

# Burning Economic Issues

- Impact of the minimum wage implementation on the private and public sectors
- Malaria vaccine test to commence today – Malawi, Kenya and Ghana
- US to end waivers on Iranian oil exports
  - Targets of the waivers are Nigeria's biggest oil customers
- Palm oil prices down 5%
- Retail diesel price flat at N230-240/ltr

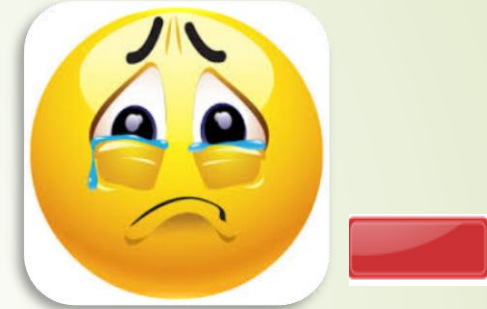
# Impact

## The Goodies



- Oil prices are 23% above budget benchmark
  - Positive for fiscal and external accretion
- Minimum wage to boost consumer disposable income

## The Downers



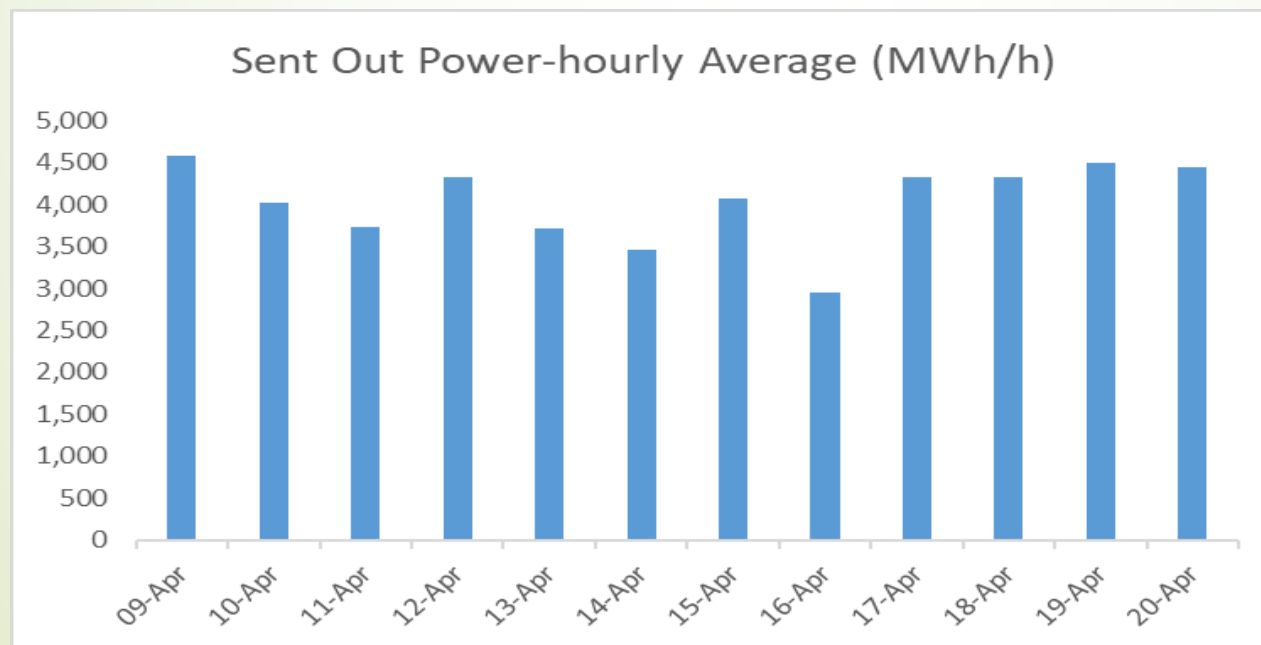
- A wage increase without an increase in productivity could be inflationary

# Power Sector

April 20<sup>th</sup>




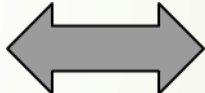



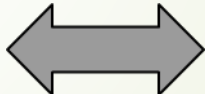
- Average power output: 4,436MWh/h (down by 63.98MWh/h)
- Gas constraint stood at 1,907.5 MWh/h, frequency constraint was 670.5MWh/h and no water constraint
- Naira equivalent of power loss: N1.29billion (annualized at N470.85billion)

State	Temperature(noon-time)
Abuja	32°C
Kano	38°C
Lagos	32°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)		N9, 500	N10,000		N6,000	N25,000
Semovita (10kg)		N2,850	N2,850		N1,800	N3,500
New Yam (medium size)		N800	N800		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 	N6,250	N6,150	↑	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) 	N24,000	N20,000	↑	N12,000	N34,000
Cement (50kg) 	N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg) 	N6,000	N7,000	↓	N6,000	N20,000
Pepper (bag) 	N6,000	N7,000	↓	N5,000	N15,000

- Mixed movement in domestic commodity prices

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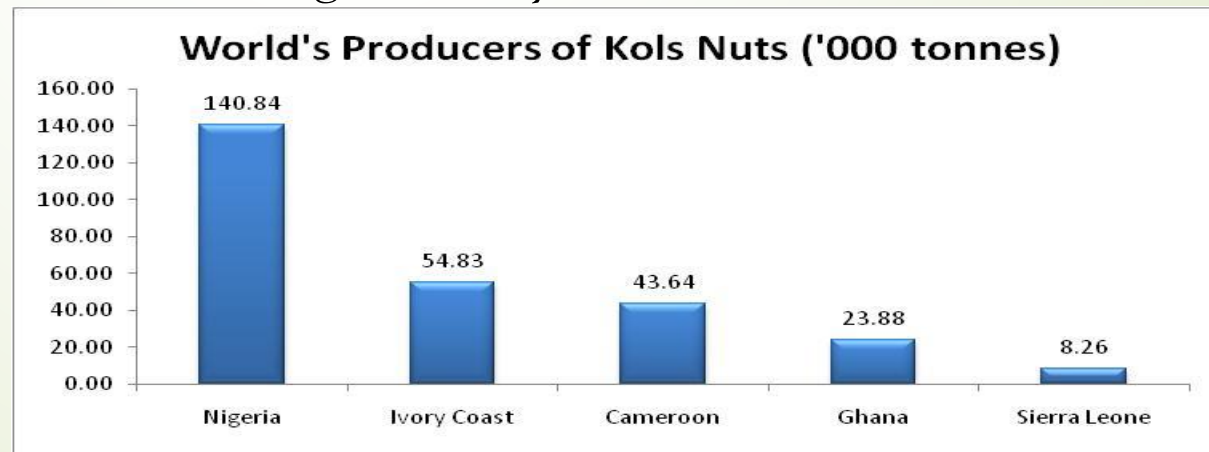
# Consumer Goods – Current price

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 - Kola Nuts

- Planting/harvesting lag: 3-5 years
- Total global output: Estimated at 272,000 tonnes (\$272mn)
- Widely consumed in ceremonies
- Industrial uses: brewery, pharmaceuticals
- Other uses: students' night reading, athletic performance enhancement, weight loss
- World's top producers: Nigeria, Ivory Coast, Cameroon
- World's top consumers: Nigeria, Ivory Coast

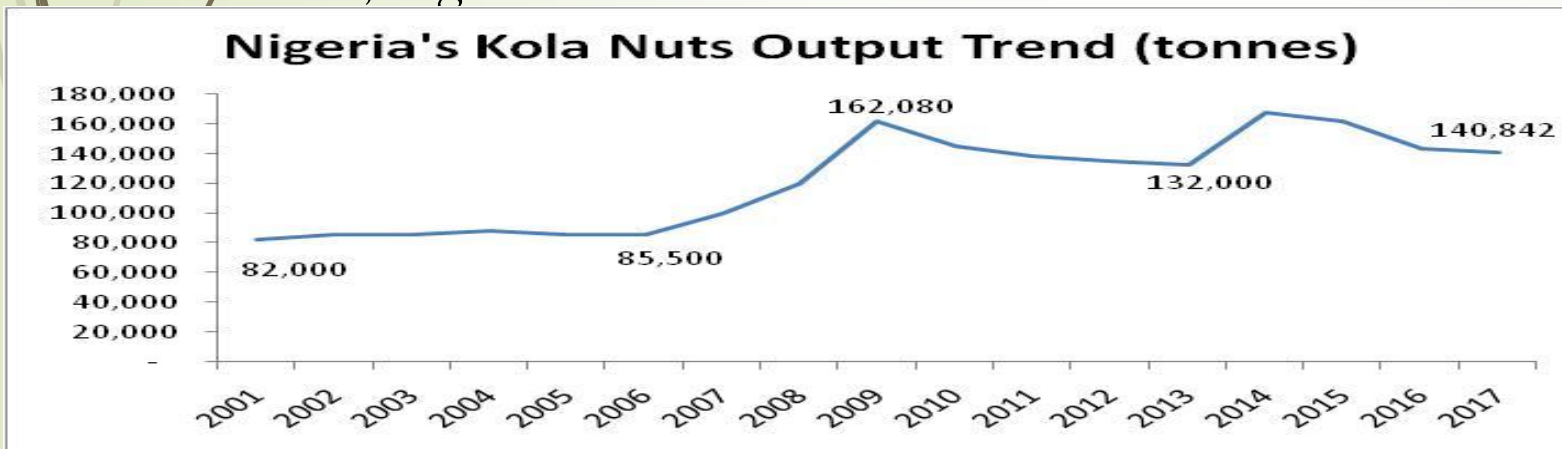


Source: FAOSTAT, FDC Think Tank



# Kola Nut Production in Nigeria

- **Output:** 140,842 tonnes (\$141mn), approx. 52% of global production
- Nigeria's production is the highest in the world
- Mostly consumed domestically
- Major producing zone: South West (Ogun, Osun, Oyo)
- Consumption is concentrated in the North (Kano, Kaduna, Sokoto, Katsina)
- Users: Guinness, Nigerian Breweries



Source: FAOSTAT, FDC Think Tank



# Financial Performance of Listed Users of Kola Nut









- Topline (2018): N350.23bn, down 4.26%
- PAT: N19.44bn, ↓ 41%
- Share Price: N65.00
- Down 46.86% in the last year
- Dividend yield: 2.44%
- Product with kola nut content: Star Triple X



- Topline (H1'18, Jul-Dec): N67.8bn, down 3.91%
- PAT: N2.58bn, ↑ 21.1%
- Share Price: N60.00
- Down 40.5% in the last year
- Dividend yield: 1.94%
- Product with kola nut content: Orijin

# Oil Markets Today

COMMODITY	DAILY CHANGE April 22 <sup>nd</sup> – 23 <sup>rd</sup>	YTD	CURRENT PRICE
BRENT	 0.36%	 38.12%	\$74.31pb
WTI	 0.37%	 45.2%	\$65.94pb
NATURAL GAS	 0.4%	 13.95%	\$2.53MBtu



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# Oil Prices

- Brent crude up 0.36% to \$74.31pb
- Driven by:
  - Lower US shale inventories
  - Saudi Arabia export cuts (277,000bpd)



# Agricultural Commodities

## Wheat



• Wheat prices down 0.89% to \$4.46/bushel

• On a robust global supply

## Corn



• Corn prices declined by 0.27% to \$3.67/bushel

• Due to a surge in Ukraine's corn exports

## Cocoa



• Cocoa prices decreased by 1.12% to \$2,376/MT

• Due to high global demand for chocolate

## Sugar



• Sugar prices up by 3.75% to 0.1289/pound

• Driven by a decline in Kenya's sugar production.

# OUTLOOK – Oil Prices (2 weeks)



- Brent to trade within the range of \$73-\$75pb in the short term
  - On tightened global supplies
    - As US further clamps down on Iranian oil exports

# OUTLOOK – Agricultural Prices

## GRAINS

Prices to continue downward trend due to robust global supply



## SOFTS

### Sugar

- Prices to be bullish in the coming weeks on lower sugar supply in Kenya

### Cocoa

- Expectations of a cut in Ghana's cocoa output to mount pressure on prices in the near term