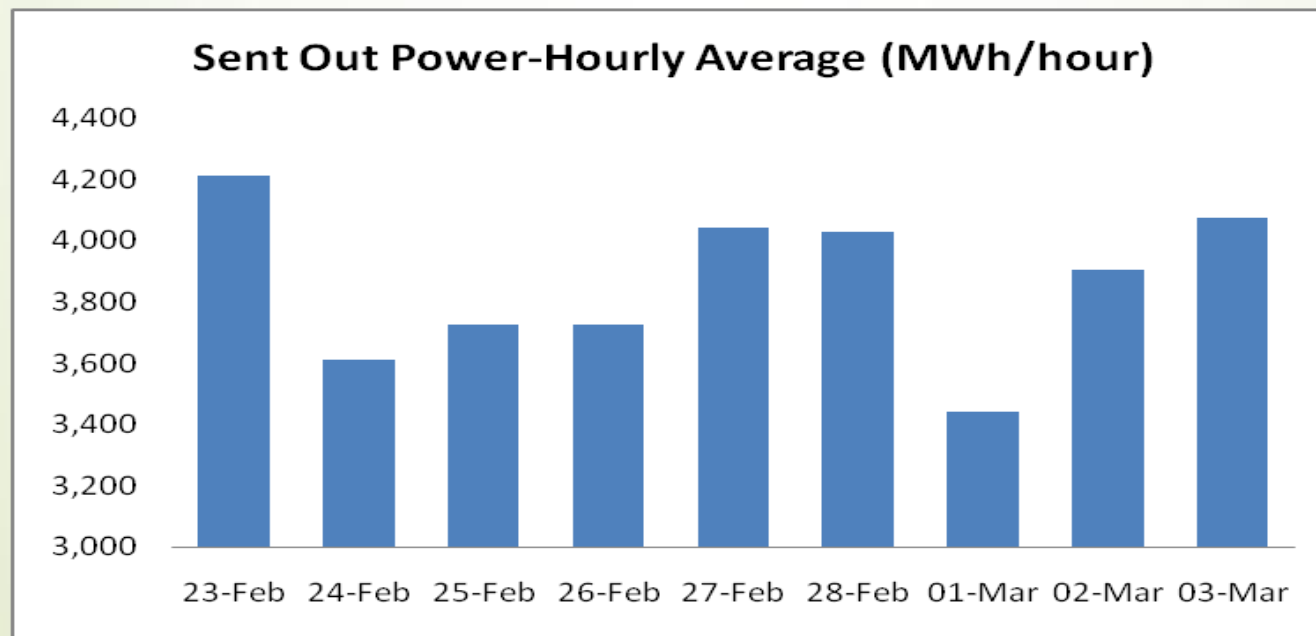
- Cocoa falls to \$2,211 per tonne
 - Reduced earnings for farmers
 - Nigeria's annual production- 250,000 tonnes

Power Sector

March 3rd





- Average power output: 4,076MWh/h (up by 171MWh/h)
- Gas constraint stood at 2,729MWh/h, line constraint at 78MWh/h and there was no water constraint
- Naira equivalent of power loss: N1.36billion (annualized at N496.4billion)

State	Temperature(noon-time)
Abuja	34°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)		N2,850	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%

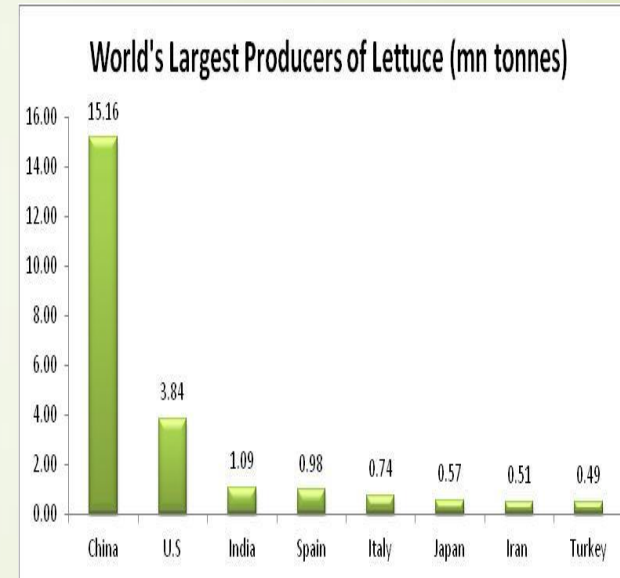
Domestic food prices remain flat

Commodity in Focus - Lettuce

- Planting to harvest cycle: 60-100 days
- Annual global production: Estimated = 26.87 million tonnes (\$76.85 billion)



- Price up 16.6% to \$2,860/tonne in the last month
- World's top producers: China, U.S., India
- World's top consumers: China, U.S., India
- Uses: Vegetable salad, mixed veg. in fried rice, cooked vegetables
- Rich in vitamin and minerals



Source: FAOSTAT, FDC Think Tank

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Lettuce Production in Nigeria

- Nigeria's annual lettuce output less than 200,000 tonnes
- Can be grown across most states
- Plateau State has the highest output
- Users: Restaurants
 - Hotels (Ikeja hotels, Abuja hotels)
 - Fast food chains (Tantalizer)
 - Airline foods (Newrest Asl)



Performance of Listed Lettuce Users in Nigeria



- Top line (9M'18): N1.17bn

- Down 12.69% y/y

- LAT: N213.53mn, down 128.1%


- Free cashflow = N74.34mn

- Share Price: N0.20, crashed

58% in the last 52 weeks

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

- Up 13.92%

- PAT: N664.93mn,  23.6%

- Free cashflow = N2.23bn

- 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%

















- Free cashflow = N1.38bn

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







the last 52 weeks

Stock Market

- NSE ASI  0.14% to 32,173.66 on March 5th
- Consumer goods sub index:  0.25% at 735.94pts

	Share Prices (₦)	Daily % Change (March 4 th – 5 th)	YTD (% Change)
Nestle	1,510	 -	 1.68
Honeywell	1.35	 2.27	 5.47
Flour Mills	19.95	 -	 13.64
Cadbury	10.4	 -	 4
Dangote Sugar	14.65	 1.03	 3.93
Unilever	38.7	 -	 4.59
Ikeja Hotels	2.13	 -	 39.22
Newrest ASL	7.05	 -	 10.76

Oil Markets Today

COMMODITY	DAILY CHANGE March 4 th – 5 th	YTD	CURRENT PRICE
BRENT	 0.75%	 21.86%	\$65.56pb
WTI	 0.73%	 23.78%	\$56.21pb
NATURAL GAS	 0.70%	 3.40%	\$2.84MBtu

Oil Prices

- Brent crude up 0.75% to \$65.56pb
- On optimism of a US/China trade deal
- Also buoyed by:
 - Compliance to the OPEC led production cut
 - US sanctions on Iran and Venezuela's oil industries -
 - (Reduction of approximately 2mn bpd in global supply)



Agricultural Commodities

Wheat



• Wheat prices up by 0.44% to \$4.59/bushel

• Due to optimism about the US/China trade deal

Corn



• Corn prices increased by 0.80% to \$3.76/bushel

• On increased demand by India

Cocoa



• Cocoa prices down by 0.27% to \$2,211/MT

• Driven by an increase in major cocoa producing countries, Ivory Coast and Ghana

Sugar



• Sugar prices rose by 0.48% to 0.1268/pound

• As a result of a projected decline in Ukraine's sugar output

OUTLOOK – Oil Prices



- Surge in US shale production to drive down prices in the near term
- Compliance and commitment to production cut to moderate prices
- Brent to trade within the range of \$64-\$66pb this week

OUTLOOK – Agricultural Prices

GRAINS

- Grains prices to be bearish in the near term due to expectations of higher global supply

SOFTS

Sugar

- Unfavourable weather conditions in Brazil – the world’s largest producer – expected to drive prices up in the near term

Cocoa

- Expectations of lower Ivory Coast output to push prices up