

# Burning Economic Issues



- CBN stops access to forex for maize importers
- Q1'20 petrol subsidy (N101.6bn) sharply lower than Q1'19 (N250bn)
- June inflation projected to climb to 12.55% (10% above T/Bills rate)
- Brent slips 1.05% (\$42.27pb) as OPEC+ eases output restrictions
- Mid crop cocoa harvest ends early in Akwa Ibom - WSJ
- Interstate travel and airport reopening to push down commodity prices



## The Downers



- Parallel market rate remains at N465/\$ since unification
- Stock market blues continue as earnings weakness set to continue (-9.86% in 2020)
- Power output stuck below 4,000MWh/hour
- New tariff in August
- Price of PMS up, transport fares may increase

## Impact

## The Goodies



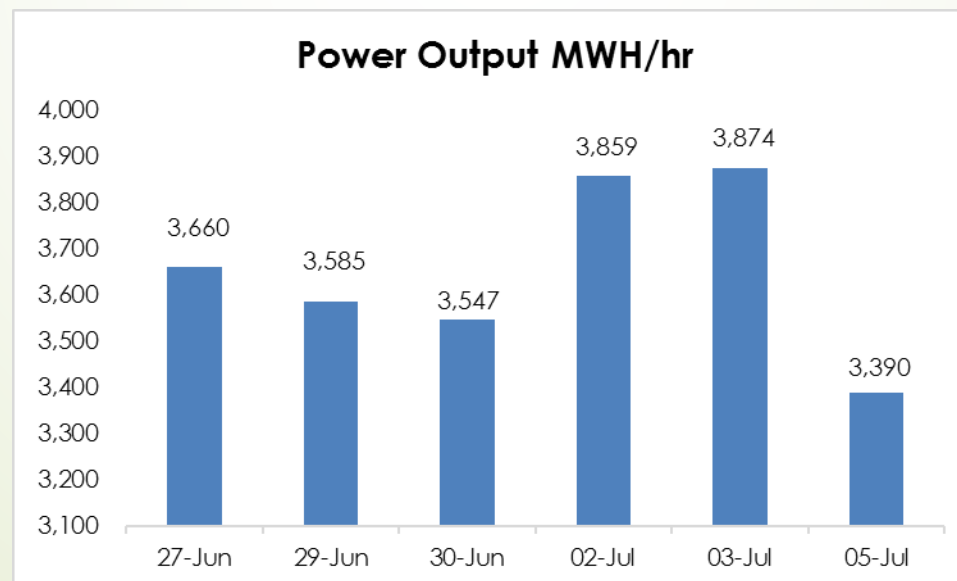
- Month-on-month inflation projected to fall to 14.61%
- As interstate travel restrictions and logistics costs to fall

# Power Sector

July 5<sup>th</sup>









State	Temperature(noon-time)
Abuja	23°C
Kano	25°C
Lagos	26°C

- Average power output: 3,390MWH/hr (down 484MWH/hr)
- Gas constraints stood at 2,189.5MWh/hr, Grid constraint was 1,856.3MWh/hr and there was no water constraint
- Naira equivalent of power loss: N1.96billion (annualized at N715.4billion)



# Domestic Commodities Price Movement















## Relatively Elastic Products

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N12,000	N10,000		N9,000	N12,000
Semovita (10kg)		N3,400	N3,400		N2,800	N3,400
New Yam (large size)		N2,000	N1,500		N400	N2,000
Sugar (50kg)		N17,500	N21,000		N13,000	N23,000

- Easier access to farm produce could taper prices down
- Not enough to prevent the negative impact of exchange rate pass through and planting season

# Domestic Commodities Price Movement

## Relatively Inelastic Products

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow		N12,000	N13,000		N6,150	N14,500
Rice (50kg)		N28,000	N28,000		N14,000	N28,000
Flour (50kg)		N12,700	N11,000		N10,000	N12,700
Beans (Oloyin)(50kg)		N17,500	N17,000		N14,000	N25,500
Cement (50kg)		N2,600	N2,600		N1,600	N2,700
Tomatoes (50kg)		N20,000	N12,000		N6,000	N20,000
Pepper (bag)		N15,000	N16,000		N5,000	N16,000

- Price of tomatoes spikes 67% to N20,000 per basket
- Price of old yam still up 33% to N2,000 per tuber



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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%

# Stock Market

- NSE ASI  0.44% to 24,200.60pts on July 13<sup>th</sup>
- Consumer goods sub index:  0.08% at 413.75pts

	Share Prices (₦)	Daily % Change (July 10 <sup>th</sup> – July 13 <sup>th</sup> )		YTD (% Change)
Nestle	1175		-	 20.06
Honeywell	0.97		-	 2.02
Flour Mills	18.0		-	 8.63
Cadbury	6.75		-	 36.02
Dangote Sugar	11.6		-	 14.71
Unilever	12.45		-	 43.41
Ikeja Hotels	1.02		-	 8.93



# Oil Markets Today

COMMODITY	DAILY CHANGE July 13 <sup>th</sup> – July 14 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 1.05%	↓ 35.95%	\$42.27pb
WTI	↓ 1.30%	↓ 35.18%	\$39.58pb
NATURAL GAS	↓ 1.04%	↓ 21.46%	\$1.72MMBtu

# Oil Prices



- Brent down 1.05% to \$42.27pb
  - WTI down 1.30% to \$39.58pb
- As oil traders speculate that OPEC+ may ease production cut backs ahead of meeting
- Oil markets still bearish as infection cases continue to surge in the US



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# Agricultural Commodities

## Wheat



- Wheat prices down 0.51% to \$531.25/bushel
- On increased global wheat supply

## Corn



- Corn lost 1.41% to \$332.50/bushel
- As favourable weather conditions in the US Midwest raised optimism on bumper harvest

## Cocoa



- Cocoa prices gained 0.51% to \$2,160/mt
- Despite low global demand for chocolate

## Sugar



- Sugar prices fell by 0.17% to \$11.74/pound
- On increased sugar output from Brazil

# OUTLOOK – Oil Prices



- Brent likely to trade between \$42-\$44pb
- As the market awaits OPEC+ decision on production cuts
- Coupled with rising COVID-19 cases

# OUTLOOK – Agricultural Prices

## GRAINS

- Bumper wheat harvest to keep prices low
- Optimism on higher corn output to taper prices despite the USDA's 2020 acreage projections

## SOFTS

### Sugar

- Prices to remain low on increased Brazilian sugar output

### Cocoa

- Low chocolate demand to taper prices in the near term