

Burning Economic Issues



- Buhari assents to 2019 budget- N8.9ltrn
- Ministers ease out today
- Brent down 0.67% to 69.64pb, down 4.3% since May
- MTN market listing subject of unusual scrutiny
- Naira flat at N361/\$ (parallel market)



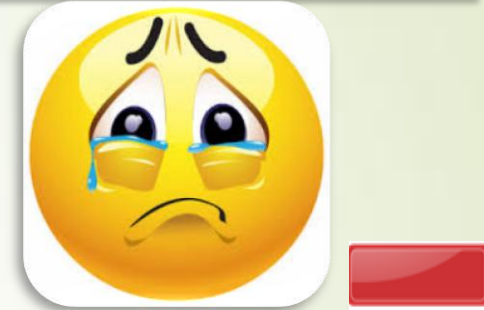
Impact

The Goodies



- Retail diesel price flat at N230-N240/ltr

The Downers



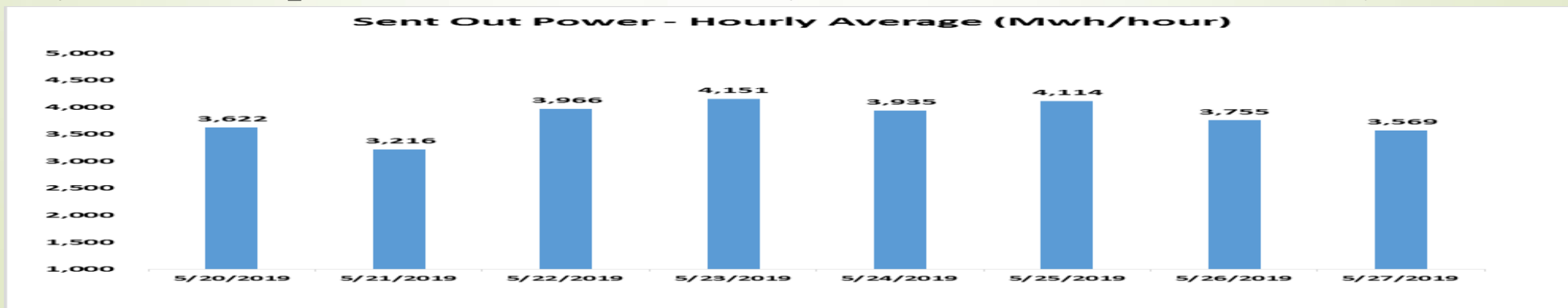
- MTN investigation seen by market as a witch-hunt
- Will deter other investors from listing
- 5 companies have delisted, while 2 have listed in 2019
- Volatile power supply

Power Sector

May 27th





State	Temperature(noon-time)
Abuja	32°C
Kano	33°C
Lagos	28°C

- Average power output: 3,569MWh/h (down by 186MWh/h)
- Affected stations: Egbin (479.35MWh/hour ↓), Delta (263.70MWh/hour ↑), Kainji (272.33MWh/hour ↓).
- Gas constraints stood at 1,649MWh/h.
- Grid constraint was 1,050MWh/h.
- Water was 270MWh/h
- Naira equivalent of power loss: N1.43billion (annualized at N521.95billion)










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	N9,000	↔	N6,000	N25,000
Semovita (10kg)		N3,000	N3,000	↔	N1,800	N3,500
Old Yam (medium size)		N1,200	N900	↑	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 	N6,500	N6,250	↑	N6,150	N16,000
Rice (50kg) 	N15,000	N17,000	↓	N13,000	N22,000
Flour (50kg) 	N11,200	N11,000	↑	N8,500	N11,200
Beans (Oloyin)(50kg) 	N19,000	N18,000	↑	N12,000	N34,000
Cement (50kg) 	N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg) 	N18,000	N13,000	↑	N6,000	N20,000
Pepper (bag) 	N8,000	N7,000	↑	N5,000	N15,000

- Most commodity prices increased due to impact of Ramadan and planting season

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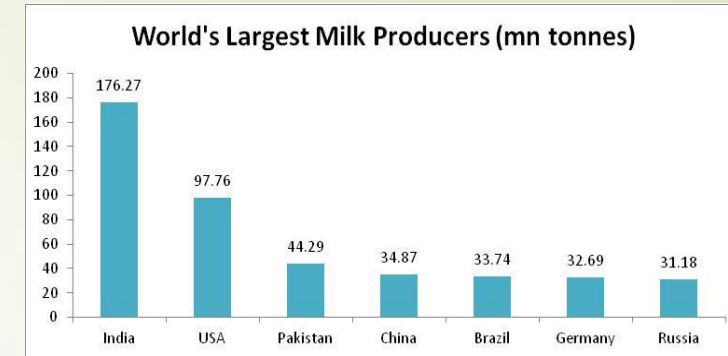
Consumer Goods – Current price

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%

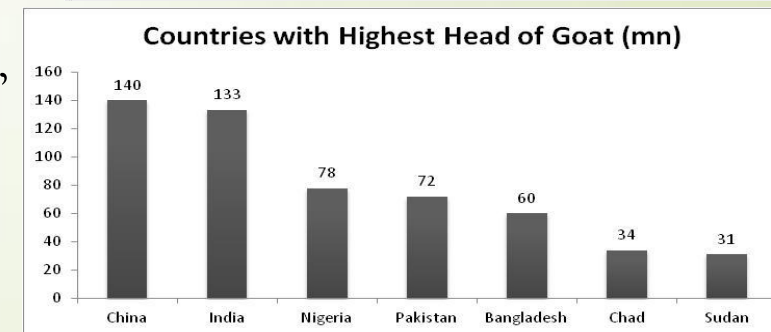
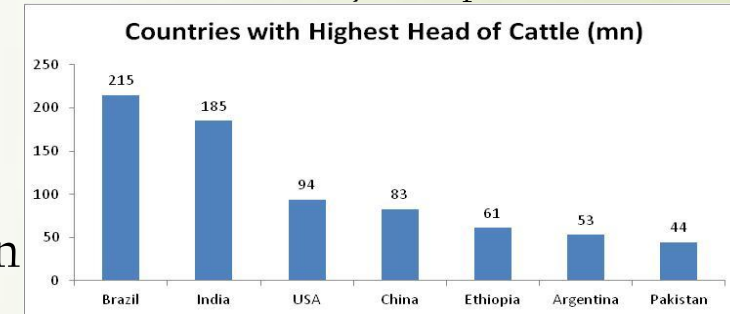
Domestic food prices remain flat

Commodity in Focus - Milk

- Sources: animals (cows, goats), plants (soybeans, coconut, etc)
- Forms: fresh, condensed, pasteurised, powdered
- Positive correlation between livestock heads & milk production
- Positive correlation between academic performance & milk consumption (protein)
- Total global production: 826.75mn tonnes (\$297.3bn)
- World's top producers of pasteurized milk: India, US, Pakistan
- World's top producers of powdered milk: US, New Zealand, Germany
- World's top producers of fresh milk: US, India, China, Brazil
- World's top consumers: India, EU, US



Source: National Dairy Development Board India



Source: FAOSTAT, FDC Think Tank

Milk Production in Nigeria

Nigeria's annual milk production is marginal

- Producing states – Kwara, Kogi
- Cattle head of 21mn (15th highest in the world) – Lactating cows, beef cattle
- Milk consumption per person in Nigeria estimated at 8 litres (EIU), below Middle East and Africa's average (43.6 litres)
- Nigeria's annual milk import bill is estimated at \$1.3 billion.
- Sources: New Zealand, Netherlands, Denmark



Milk Production in Nigeria

- Milk producers/users in Nigeria: FrieslandCampina WAMCO (Peak, Three Crowns), Nestle (Nido, Milo), Promasidor (Cowbell), Chi (Hollandia), Cadbury (Bournvita)
- Price of a carton of Peak milk has increased by 5% to N4,000 in last 6 months
- Nestle and Cadbury's share prices have both declined by approx. 9% in the last 52 weeks



Financial Performance of Listed Milk Users in Nigeria



- Topline (Q1'19): N70.97bn, Up 5.2%
- Reported a profit after tax of N12.85bn
- Profit jumped 49.25% y/y
- Share price of N1,400, down 9.01% in the last year



- Topline (Q1'19): N9.28bn, Up 12.62%
- Reported a profit after tax of N506.75mn
- Profit spiked 2,200% y/y
- Share price of N10.95, down 9.11% in the last year



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40,000 Youth & Women



100,000 MT
Grains & Seeds



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Stock Market

- NSE ASI  3.68% to 31,307.00pts on May 28th
- Consumer goods sub index:  2.24% at 641.33pts

	Share Prices (₦)	Daily % Change (May 27 th – 28 th)	YTD (% Change)
Nestle	1,450	 3.57	 11.11
Honeywell	1.07	 -	 14.06
Flour Mills	13.35	 2.95	 32.90
Cadbury	10.30	 -	 2.50
Dangote Sugar	13.45	 0.37	 12.13
Unilever	29.55	 -	 16.22
Ikeja Hotels	1.45	 -	 5.22

Oil Markets Today

COMMODITY	DAILY CHANGE May 27 th – 28 th	YTD	CURRENT PRICE
BRENT	↓ 0.67%	↑ 27.25%	\$69.64pb
WTI	↓ 0.56%	↑ 28.87%	\$58.59pb
NATURAL GAS	↑ 0.50%	↓ 12.24%	\$2.61MBtu

Oil Prices

- Brent down by 0.67% to \$69.64pb
- The oil market was weighed down by concerns of weak oil demand and high US crude inventories
- Prices declined despite reports of lower OPEC production & tension in the Middle East



Agricultural Commodities

Wheat



- Wheat prices up by 4.09% to \$4.81/bushel
- Due to production constraints in the US caused by unfavourable weather

Corn



- Corn prices jumped 3.72% to \$4.02/bushel
- US rainfall continues to delay planting

Cocoa



- Cocoa prices rose by 1.69% to \$2,467/MT
- Driven by increased demand in Asia

Sugar



- Sugar prices up 0.78% to 0.1166/pound
- Caused by increased demand from end-users in Brazil

OUTLOOK – Oil Prices



- Price to hover between \$68-\$71pb
- Lingering US-China trade dispute to weigh on prices
- Signals from OPEC about extension of production cut deal to influence prices

OUTLOOK – Agricultural Prices

GRAINS

- Adverse weather conditions in the US would continue to push prices up



SOFTS

Sugar

- Increased global health consciousness likely to weigh on prices

Cocoa

- Strong demand for chocolate in North America and Europe to support prices

