



# Burning Economic Issues



- Inflation surges to 17-month high of 11.61% in October
  - Food inflation jumps to 14.09%
  - Month on month inflation (1.07%) at 4-month high
- Brent down 0.82% to \$61.78pb
- PMS imports down 13% in September - NBS
- Gross external reserves down to \$40.06bn



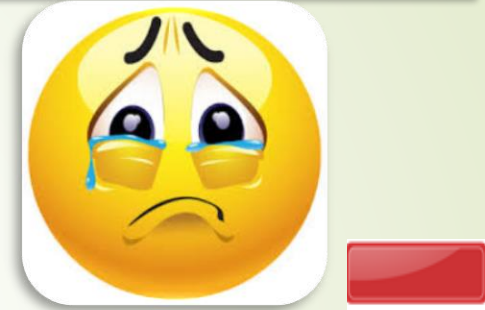
# Impact

## The Goodies



- Demand for PMS falls – reduces the subsidy levels
- Price of rice set to fall

## The Downers



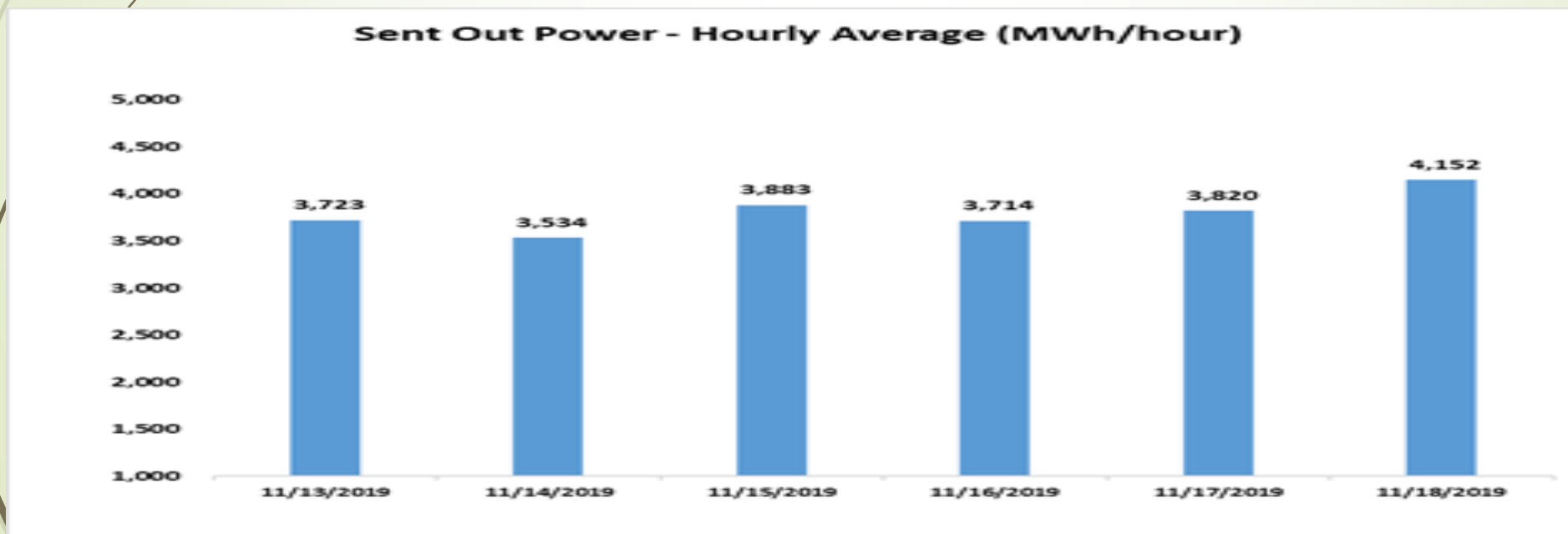
- Headline inflation at 17-month high
- Stock market sizzle fizzles
- Parallel market slips marginally to N360/\$-N361/\$

# Power Sector

November 18<sup>th</sup>


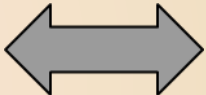


State	Temperature(noon-time)
Abuja	33°C
Kano	35°C
Lagos	30°C

- Average power output: 4,152 MW/h (up 332MW/h)
- Gas constraints stood at 2,362MWh/hr, Grid constraint was 899MWh/hr.  
There was no water constraint
- Naira equivalent of power loss: N1.57billion (annualized at N573.05billion)








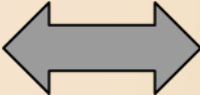





# Domestic Commodities Price Movement

## Relatively Elastic Products

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N9,000	N9,000	↔	N9,000	N10,000
Semovita (10kg)		N2,900	N2,800	↑	N2,800	N3,000
New Yam (medium size)		N500	N600	↓	N400	N1,900
Sugar (50kg)		N13,500	N13,500	↔	N13,000	N15,000

# Domestic Commodities Price Movement

## Relatively Inelastic Products

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N6,900	N6,850		N6,150	N6,900
Rice (50kg) 	N27,500	N24,000		N14,000	N27,500
Flour (50kg) 	N11,500	N11,500		N10,000	N11,500
Beans (Oloyin)(50kg) 	N15,000	N15,000		N14,000	N25,500
Cement (50kg) 	N2,600	N2,550		N1,600	N2,700
Tomatoes (50kg) 	N10,000	N10,000		N6,000	N20,000
Pepper (bag) 	N9,000	N9,000		N5,000	N15,000

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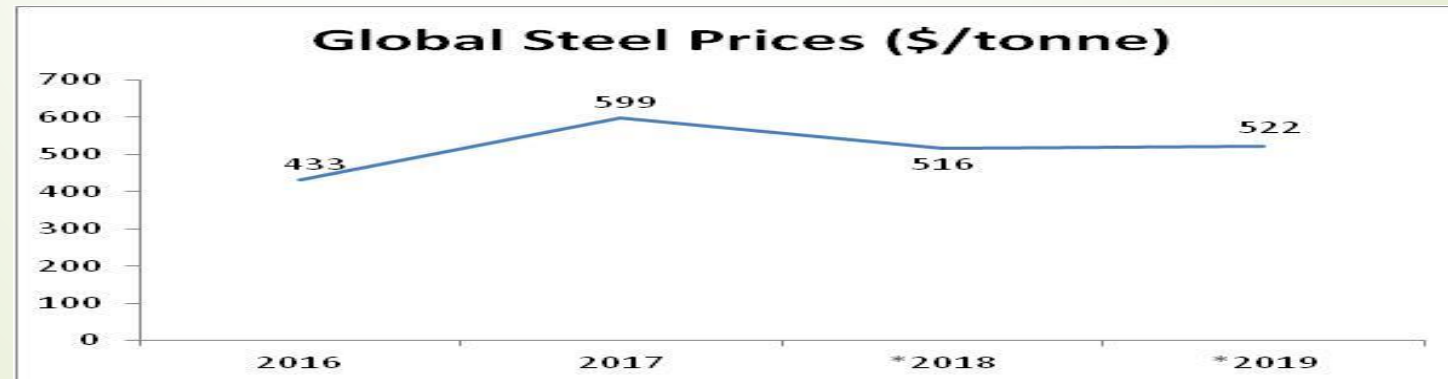
# Consumer Goods – Current price

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%

# COMMODITY IN FOCUS - STEEL



- Total global production (2018): 1.67bn tonnes (\$1trn)
- 2019 production forecast: 1.65bn tonnes
- World's top producers: China, EU, Japan, India, U.S
- World's top consumers: China, EU
- Uses: buildings, bridge, railway, automobile, etc
- Steel prices have dropped 14.1% year-to-date to \$501/tonne



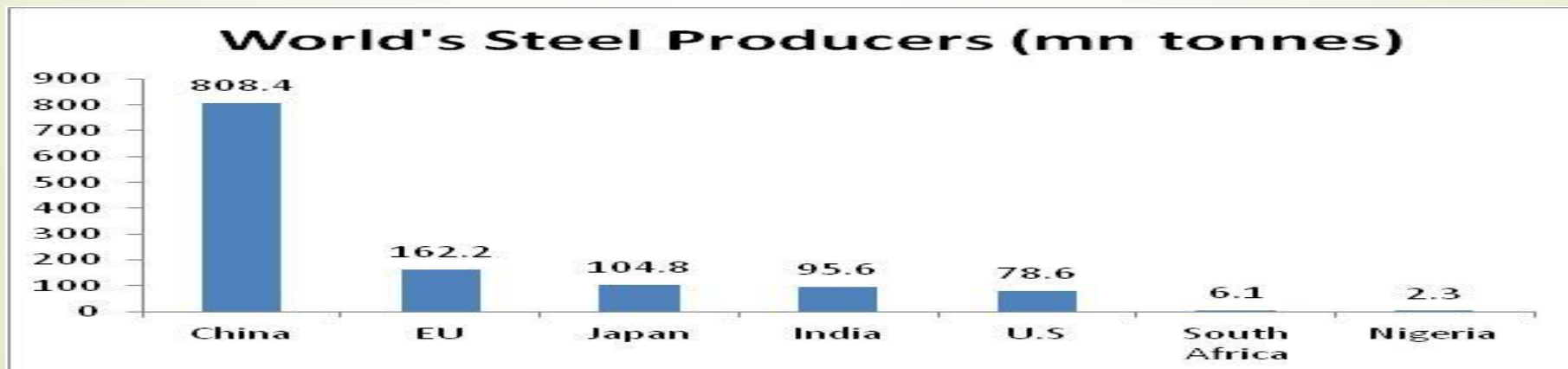
Source: Economist Intelligence Unit, FDC Think Tank





# STEEL PRODUCTION IN NIGERIA















- Nigeria is a fringe player in global production
- Steel Output: Approximately 2.3mn tonnes (0.16% of global production), valued at \$1.37bn
- Steel import demand: Estimated at 7.1mn tonnes- \$4.25bn
- Infrastructure spending to boost domestic steel demand in 2020



Source: Economist Intelligence Unit, FDC Think Tank

# Stock Market

- NSE ASI  0.18% to 26,739.44pts on November 19<sup>th</sup>
- Consumer goods sub index:  0.42% at 490.14pts

	Share Prices (₦)	Daily % Change (November 18 <sup>th</sup> - November 19 <sup>th</sup> )	YTD (% Change)
Nestle	1,195	 -	 22.03
Honeywell	1.00	 -	 16.24
Flour Mills	15.2	 -	 31.53
Cadbury	9.00	 -	 10.00
Dangote Sugar	11.70	 2.74	 32.77
Unilever	18.50	 -	 47.02
Ikeja Hotels	1.04	 9.47	 35.60

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# Oil Markets Today

COMMODITY	DAILY CHANGE November 18 <sup>th</sup> – 19 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 0.82%	↑ 15.26%	\$61.78pb
WTI	↓ 0.90%	↑ 24.84%	\$57.20pb
NATURAL GAS	↓ 3.01%	↓ 8.50%	\$2.61MBtu

# Oil Prices

- Brent down 0.82% to \$61.78pb
- Driven by:
  - Concerns about rising non-OPEC production
  - However, signs of an imminent trade agreement between the US & China moderated losses



# Agricultural Commodities

## Wheat



- Wheat prices down by 0.54% to \$507.50/bushel
- Despite expectations of lower US output

## Corn



- Corn prices declined by 0.66% to \$374.75/bushel
- Driven by weak global demand

## Cocoa



- Cocoa prices up by 1.96% to \$2,498/mt
- Driven by expectations of higher production in Ivory Coast & Ghana

## Sugar



- Sugar prices increased by 1.45% to \$12.57/pound
- Driven by expectations of lower output in South America

# OUTLOOK – Oil Prices



- Brent likely to trade between \$62pb-\$64pb in the coming days
- Supported by:
  - Signs of rapprochement between US and China
  - Lower global crude stockpiles

# OUTLOOK – Agricultural Prices

## GRAINS

- Lower than expected US production forecast of grains could push prices up in the near term

## Sugar

## SOFTS

- Lower sugar production in South Africa to increase prices

## Cocoa

- Expectations of higher output in Ghana & Ivory Coast to depress prices further