

# Burning Economic Issues

- Q1 GDP slows 0.37% to 2.01%
- Oil and non-oil sectors shrank by 0.8% and 1.01%
- MPC concludes crucial meeting today
- Brent up 3% in 7 days (\$72.30pb)- 20% above benchmark
- MTN stock up 33% in 3 trading days
- Naira flat at N361/\$ (parallel market)

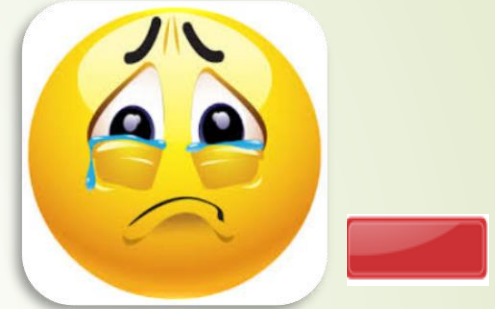
# Impact

## The Goodies



- Real estate sector positive growth of 0.93% after 3 years
- Transport sector up to 19.5%
- House rents may fall?

## The Downers



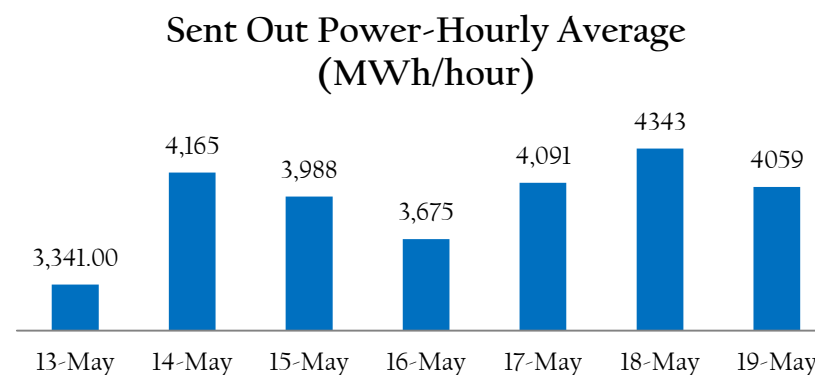
- Manufacturing sector down by 1.54% to 0.81%
- Whole and retail trade also shrank to 0.85%

# Power Sector

May 19<sup>th</sup>








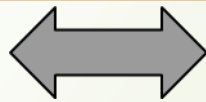
- Average power output: 4,059MWh/h (down by 284.28MWh/h)
- Gas constraints stood at 1,670.50MWh/h.
- Affected stations: Olorunsogo (379.5MWh/hour ↔), Omotosho (253MWh/hour ↔), Egbin (220MWh/hour ↔).
- Grid constraint was 972.4MWh/h.
- Water was 150 MWH/H.
- Naira equivalent of power loss: N1.52billion (annualized at N554.8billion)

State	Temperature(noon-time)
Abuja	31°C
Kano	37°C
Lagos	29°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)		N9,000	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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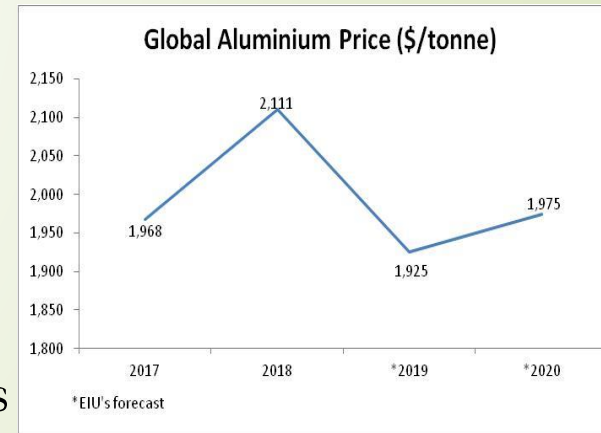
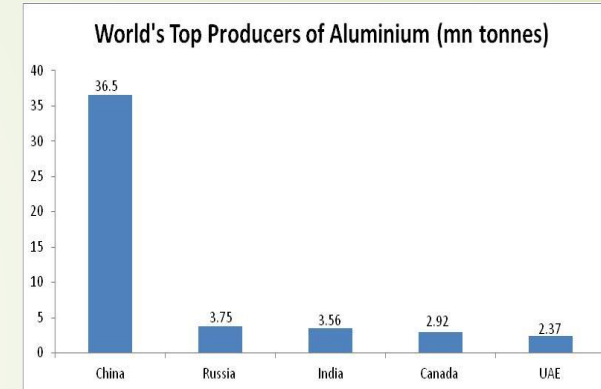
# Consumer Goods – Current price

Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N100	0%
Heineken beer (60cl)	N300	N330	-10.00%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N2,000	N2,300	-15.0%
Gala (big size)	N100	N100	0%

Domestic food prices remain flat

# Commodity in Focus - Aluminium

- Processed from bauxite
- Uses: window frames, roofing sheets, beverage cans, toothpaste packaging, etc
- Total global output: 63.97mn tonnes (\$135.04bn)
- EIU forecasts a 4.4% expansion in output in 2019
- China accounts for approx. 57% of total global production
- Other leading producers: Russia, India, Canada
- Ghana bauxite production at 1.14mn tonnes
- World's top consumers: China, EU, US
- Market is currently in a deficit – Estimated at 1.61mn tonnes
- Global aluminium price rose by 7.3% to \$2,111/tonne in 2018



Source: EIU, FDC Think Tank

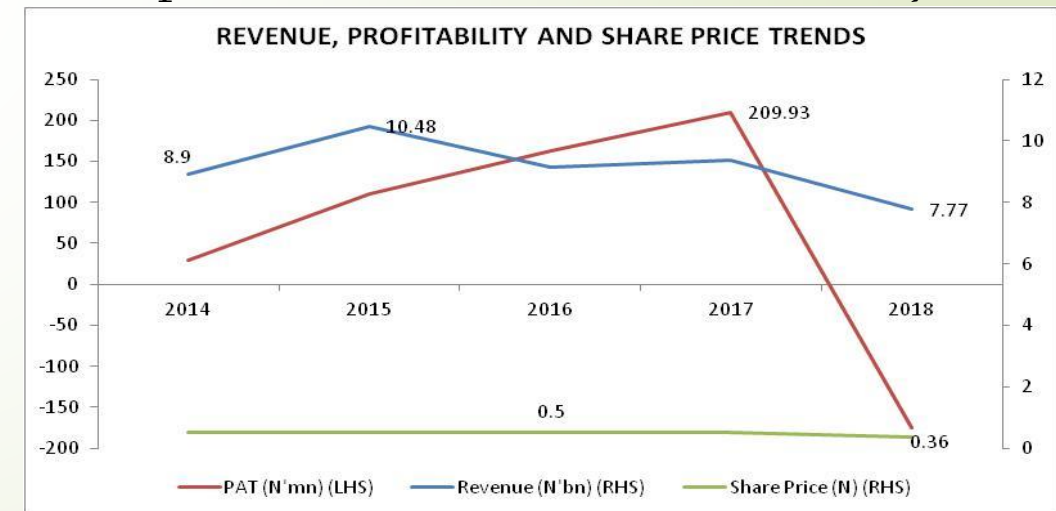


# Aluminium Production in Nigeria


















- Nigeria's aluminium output is marginal
- The Aluminium Smelting Company of Nigeria (ALSCON), Akwa Ibom State shut down in 2018
- Due to factors such as power, logistics etc
- FGN is attempting to privatize the company
- Major producers of aluminium products in Nigeria: First Aluminium Plc, Nigerian Aluminium Extrusions Limited (NIGALEX)
- Tower Aluminium is dormant

- Topline (2018): N7.77bn, Down 17.5%
- Reported a loss of N175.16mn
- From a profit of N209.93mn in 2017
- Share price of N0.40, down 4.76% in the last year



# Stock Market

- NSE ASI  1.74% to 29,373.40pts on May 20<sup>th</sup>
- Consumer goods sub index:  0.02% at 641.99pts

	Share Prices (₦)	Daily % Change (May 17 <sup>th</sup> – 20 <sup>th</sup> )	YTD (% Change)
Nestle	1,430	 -	 3.70
Honeywell	1.10	 -	 14.06
Flour Mills	15.50	 1.27	 32.90
Cadbury	10.25	 -	 2.50
Dangote Sugar	13.40	 1.47	 12.13
Unilever	32	 -	 13.51
Ikeja Hotels	1.45	 -	 5.22

# Oil Markets Today

COMMODITY	DAILY CHANGE May 20 <sup>th</sup> – 21 <sup>st</sup>	YTD	CURRENT PRICE
BRENT	↑ 0.62%	↑ 34.38%	\$72.30pb
WTI	↑ 0.49%	↑ 39.64%	\$63.41pb
NATURAL GAS	↓ 0.37%	↓ 9.52%	\$2.66MBtu



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**45 Warehouses**  
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**100,000 MT**  
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# Oil Prices

- Brent up 0.62% to \$72.30pb
- Driven by:
- Supply disruptions in the Middle East (trade war tension)
- Expectation of a further cut in OPEC members production during June meeting



# Agricultural Commodities

## Wheat



- Wheat prices inched up by 1.94% to \$4.73/bushel
- Despite assurance of supply from Pakistan

## Corn



- Corn prices increased by 1.44% to \$3.89/bushel
- Due to unfavourable weather conditions in the US

## Cocoa



- Cocoa prices declined by 0.08% to \$2,351/MT
- Despite strong demand from Asia

## Sugar



- Sugar prices up 1.13% to 0.1168/pound
- Decline in exports from India

# OUTLOOK – Oil Prices



- Price to hover between \$71-\$74pb
- Driven by an escalation of tensions in the Middle East

# OUTLOOK – Agricultural Prices

## GRAINS

- Looming adverse weather conditions in the US continue to depress grain prices

## SOFTS

### Sugar

- Decline in Indian exports to push up prices

### Cocoa

- Increase in global output will further drive prices down