# BURNING ECONOMIC ISSUES









Oil production now up to 2mbpd

•Year-on-year inflation spikes to 18.72%



•The 12<sup>th</sup> 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**

	CURRENT PRICES		Lagos Price		
Commodities	LAGOS	KANO	ONITSHA	1 year Low	1 year High
Palm Oil (25L)	<b>1</b> N24,500	N27,800	N23,200	N6,000	N25,000
Semolina(10kg)	<b>★ N3,100</b>	N3,150	N3,120	N2,300	N3,100
Maize (50kg)	₩ N13,250	N13,350	N13,450	N9,000	N13,250
Tomatoes (50kg)	<b>⇔</b> N8,000	N7,800	N8,000	N8,000	N9,000
Garri (50kg)	<b>⇔</b> N15,000	N15,200	N15,500	N8,000	N15,000
Rice (50kg)	1 N17,500	N16,000	N21,200	N16,000	N22,000
Flour (50kg)	<b>♣</b> N10,500	N10,500	N11,000	N8,500	N11,000
Sugar (50kg)	<b>1</b> N20,000	N19,500	N19,800	N8,000	N19,000
Beans (50kg)	<b>⇔</b> N18,000	N17,700	N18,300	N9,000	N22,500
Cement (50kg)	<b>⋘</b> 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 ( <del>N</del> )	W-O-W (10 Feb — 15 Feb)	YTD (%)
Nestle	600.00	<b>4</b> 3.91%	<b>4</b> 16.0%
Honeywell	1.10	<b>1</b> 0.92%	<b>-</b> 21.9%
Flourmill	18.00	$\Leftrightarrow$	<b>4</b> 15.4%
Cadbury	9.00	$\leftrightarrow$	<b>4</b> 2.7%
NB	117.50	<b>4</b> 6.00%	<b>-</b> 10.6%
Dangote Sugar	6.10	<b>-</b> 1.67%	<b>♣</b> 1.06%





## 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

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



# **AGRIC COMMODITIES**

#### Wheat



#### Corn



#### Cocoa



### Sugar



- •Wheat futures up 0.32% to \$4.65/bushel
- Wheat exports hitting a 4-year high of 29.7m tons nudged prices
- •Corn futures down 0.07% to \$3.81/bushel
- Down marginally due to production surplus and inventory build-up

- •Cocoa prices down 1.07% to \$1,940/mt
- Driven by expectations of a bumper harvest in West Africa
- Bankruptcy of U.S cocoa processer Transmar Group also weighed on sentiments

- •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

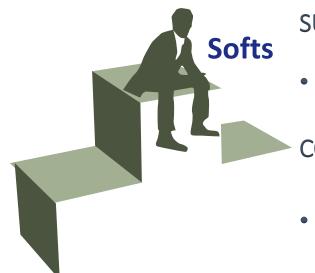


- Prices to swing between the \$50-55 band
- Driven by resurgence of U.S shale oil
- U.S production to increase by 80,000b/d in March
- Due to higher output levels in the Permian Basin



## OUTLOOK - AGRIC PRICES

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



### **SUGAR**

Production deficit in India will drive prices higher

### **COCOA**

Anticipation of bountiful harvest in West Africa will suppress prices

