

# BURNING ECONOMIC ISSUES



- Oil recovers to \$52pb on lower-than-expected US inventory



- Nigeria's oil production projected at 1.66mbpd in May – *Reuters*

- Naira falls to N383/\$ as BDC rate revalued 11% to N362/\$



- CBN debits banks with unutilised dollars



- Abuja airport to reopen on schedule – April 19<sup>th</sup>

- Air cargo affected pushing up prices in Abuja

# ECONOMIC NEWS



## Good news



- Recovery in oil price and production is revenue positive

## Bad news



- Maturing forward contracts will deplete external reserves



- April external reserves could decline to \$28bn

- At 1.66mbpd, Nigeria now largest oil exporter in SSA

- Nigeria could be forced to cut output in OPEC deal



# POWER GENERATION ANALYSIS & IMPACT



MARCH 27<sup>th</sup> : On grid power output was 3860MWh/hour (up by 71MWh/h)

- Total Power constraints: 2239MW all attributed to gas constraints
- Power sector lost an estimated N0.936bn on March 28<sup>th</sup> (annualised at N341.64bn /\$0.89bn)
  - Financial loss of less than N1bn , 2<sup>nd</sup> time in March
- Egbin, Geregu I, and Olorunsogo I lost turbine functionality due to gas constraints
- Diesel price declined by 2.33% to N210/ltr

# DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic

Commodities	CURRENT PRICES			Lagos Price	
	LAGOS	KANO	ONITSHA	1 year Low	1 year High
Palm Oil (25L) 	↔ N25, 000	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
Garri (50kg) 	↔ N13,000	N15,200	N15,500	N8,000	N15,000
Rice (50kg) 	↔ N16,600	N16,000	N18,200	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) 	↔ N16,000	N16,700	N17,300	N9,000	N22,500
Cement (50kg) 	↔ N2,300	N2,300	N2,400	N1,400	N2,300

# DOMESTIC COMMODITY PRICE SENTIMENT



- Wholesalers are sitting on expensive inventory
- Waiting to clear old stock before re-pricing
- Many believe currency appreciation could reverse

# 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  0.55% (25,267.68) pts – negative sentiments on poor earnings and low dividends

Consumer goods sub index  0.19% (629.33) pts


No correlation between naira value and stock prices

	Share Prices (₦)	W-O-W (24 Mar – 27 Mar)	YTD (%)
Nestle	750	 0.13%	 7.40%
Honeywell	1.00	 1.96%	 21.50%
Flourmill	17.80	 1.71%	 3.70%
Cadbury	7.60	 1.47%	 26.10%
NB	130.00	 0.01%	 12.20%
Dangote Sugar	6.21	 0.98%	 1.60%
Unilever	32.00	 4.95%	 8.60%









# OIL PRICES



- Brent crude  by 3.29% to \$52.42pb
- Oil initially recovered to \$51pb due to Libyan output disruption
- Lower-than- expected inventory build up elevated prices to \$52pb
- Crude inventory increased by 900, 000 barrels lower than 1.5mb projected by *API*
- Gains were capped by a stronger greenback

# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 27 Mar – 29 Mar'17	Y-O-Y	CURRENT PRICE
O I L			
BRENT	 3.29%	 7.74%	\$52.42pb
WTI	 3.73%	 7.84%	\$49.51pb
NATURAL GAS	 4.09%	 14.52%	\$3.18MMBtu

# AGRIC COMMODITIES

## Wheat



↑ •Wheat futures up by 0.47% to \$4.26/bushel

- Winter wheat conditions worsening in the largest producing states of the US – Oklahoma and Kansas

## Corn



↑ •Corn futures up by 0.28% to \$3.59/bushel

- Current pace of corn exports is expected to exceed USDA marketing year estimate of 2.225 billion bushels

## Cocoa



↓ •Cocoa prices down by 3.07% at \$2,086/mt

- The decline was driven by an anticipated swing from a cocoa deficit in the 2015/16 season to an expected surplus in 2016/17

## Sugar



↓ •Sugar prices down 3.39% at \$0.1712/pound

- Prices fell on low demand and higher supply

# OUTLOOK – OIL PRICES



- Bearish outlook for crude futures
- Fundamentals remain weak and Libya's production disruption expected to support prices temporarily
- Upbeat trend of US inventory and rig count will continue to weigh on prices

# OUTLOOK – AGRIC PRICES

- Grains** • Bullish outlook for grains due to growing demand and unfavourable weather conditions

SUGAR

- Softs** • Fundamentals remain broadly bearish with expectations for a global surplus for 2017/2018

COCOA

- Cocoa prices will be pressured by plentiful global supplies as a surplus is expected in the current 2016/2017 season

