

BURNING ECONOMIC ISSUES



- Oil production now up to 2mbpd

- Year-on-year inflation spikes to 18.72%



- The 12th consecutive month of increase



- Core inflation down to 17.9%, month on month inflation down annualized at 12.8%

- Food basket up to 17.82%, mainly bread and cereals



- Naira slides to N512/\$ and N625/£ at the parallel market

- Average PMS price now N175/litre

ECONOMIC NEWS



The Good:



- Core and month on month inflation down
- Average oil price for January and February now \$55.63pb
 - 18.51% above Q3 average and 74.4% above January 2016 average

The Bad:











- Petrol price above N145 means subsidy may be back
- Naira falling, in spite of external reserves build up



DOMESTIC COMMODITY PRICES

Price Elastic

Price Inelastic


		CURRENT PRICES			Lagos Price	
Commodities		LAGOS	KANO	ONITSHA	1 year Low	1 year High
Price Elastic	Palm Oil (25L) 	↑ N24,500	N27,800	N23,200	N6,000	N25,000
	Semolina(10kg) 	↔ N3,100	N3,150	N3,120	N2,300	N3,100
	Maize (50kg) 	↔ N13,250	N13,350	N13,450	N9,000	N13,250
	Tomatoes (50kg) 	↔ N8,000	N7,800	N8,000	N8,000	N9,000
Price Inelastic	Garri (50kg) 	↔ N15,000	N15,200	N15,500	N8,000	N15,000
	Rice (50kg) 	↑ N17,500	N16,000	N21,200	N16,000	N22,000
	Flour (50kg) 	↓ N10,500	N10,500	N11,000	N8,500	N11,000
	Sugar (50kg) 	↑ N20,000	N19,500	N19,800	N8,000	N19,000
	Beans (50kg) 	↔ N18,000	N17,700	N18,300	N9,000	N22,500
	Cement (50kg) 	↔ N2,300	N2,300	N2,400	N1,400	N2,300













CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Lagos prices	Jumai prices	% difference
Coke (60cl)	N120	N120	0%
Beer (60cl)	N250	N235	6%
Bread Loaf	N350	N400	12.5%
Semovita (10kg)	N3,700	N3,650	1.35%
Indomie (1 carton)	N2,350	N2,400	2.08%

Average price of online prices is 4.39% higher than market stalls

STOCK MARKET

- NSE ASI  0.39% (25,130.26) pts
- Market down 2 out of 3 days
- Traders await release of corporate earnings

	Share Prices (₹)	W-O-W (10 Feb – 15 Feb)	YTD (%)
Nestle	600.00	 3.91%	 16.0%
Honeywell	1.10	 0.92%	 21.9%
Flourmill	18.00		 15.4%
Cadbury	9.00		 2.7%
NB	117.50	 6.00%	 10.6%
Dangote Sugar	6.10	 1.67%	 1.06%



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OIL PRICES



- Brent crude  by 0.39% to \$55.75pb
- Prices continue to trade in mid-50's on mixed signals
- Latest OPEC data showed a monthly decline of 890,000b/d in Jan.
 - Well above market expectation
- Rising U.S supplies at 9.9mb weighed in on bullish sentiment - API
- U.S oil rigs have increased by 114 since OPEC production curb deal

OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 14 Feb – 15 Feb'17	YTD	CURRENT PRICE
O I L			
BRENT	 0.39%	 1.88%	\$55.75pb
WTI	 0.17%	 1.14%	\$53.11pb
NATURAL GAS	 1.72%	 20.70%	\$2.95MMBtu

AGRIC COMMODITIES

Wheat



•Wheat futures up 0.32% to \$4.65/bushel

• Wheat exports hitting a 4-year high of 29.7m tons nudged prices

Corn



•Corn futures down 0.07% to \$3.81/bushel

• Down marginally due to production surplus and inventory build-up

Cocoa



•Cocoa prices down 1.07% to \$1,940/mt

• Driven by expectations of a bumper harvest in West Africa

•Bankruptcy of U.S cocoa processor Transmar Group also weighed on sentiments

Sugar



•Sugar prices down 1.86% to \$0.2005/pound

• The Brazilian currency strengthened by 0.8% against the US dollar
•Discouraging producers from exporting more

OUTLOOK – OIL PRICES



- Prices to swing between the \$50-55 band
- Driven by resurgence of U.S shale oil
- U.S production to increase by 80,000b/d in March
- Due to higher output levels in the Permian Basin

OUTLOOK – AGRIC PRICES

- Grains** • Prices will be pressured by the heavily oversupplied market



SUGAR



Softs

- Production deficit in India will drive prices higher

COCOA

- Anticipation of bountiful harvest in West Africa will suppress prices