

# BURNING ECONOMIC ISSUES



- Oil price drops below \$50pb (trading at \$47pb)
  - The first time in 7 months, 15% below the high of January
  - Could derail CBN's forex strategy



- Nigeria's oil production at 2mbpd - *NNPC*



- OPEC report says 1.5mbpd



- Naira trading flat at parallel market - N391/\$
- Average power supply up 265MWh/h to 3722MWh/hour
- Wholesale diesel price unchanged at N190/litre

# ECONOMIC NEWS



## Good news



- Higher oil production will increase dollar revenues
- Naira stable at the parallel market



## Bad news



- Lower oil prices, if sustained could derail CBN's forex strategy
- Cocoa down 18% to \$1,776/mt YTD
- Will reduce export proceeds inflows into new forex window

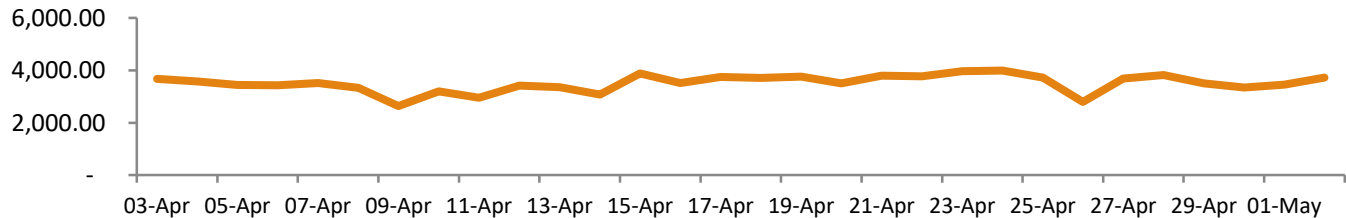


# POWER GENERATION ANALYSIS & IMPACT



- May 2<sup>nd</sup>: On grid power output was 3722MWh/hour (up 265MWh/h)
- Total Power constraints: 2293MW due to gas and line constraints
- Estimated loss: N1,454bn (annualised at N529.25bn /\$1.32bn)
- Odukpani GT1, 2 & 5 shut down due to tripping of Ikot-Ekpene/Ugwuaji 330kV line 3 at both ends




**Average Power Sent Out (MW/h)**



# DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic


		CURRENT PRICES			Lagos Price	
Commodities		LAGOS	KANO	ONITSHA	1 year Low	1 year High
Price Elastic	Palm Oil (25L) 	↔ N13, 000	N15,000	N10,000	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) 	↑ N18,000	N17,900	N18,500	N8,000	N18,000
	Rice (50kg) 	↓ N14,600	N13,500	N15,200	N13,500	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








# CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Lagos price	Jumia price	% difference
Coke (50cl)	N150	N150	0%
Beer (60cl)	N250	N235	6%
Bread Loaf	N350	N400	12.5%
Semovita (10kg)	N3,700	N3,650	1.35%
Indomie (1 carton)	N1,900	N2,500	-24%
Gala (75g)	N70	N70	0%

- Average online prices is 4.67% higher than market stalls
- Expect prices of some consumables to slide slightly
- Due to stronger naira from CBN FX policy

# STOCK MARKET – POSITIVE SENTIMENT

- NSE ASI  0.26% (26,235.63) pts, positive sentiment on strong earnings
- Consumer goods sub index flat at (634.49pts)
- Market up on strong Q1 earnings. GTBank & Nigerian Breweries

	Share Prices (₦)	W-O-W (03 Apr – 05 May)
Nestle	744.99	
Honeywell	1.12	 4.27%
Flourmill	17.50	 2.67
Cadbury	9.30	
NB	127.30	 2.65%
Dangote Sugar	6.60	 5.94%
Unilever	33	 1.51%



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# OIL PRICES



- Brent crude  by 7.36% to \$47.06pb
- EIA reported a 3.6mb drawdown in crude inventories
- Libya ramps up production to highest level since December 2014
- Hedge fund managers slashing net long position on oversupply concerns
- Saudi Aramco slashes Asia's oil pricing to defend market share



# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 03 May – 05 May	Y-O-Y	CURRENT PRICE
<b>O I L</b>			
BRENT	 7.72%	 10.61%	\$47.06pb
WTI	 7.36%	 10.98%	\$44.18pb
NATURAL GAS	 0.94%	 13.44%	\$3.22MMBtu

# AGRIC COMMODITIES

## Wheat



- Wheat futures flat at \$4.54/bushel
- Prices respond to profit taking

## Corn



- Corn futures up 0.67% to \$3.72/bushel
- On higher weekly export sales figure

## Cocoa



- Cocoa prices down 1.39% to \$1,780/mt
- Oversupply continues to weigh on cocoa futures

## Sugar



- Sugar prices down 0.69% to \$0.1577/pound
- Driven by ample global supplies amid soft demand

# OUTLOOK – OIL PRICES



- US crude production complicating OPEC's effort to rebalance market
- US oil production increasing at an annual rate of over 1mbpd
- US exploration & production firms adding rigs at an average of 10/wk

# OUTLOOK – AGRIC PRICES

## Grains

- Grain prices will be determined by weather conditions in major planting regions



## SUGAR

- Brazil expected to harvest 585mmt in 2017/18, down from 607.14mmt last season – Unica

## COCOA

- Futures to trade lower as concerns of oversupplied market persist



## Softs