

# Burning Economic Issues

- Chinese currency hits a 4-month low (CNY 6.77/\$)
- Trump threatens higher tariffs (25%) on Chinese goods
  - Oil slides 2.17% to \$71.22pb
  - Global stocks plunge in reaction (Dow Jones loses 1.2%)
- Nigerian April inflation set to jump (11.27%)
- External Reserves slides to \$44.79bn
- Naira falls to N361/\$

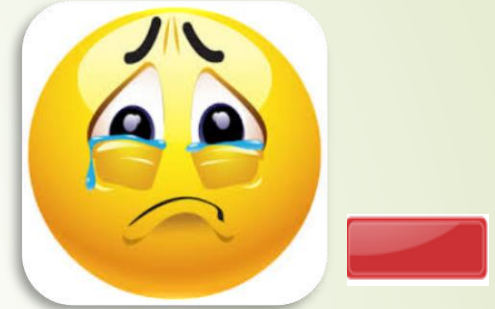
# Impact

## The Goodies



- Oil prices 18% above benchmark (\$60pb)

## The Downers



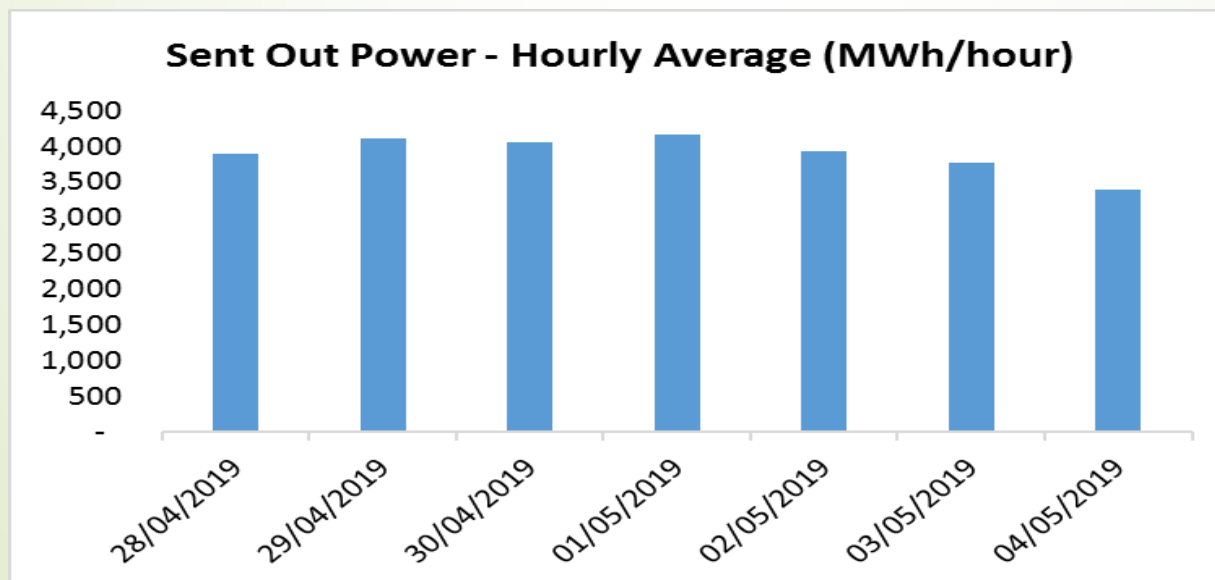
- Chinese renminbi at a 4-month low
- Ramadan induced inflation compounded by M2 growth
- Power supply below 4,000MWh/hour

# Power Sector

May 4<sup>th</sup>








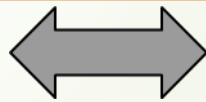
State	Temperature(noon-time)
Abuja	33°C
Kano	39°C
Lagos	33°C

- Average power output: 3,389MWh/h (up by 372.15MWh/h)
- Gas constraint stood at 2,521 MWh/h, grid constraint was 551MWh/h and water constraint was 150MWh/h
- Naira equivalent of power loss: N1.55billion (annualized at N565.75billion)
- Affected power stations: Egbin, Omotosho, Olorunsogo (gas supply constraints)










# Domestic Commodities Price Movement

## Relatively Elastic Products

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N9,000	N9,500		N6,000	N25,000
Semovita (10kg)		N3,000	N2,850		N1,800	N3,500
Old Yam (medium size)		N900	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	N6,250	↔	N6,150	N16,000
Rice (50kg) 	N17,000	N14,000	↑	N13,000	N22,000
Flour (50kg) 	N11,000	N11,000	↔	N8,500	N11,100
Beans (Oloyin)(50kg) 	N18,000	N24,000	↓	N12,000	N34,000
Cement (50kg) 	N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg) 	N13,000	N6,000	↑	N6,000	N20,000
Pepper (bag) 	N7,000	N6,000	↑	N5,000	N15,000

- Commencement of planting season weighs on commodity prices

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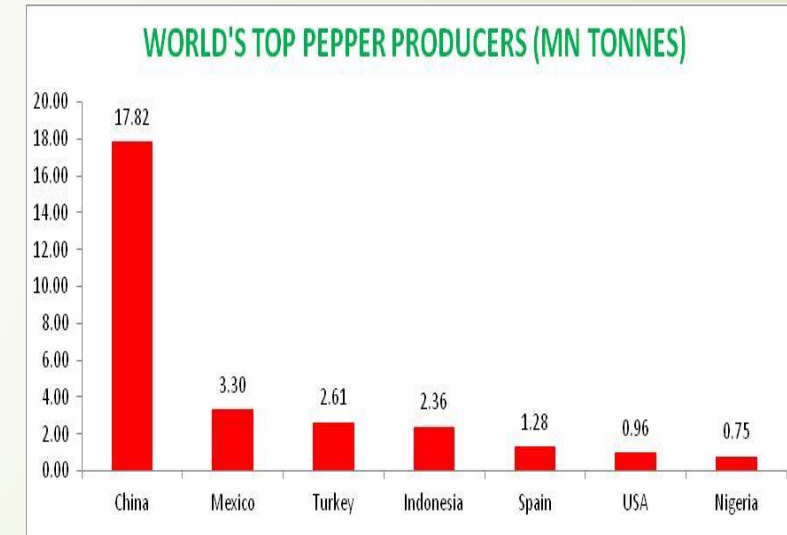
# Consumer Goods – Current price

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 - Red Peppers

- Family: bonnet pepper (ata rodo), bell pepper (tatashe), red chilli (bawa), dry pepper
- A major ingredient in African recipes- stew, sauce, soups, beans derivatives (akara & moin-moin), noodles, etc.
- Available in both fresh & dry form
- Joint demand with tomatoes, onions, etc in making stew
- Total global production: 36.1mn tonnes (\$27.08bn)
- Global production is led by China – Approx. 49.4%
- Other top producers: Mexico, Turkey, Indonesia
- World's top consumers: India, U.S, China
- Myths: increases life expectancy



Source: FAOSTAT, FDC Think Tank





















# Pepper Production in Nigeria

- National output estimated at 748,559 tonnes (\$561.41mn)
- Approx. 2.1% of global production
- Production rank: Global- 7<sup>th</sup>, SSA- 1<sup>st</sup>
- Mainly produced in Northern states (Kaduna, Kano, Jigawa, Katsina)
- Consumed mainly in the Southern region
- Users: household, restaurants, hotels, etc
- Listed companies: Tantalizers, Ikeja Hotels, Capital Hotel
- Pepper (ata rodo) price spiked 17% to N7,000 per basket in April
- Tomato price has increased more sharply by 100% to N12,000 per basket
- Driven by general scarcity- planting season shortage









# Stock Market

- NSE ASI  0.05% to 29,196.87pts on May 6<sup>th</sup>
- Consumer goods sub index:  0.10% at 671.73pts

	Share Prices (₦)	Daily % Change (May 3 <sup>rd</sup> – 6 <sup>th</sup> )	YTD (% Change)
Nestle	1,520	 -	 2.36
Honeywell	1.18	 -	 7.81
Flour Mills	16.15	 -	 43.03
Cadbury	11.80	 -	 18.00
Dangote Sugar	14.00	 0.36	 8.20
Unilever	31	 -	 16.22
Ikeja Hotels	1.60	 8.57	 4.58
Newrest ASL	6.85	 -	 13.29

# Oil Markets Today

COMMODITY	DAILY CHANGE May 06 <sup>th</sup> – 07 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	 0.03%	 32.38%	\$71.22pb
WTI	 0.11%	 37.24%	\$62.32pb
NATURAL GAS	 0.04%	 14.29%	\$2.52MBtu



**4 Years**  
**45 Warehouses**  
**13 States**



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**40,000 Youth & Women**



**100,000 MT**  
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# Oil Prices

- Brent down 0.03% to \$71.22pb (Trump effect)
- Proposed 25% of tariff on \$200bn of Chinese imports
- US rig count to 807 not enough to keep prices elevated



# Agricultural Commodities

## Wheat



- Wheat prices fell by 1.60% to \$4.31/bushel
- Following projections of a surge in global output

## Corn



- Corn prices declined by 2.43% to \$3.62/bushel
- Driven by higher than expected yields in Brazil and Argentina

## Cocoa



- Cocoa prices rose by 0.21% to \$2,379/MT
- On increased global demand

## Sugar



- Sugar prices down by 1.80% to 0.1201/pound
- As a result of increased output in India

# OUTLOOK – Oil Prices



- Brent likely to fall below \$70pb
- Ahead of OPEC meeting June 25/26

# OUTLOOK – Agricultural Prices

**GRAINS** Unfavourable weather conditions in the US negative for global prices →

**SOFTS** Sugar

- India's output projected to decline in 2019/2020 season
- This could result in increased prices

**Cocoa**

- Robust global demand is positive Nigeria's export revenue