

BURNING ECONOMIC ISSUES



- Oil price falls below \$45pb for the first time in 2017
- Dangerously low at \$44.80pb



- Naira flat at N368/\$ (parallel), climbs to N361.67/\$ (NIFEX)



- MSCI delays Nigeria reclassification till November
- Bumper harvest expected in 2017



- Portugal fire disrupts electronic payments systems
- Etisalat financial insolvency a threat to growth
- Diesel prices lower at N165/ltr



Good News



- Bumper harvest could ameliorate price pressure
- Power flat at 3,307MW/Hr



Bad News



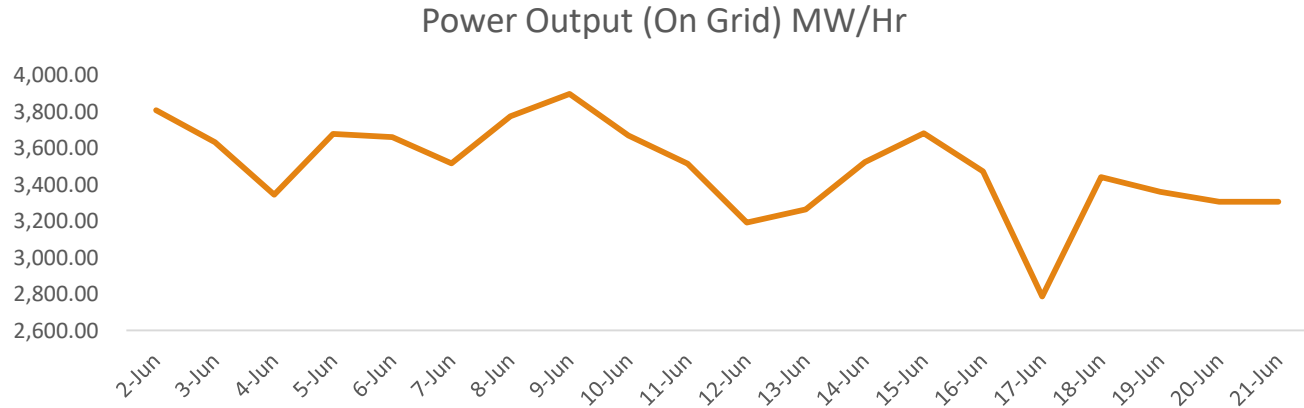
- Oil price only 50cents above benchmark
- Naira pressure in forex market inevitable



POWER GENERATION ANALYSIS & IMPACT













- June 21st: Average power output was 3,307MWh/hour (up 1MWh/h)
- A total of 3, 220 lost from gas, line and high frequency constraints
- Estimated loss: N1.533bn (annualised at 560bn /\$1.4m)
- Generation capped by loss of DisCo feeders from rainfall
- Leading to insufficient load



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	N12,500	↔	N6,000	N25,000
Semolina(10kg) 	N3,500	N3,500	↔	N2,300	N3,500
Maize (50kg) 	N13,250	N13,250	↔	N9,000	N13,250
Tomatoes (50kg) 	N25,000	N25,000	↔	N8,000	N25,000
Garri (50kg) 	N32,000	N32,000	↔	N8,000	N32,000
Rice (50kg) 	N17,000	N17,500	↓ 2.86%	N13,500	N22,000
Flour (50kg) 	N10,500	N10,500	↔	N8,500	N11,000
Sugar (50kg) 	N19,500	N18,500	↑ 5.41%	N8,000	N20,000
Beans (50kg) 	N24,000	N26,000	↓ 7.69%	N9,000	N26,000
Cement (50kg) 	N2,700	N2,700	↔	N1,400	N2,700















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)	N50	N50	0%

Prices remain sticky downwards

STOCK MARKET

- NSE ASI  2.61% to 33, 477.89pts
- Market is fundamentally over-bought, probability of correction is high
- No Natural explanation for swift rally in the past weeks

	Share Prices (₹)	W-O-W (June 19 – June 21)	YTD (%)
Nestle	900.00	 0.77%	 11.1%
Honeywell	1.80	 8.16%	 50.8%
Flourmill	28.50	 3.39%	 54.1%
Cadbury	13.54	 9.43%	 31.6%
NB	166.00	 0.61%	 12.2%
Dangote Sugar	9.01	 1.42%	 26.7%
Unilever	42.99		 22.8%



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OIL PRICES



- Brent crude  4.6% to \$44.80pb
- Bearish sentiment fuelled by rising output in Libya and Nigeria
- Libya output production now at 900, 000 bpd
- Nigerian oil output continues to recover, currently at 1.6mbpd
- Fuelling output ramp up by US shale producers

OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 19 June – 22 June	YTD	CURRENT PRICE
O I L			
BRENT	 4.60%	 21.24%	\$44.80pb
WTI	 3.89%	 20.92%	\$42.48pb
NATURAL GAS	 0.21%	 22.04%	\$2.90MMBtu

AGRIC COMMODITIES

Wheat



•Wheat futures down
0.26% to \$4.82/bushel

• Market sentiment
negative despite Drier
weather in northern
plains

Corn



•Corn futures down
0.98% to \$3.80/bushel

•Increase in longer
wheat positions reduces
short corn positions

Cocoa



•Cocoa prices down
0.72% to \$1,920/mt

•Ivory Coast to produce
1.9mmt
•\$1.2bn loan by Ivory
Coast and Ghana to
boost output

Sugar



•Sugar prices up 0.15% to
\$0.1369/pound

•Sporadic increase in
demand

OUTLOOK – OIL PRICES



- US shale producers remain relentless in output ramp up
- Market analysts foresee further decline in oil prices - Bloomberg
- This will support suspected 'low-for-longer' trend

OUTLOOK – AGRIC PRICES

Grains

- Dry weather to support bullish market sentiment



SUGAR



Softs

- Strong supply fundamentals to cap temporary gains

COCOA

- Ample supply expectations fueling bearish sentiment