



# Burning Economic Issues



- Brent down 1.01% to \$62.67pb, down 13.91% since April
- Trade surplus down 67.65% in Q1'19 compared to Q4'18 – \$2.2bn
- Inflation to inch up marginally to 11.38%-FDC
- UK economy contracts by 0.4% in April
- South African economy downgraded by Moody's (-0.3%)



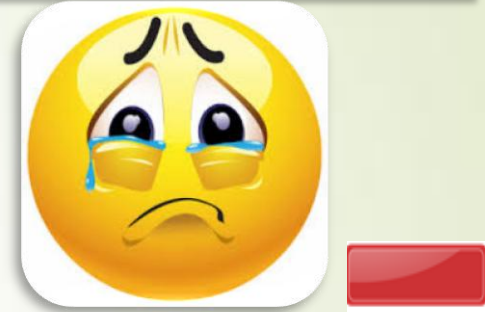
# Impact

## The Goodies



- Cocoa prices up 6.30% in one week (\$2,499/MT)
- Positive for export earnings

## The Downers



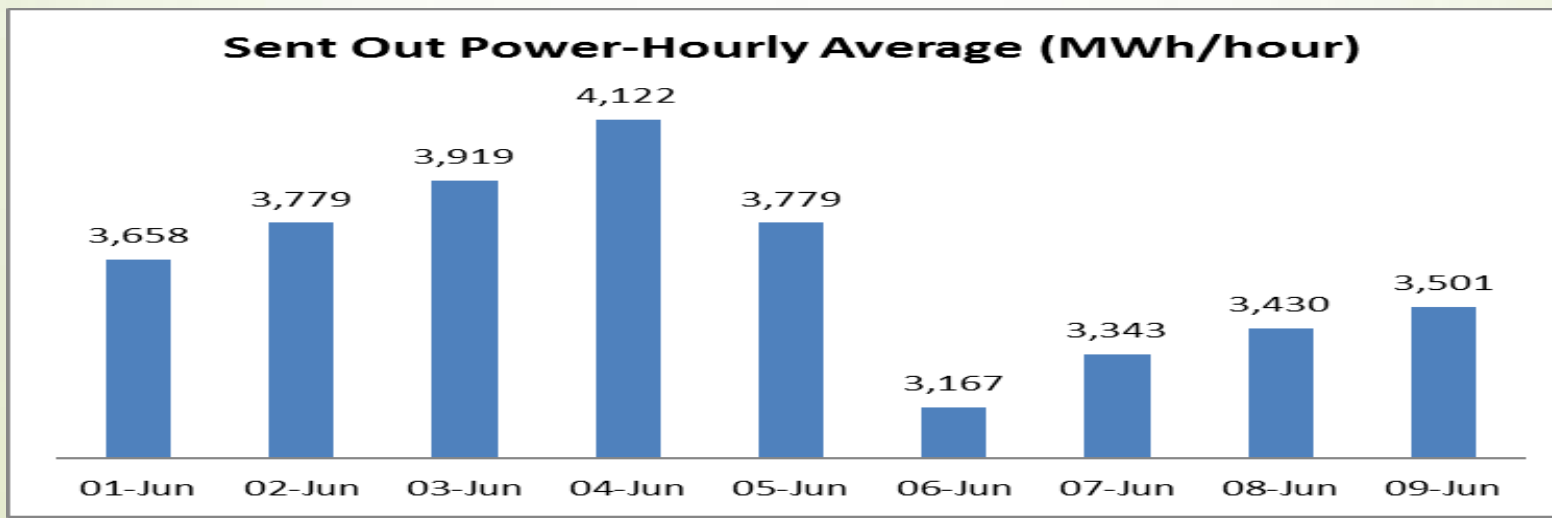
- Rig count flat at 14
- Oil prices lower
- Negative trade balance

# Power Sector

June 9<sup>th</sup>





State	Temperature(noon-time)
Abuja	28°C
Kano	33°C
Lagos	27°C

- Average power output: 3,501 MW/h (up by 71MW/h)
- Affected stations: Egbin (337.56MWh/hr<sup>↑</sup>), Jebba (255.76MWh/hr<sup>↑</sup>), Odukpani (211.89MWh/hour<sup>↑</sup>).
- Gas constraints stood at 1,767.5MWh/h, Grid constraint was 1,220.2MWh/h and Water was 420MWh/h
- Naira equivalent of power loss: N1.899billion (annualized at N683.64billion)



# 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

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# 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 planting season

# 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 - Avocado



- Total global production (2017): 5.92mn tonnes (\$10.47bn)
- Uses: cooked, edible oil, salads, smoothies, cosmetics
- World's top producers: Mexico, Dominican Republic, Peru
- World's top consumers: Mexico, U.S, Dominican Republic, Colombia
- Avocado is produced in Nigeria, albeit in subsistent quantities
- The good news is that every Nigerian state has the potential to grow avocados
- Major producing states: Imo, Edo, Abia, Anambra, Enugu



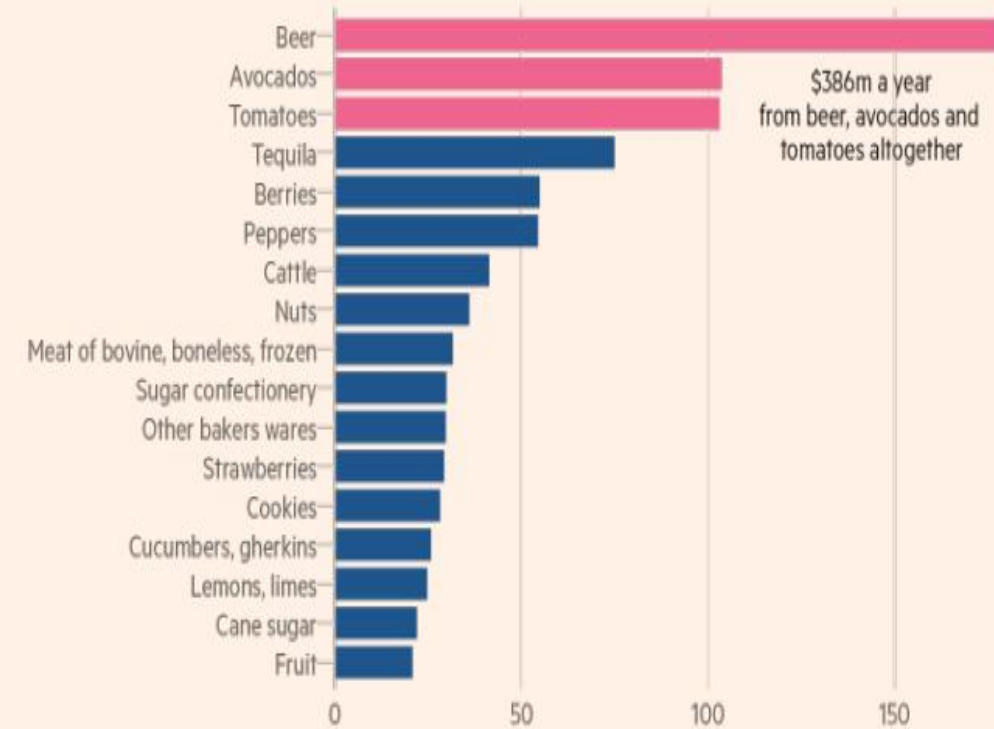


# Agricultural Commodities - Avocado

- US threat of 5% tariff on Mexican goods could weigh on the global prices of agricultural commodities such as avocado
- Although US and Mexico have reached a deal to avert trade war
- Opportunity for Nigerian avocado grocery market

Five per cent levy would cost agricultural sector \$1.4bn a year

The cost of 5% tariff on top of US imports of agricultural and agri-food from Mexico (\$,000)



Source: US Department of Commerce

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# Oil Markets Today

COMMODITY	DAILY CHANGE June 10 <sup>th</sup> – 11 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 1.01%	↑ 16.49%	\$62.67pb
WTI	↓ 0.78%	↑ 18.39%	\$53.76pb
NATURAL GAS	↑ 0.42%	↓ 19.39%	\$2.37MBtu



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



**100,000 Farmers**  
**40,000 Youth & Women**



**100,000 MT**  
**Grains & Seeds**



**\$30M Traded**  
**\$5M Input Loans**

**...building an alternative asset class.**



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# Oil Prices

- Brent down by 1.01% to \$62.67pb
- Driven mainly by:
- Weak global demand
- And rising US crude inventories



# Agricultural Commodities

## Wheat



- Wheat prices down 1.68% to \$496/bushel
- Due to expectations of higher US output

## Corn



- Corn prices declined by 1.02% to \$411.50/bushel
- Driven by projections of improved weather conditions in the US

## Cocoa



- Cocoa prices up 1.40% to \$2,499/MT
- On strong demand for chocolate in Asia

## Sugar



- Sugar prices fell 0.48% to 12.44/pound
- Despite lower global supplies

# OUTLOOK – Oil Prices (In the next two weeks)



- Oil prices to recover in the coming weeks due to:
- A deal between the United States and Mexico
- Possibility of output cut extension beyond the June 30 deadline
- Prices to hover between \$63-\$65pb

# OUTLOOK – Agricultural Prices

## GRAINS

- Favorable weather conditions to depress prices in the near term



## SOFTS

### Sugar

- Lower global supplies likely to weigh on prices

### Cocoa

- Prices to be bearish in the coming weeks due to an increase in Venezuela's cocoa production