

# BURNING ECONOMIC ISSUES



- Commodity prices move higher on aberrational factors
- Cement spikes on rising demand from recovery in government expenditure



- Oil prices volatile to the downside trading at \$49.40pb



- FGN triples Niger Delta amnesty by an additional N30bn

- To keep production levels high as price dips



- Positive investor sentiment, propping a mini rally in the NSE
- NAFEX trading flat at N391, trading range of N350 – N425 exists
- CBN intervened with \$389m last week, expect further injections this week

# ECONOMIC NEWS



## Good news



- OPEC deliberations in May to help prop up oil prices
- Cocoa prices on the rise, trading at \$1,866/mt



## Bad news



- Budget delay likely to derail economic recovery targets

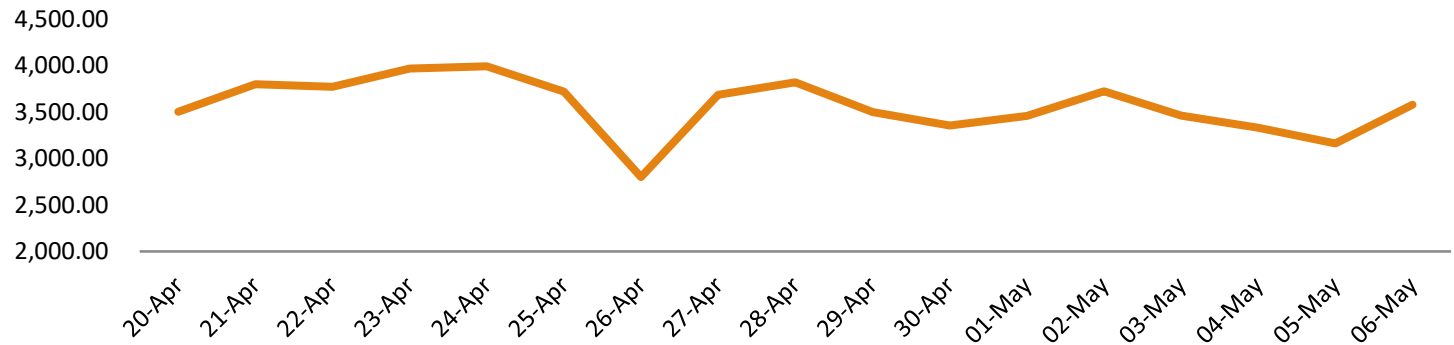


# POWER GENERATION ANALYSIS & IMPACT



- May 6<sup>th</sup>: On grid power output was 3578MWh/hour (up 417MWh/h)
- Total Power constraints: 3569MW due to gas, line and high frequency constraints
- Estimated loss: N1.893bn (annualised at N690.9bn /\$1.73bn)
- Egbin reporting higher gas constraints weighing on electricity generation











**Average power sent out (MW/h)**



# DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic

Commodities	CURRENT PRICES (LAGOS)			Lagos Price	
	CURRENT PRICES	PREVIOUS PRICES	% CHANGE	1 year Low	1 year High
Palm Oil (25L) 	N12,500	N13,000	↓ 3.8%	N6,000	N25,000
Semolina(10kg) 	N3,500	N3,100	↑ 12.9%	N2,300	N3,500
Maize (50kg) 	N13,250	N13,350	↔	N9,000	N13,250
Tomatoes (50kg) 	N11,000	N11,000	↔	N8,000	N11,500
Garri (50kg) 	N26,000	N19,000	↑ 36.8%	N8,000	N26,000
Rice (50kg) 	N15,000	N14,600	↑ 2.7%	N13,500	N22,000
Flour (50kg) 	N10,500	N10,500	↔	N8,500	N11,000
Sugar (50kg) 	N18,500	N20,000	↓ 8.1%	N8,000	N20,000
Beans (50kg) 	N22,000	N16,000	↑ 37.5%	N9,000	N22,500
Cement (50kg) 	N2,700	N2,300	↑ 17.3%	N1,400	N2,700

# BURNING ECONOMIC ISSUES



- Beans (Oloyin) recorded the highest price increase of 37.5%
- Relative unrest in the north-east cutting supply to south-west
- Market analysts anticipate supply to revert to normal
- Garri shortage led to its price increase
- Price of palm oil has recovered, expected to trickle down to garri
- Maize, tomatoes and flour remain relatively constant



# 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
- Prices remain sticky downwards



Every meal starts with us




• Salt (Refined and Iodized) • Seasoning (Cubes and Tablets) • Tomato Paste • Vegetable Oil















[www.nasconplc.com](http://www.nasconplc.com)



Available nationwide.

# STOCK MARKET

- NSE ASI  0.7% to 26,419.17 pts
- Positive market sentiment supporting price rally based on corporate earnings
- Mainly in the banking sector

	Share Prices (₹)	W-O-W (04 May - 08 May)	YTD (%)
Nestle	760	 2.01%	 6.2%
Honeywell	1.12		 13.8%
Flourmill	17.50		 5.4%
Cadbury	9.30		 9.6%
NB	127.3	 1.56%	 12.2%
Dangote Sugar	6.70	 5.51%	 9.7%
Unilever	34.0	 3.03%	 2.9%









# OIL PRICES



- Brent crude  by 2.11% to \$49.4pb
- Saudi Arabia anticipates an extension in the output cut deal beyond 2017
- Rally in the market despite waning Chinese demand in April
- China's crude imports eased by 9% to 8.37mbpd
- YoY comparisons show China crude imports up 5%

# OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 04 May – 09 May	YTD	CURRENT PRICE
O I L			
BRENT	 2.11%	 13.06%	\$49.40pb
WTI	 2.11%	 13.48%	\$46.48pb
NATURAL GAS	 0.09%	 14.30%	\$3.188MMBtu

# AGRIC COMMODITIES

## Wheat



•Wheat futures up 0.29% to \$4.39/bushel

- Snow recorded in winter wheat growing areas
- Weighing on crops slightly

## Corn



•Corn futures up 0.55% to \$3.69/bushel

- Corn bounces on short-covering

## Cocoa



•Cocoa prices up 1.47% to \$1,866/mt

- Positive sentiment on reports that Ivory Coast and Ghana are to seek balance in the market

## Sugar



•Sugar prices down 0.39% to \$0.1531/pound

- Market fundamentally driven by oversupply

# OUTLOOK – OIL PRICES



- Oil prices might be reaching capitulation point – Goldman
- This is due to the beating prices took in the market the previous week
- Analysts doubt the anticipated impact of the OPEC cut deal extension on prices
- Stating that rising US production is a huge threat to long-run price forecast of \$50pb
- Libya is also producing at its highest level since 2014 – 780,000bpd

# OUTLOOK – AGRIC PRICES

## Grains

- Grains expected to trade positive on planting and weather conditions



## SUGAR



## Softs

- Market remains oversupplied, to trade bearish in the short-term

## COCOA

- Prices to be driven by supply fundamentals despite slight rally in prices