

BURNING ECONOMIC ISSUES



- Oil price at the top end of price spectrum at \$55.49pb
- 9.1% above Q2 average



- OPEC to hold meeting on Sept 22nd to discuss production pact
- Guidelines for marginal oil fields bidding rounds announced



- External reserves at \$31.88bn



- Power output up 3.56% (122MW/hr) to 3,543MW/hr
- Diesel retail price at N180/ltr
- Naira up N367/\$, flat at N485/£

ECONOMIC NEWS



Good News



- Oil production at 1.86mbpd
- Production at the upper limit of OPEC cap



Bad News



- Higher oil production breaching output cap
- Diesel price is much higher than PMS

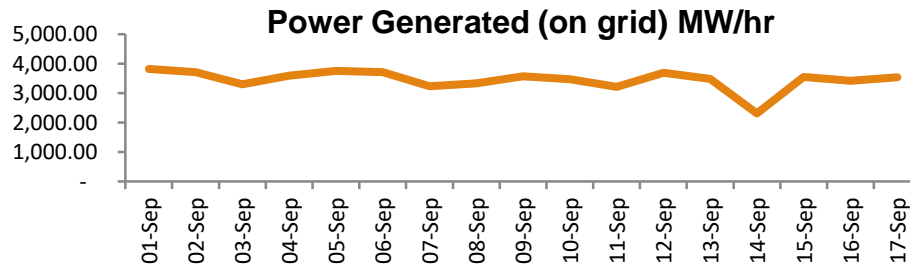


- Driving up logistics & distribution expense
- Stock market down 0.08% to 34,846.82pts

POWER GENERATION ANALYSIS & IMPACT



- On Sept. 14th, average power output dropped to 2310MW
- Due to partial collapse - Lagos, Osogbo, Kainji, Jebba & Shiriro lost sharply (total load loss = 2,058.6MW)
- September 17th: Average power output was 3543MWh/hour (up 122MWh/h)
- Gas constraint was 410MW; frequency management constraint due to loss of DisCo feeders was 2054MW
- Estimated loss: N1.18bn (annualised at N430.84bn /\$1.34bn)
- High frequency constraints impeding generation output – Alaoji NIPP is shut down



DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic



| Commodities | CURRENT PRICES(LAGOS) | | | Lagos Price | |
|----------------------------------------------------------------------------------------------------------|-----------------------|-----------------|--------------------|-------------|-------------|
| | CURRENT PRICES | PREVIOUS PRICES | DIRECTIONAL CHANGE | 1 year Low | 1 year High |
| Palm Oil (25L)  | N13,500 | N15,000 | ↓ | N6,000 | N25,000 |
| Semolina(10kg)  | N3,200 | N3,200 | ↔ | N2,300 | N3,500 |
| New Yam(small tuber)  | N800 | N800 | ↔ | N650 | N900 |
| Tomatoes (50kg)  | N12,000 | N12,000 | ↔ | N8,000 | N28,000 |
| Garri (50kg)  | N11,000 | N11,000 | ↔ | N8,000 | N16,000 |
| Rice (50kg)  | N15,000 | N15,000 | ↔ | N13,500 | N22,000 |
| Flour (50kg)  | N10,500 | N10,500 | ↔ | N8,500 | N11,000 |
| Sugar (50kg)  | N16,000 | N17,000 | ↓ | N8,000 | N20,000 |
| Beans (Oloyin) (100kg)  | N24,000 | N29,000 | ↓ | N12,000 | 34,000 |
| Cement (50kg)  | N2,700 | N2,700 | ↔ | N1,400 | N2,700 |















CONSUMER GOODS – CURRENT PRICE LAGOS

| GOODS | Street price | Supermarket price | % difference |
|--------------------|--------------|-------------------|--------------|
| Pepsi (50cl) | N100 | N100 | 0% |
| Beer (60cl) | N250 | N280 | -10.71% |
| Bread Loaf | N350 | N400 | -12.5% |
| Indomie (1 carton) | N1,900 | N2,250 | -15.5% |
| Gala (big size) | N100 | N100 | 0% |

Domestic prices remain flat

STOCK MARKET

- NSE ASI  0.08% to 34,846.82pts
- 7 out of 11 days trading days negative
- Consumer goods sub index  0.15% to 929.13pts

| | Share Prices (₹) | Daily % Change (Sept 15 –Sept 18) | YTD (%) |
|---------------|---------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Nestle | 1205 |  - |  48.8 |
| Honeywell | 1.90 |  - |  46.2 |
| Flourmill | 27.40 |  - |  48.2 |
| Cadbury | 11.00 |  4.66 |  17.3 |
| NB | 170.00 |  -2.86 |  14.9 |
| Dangote Sugar | 13.67 |  0.15 |  92.3 |
| Unilever | 41.8 |  - |  18.0 |



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OIL PRICES



- Brent crude  0.02% to \$55.49pb
- Refining post hurricane activity back up
- US drilling rigs fell sharply by 7 to 749
- Speculation over possible extension of OPEC led output cut beyond March 2018
- Compliance amongst OPEC members up 94% in August
- Demand forecast from IEA & OPEC improved market sentiment

OIL MARKETS TODAY

| COMMODITY | WEEKLY CHANGE 18 Sept – 19 Sept | YTD | CURRENT PRICE |
|--------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------|
| O I L | | | |
| BRENT |  0.02% |  2.34% | \$55.49pb |
| WTI |  0.20% |  6.91% | \$50.01pb |
| NATURAL GAS |  0.32% |  15.32% | \$3.15MBtu |

AGRIC COMMODITIES

Wheat



- Wheat futures up by 0.11% to \$4.49/bushel
- Concerns over reduced production in Australia
- Govt. estimates a 35% decline in 2017/18 harvest to 21.64mt (8 year low)

Corn



- Corn futures up marginally by 0.07% to \$3.55/bushel
- Dry weather in eastern US midwest and other growing region hiked prices

Cocoa



- Cocoa prices down 0.15% to \$2,006/mt
- Ivory coast production hits a record 2m tons
- ICCO estimates a 18% increase in 2016/17 cocoa production to 4.7m tons

Sugar



- Sugar prices down 1.78% to \$0.1490 pound
- Favourable weather in Brazil & India weighed on prices

OUTLOOK – OIL PRICES



- Prices to maintain bullish trend above \$55pb
- Reduced OPEC output and higher compliance levels
- Shrinking oil glut as demand improves in Europe & US – *IEA*

OUTLOOK – AGRIC PRICES

Grains

- Informa Economics expect US farmers to increase wheat & corn acres in 2018



SUGAR

Softs

- Favourable weather conditions will be bearish for prices

COCOA

- A bumper harvest expected in Nigeria as favourable rains boosted production

