

# BURNING ECONOMIC ISSUES



- Finance minister calls for limitations to CBN autonomy



- NASS approves \$500m additional Eurobond



- Naira appreciates sharply to N405/\$



- Money supply growth negative (M2 contracted 5.73%)

# ECONOMIC NEWS



## Good news



- Naira much stronger but for how long?
- \$500m Eurobond will push up external reserves (\$30.34bn)



## Bad news



- Oil price trading at \$50 level, likely to decline further

- 8% lower than February

- N30 differential between BCD and PTA rate



# POWER GENERATION ANALYSIS & IMPACT




MARCH 21<sup>st</sup> : On grid power output was 3720MWh/hour (down by 29MWh/h)

- Transcorp Ughelli output down 56MW due to lost turbine functionality
- Total Power constraints: 2057MW
  - Gas – 2057MW, & Water management – 0MW
- Power sector lost an estimated N1.111bn on March 21<sup>st</sup> (annualised at 405.5bn /\$1.013bn)
- Diesel price falls sharply to N220/ltr

# 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) 	↔ N11,000	N9,800	N12,000	N8,000	N11,500
Price Inelastic	Garri (50kg) 	↔ N13,000	N15,200	N15,500	N8,000	N15,000
	Rice (50kg) 	↔ N18,000	N18,000	N20,200	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	N20,000
	Beans (50kg) 	↔ N17,000	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 price	Jumia price	% 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%
Gala (75g)	N70	N70	0%

Average online prices is 4.67% higher than market stalls

\*Both value and mainstream brands of beer have increased in the past 3 months

\*Expect to see additional price increase in the brewery space in response to losses



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# STOCK MARKET- FLAT LINING

- NSE ASI  0.17% (25, 514.09pts)
- Unimpressive earnings reports fuelling bearish sentiment in the market
- Larfarge, Cadbury and PZ Cussons record significant losses

	Share Prices (₹)	W-O-W (21 Mar – 23 Mar)	YTD (%)
Nestle	740	 1.33%	 8.6%
Honeywell	1.02	 2.86%	 19.2%
Flourmill	17.50	 1.96%	 5.4%
Cadbury	7.49	 3.97%	 27.2%
NB	130.01		 12.1%
Dangote Sugar	6.19	 3.17%	 1.3%
Unilever	32.3	 5.0%	 7.7%







# OIL PRICES



- Brent crude  by 1.28% to \$50.96pb
- Oil prices at 4-month low
- EIA records crude build of 329,000 bpd to 15.8mbpd
- US production now up 8% since mid-2016
- Russia maintains position as largest oil producer in the world



# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 21 Mar – 23 Mar'17	Y-O-Y	CURRENT PRICE
O I L			
BRENT	 1.28%	 10.31%	\$50.96pb
WTI	 0.29%	 9.98%	\$48.35pb
NATURAL GAS	 0.23%	 18.44%	\$3.034MMBtu

# AGRIC COMMODITIES

## Wheat



- Wheat futures down by 1.18% to \$4.25/bushel
- Reduced offtake by flour mills against adequate stock position from producing regions

## Corn



- Corn futures down by 0.55% to \$3.62/bushel
- Increased area planting in SA fuelling expectations of ample corn supplies

## Cocoa



- Cocoa prices up by 1.76% at \$2,154/mt
- Cocoa prices jump upon dry weather conditions in Ivory Coast

## Sugar



- Sugar prices down 2.37% at \$0.1729/pound
- Price slump persists on thinning demand and ample supply from mills

# OUTLOOK – OIL PRICES



- Bearish sentiment likely to drive the market for the remainder of the week
- New US shale producers to contribute to oil glut in the market
- OPEC to remain unrelenting on efforts to rebalance market

# OUTLOOK – AGRIC PRICES

- Grains** • Strong rains for the U.S. Plains winter wheat crop could clamp down on prices

SUGAR

- Softs** • Higher demand expectations in the summer months likely to push prices up

COCOA

- Weather conditions to support price rally for the remainder of the week

