

# BURNING ECONOMIC ISSUES



- Senate retains N305/\$ exchange rate for the MTEF/FSP

- Oil benchmark is raised by 4.7% to \$44.5/barrel



- N2.321 trillion borrowing plan was approved

- National blackout still widespread



- Diesel price drops slightly to N255/ltr

- External reserves rise above \$27bn

- Abuja airport closure still a hot potato



# ECONOMIC NEWS



The Good:



- Borrowing plan approval to help fiscal plans to boost the economy
- External reserves boost could ease pressure on naira

Bad news:




- Abuja closure comes with financial and economic disruptive costs
- Financial costs in excess of N7bn(\$14m)
- Economic disruptive costs likely to exceed \$3.6bn



# 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) 	↔ N16,500	N16,800	N16,200	N6,000	N17,000
	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) 	↓ N19,000	N17,400	N20,200	N12,000	N25,000
	Flour (50kg) 	↔ N11,000	N11,000	N11,000	N8,500	N11,000
	Sugar (50kg) 	↔ N19,000	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	Ecommerce prices	% difference
Coke (60 cl)	N100	N115	13%
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%

Ecommerce rates are 5.9% higher than market rates on average

# STOCK MARKET

- NSE ASI  0.13% (26, 245.34 pts)
- Market dips slightly as it awaits earnings and MPC meeting

	Share Prices (₹)	W-O-W (16 Jan – 18 Jan)	YTD (%)
Nestle	755	4.43% 	12.2% 
Honeywell	1.20		41.5% 
Flourmill	18.20		12.5% 
Cadbury	9.00	1.96% 	47.5% 
NB	142.60	0.42% 	4.9% 
Dangote Sugar	6.08	0.33% 	0.8% 



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# OIL PRICES



- Brent crude  by 2.58% to \$54.42pb
- Shale production costs have declined 39% in 2 years
- Encouraging more oil production from the US
- Comments on output cut deal triggered a dip in oil prices
- Saudi Arabia hinted that cut deal is unlikely to go beyond June
- *“We don’t think it’s necessary given the level of compliance...and given the expectations of demand.” - Saudi Arabia Energy minister*

# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 16 Jan – 19 Jan'17	YTD	CURRENT PRICE
<b>O I L</b>			
BRENT	 2.58%	 1.89%	\$54.42pb
WTI	 1.58%	 1.51%	\$51.54pb
<b>L N G</b>			
NATURAL GAS	 2.43%	 0.27%	\$3.336MMBtu



# AGRIC COMMODITIES

## Wheat



•Wheat futures up 1.79% to \$4.34/bushel

• USDA report on lowest acreage in a century still supporting a rally in the market

## Corn



•Corn futures up 1.71% to \$3.64/bushel

• Weakened dollar supporting bullish corn market

## Cocoa



•Cocoa prices up 0.98% to \$2,235/mt

• weak dollar supporting prices  
• Exports disrupted at ports in Ivory Coast

## Sugar



•Sugar prices up 1.01% to \$0.207/pound

• crushing season promptly ends with just 15 mills still crushing out of an expected 300 mills  
• dry weather and uninterrupted harvests have left little canes to be crushed

# OUTLOOK – OIL PRICES



- An early end to the OPEC quota deals might make current efforts futile
- This happens on the backdrop of threats from increased shale production
- However, IMF predicts that oil prices will rally 20% in 2017

# OUTLOOK – AGRIC PRICES

## Grains

- Strong Brazilian corn production to weigh on prices
- Increased Indian demand to support bullish wheat market

## Softs

### SUGAR

- Abrupt end of crushing season to support a rally in prices

### COCOA

- US cocoa to be mainly driven by dollar movements this week

