

BURNING ECONOMIC ISSUES



- Senate threatens to suspend 2018 budget deliberations

- NSE bounces back after 7 days of woe



- Petrol scarcity becomes acute



- Oil price down by 0.39% to \$64.31pb



- Parallel market flat at N365/\$

- On grid power output down 6.2% to 3,998MWh/hr



Bad News



- Delay in budget passage will stifle growth
- Fuel scarcity lingers, likely to fuel inflation
- Diesel price remains flat at N200/litre



Good News



- Peak on-grid power generation record of 5,222MW was reached on December 18 (intraday)



COMMODITY IN FOCUS - RICE

- **Total global production (2016/2017):** 485.4mn tonnes (\$188.34bn)

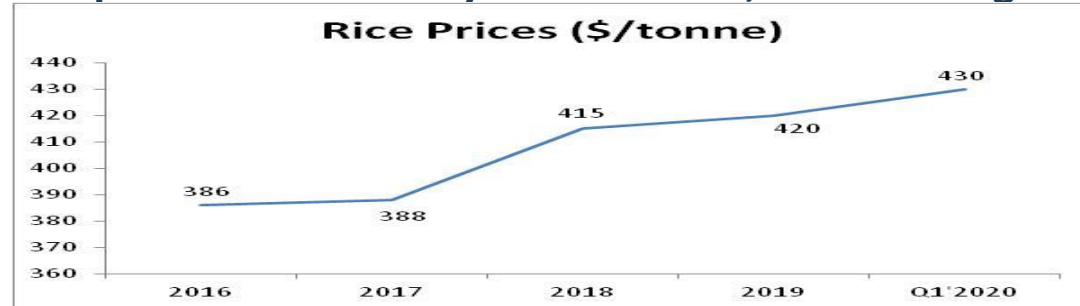
- **2017/2018 production forecast:** 484.4mn tonnes

- **World's top producers:** China, India, Indonesia, Vietnam, Thailand

- **World's top consumers:** China, India, Indonesia

- Positive correlation between highly populated countries and rice consumption

- **Global price of rice rose by 0.6% in 2017, forecast to gain 6.9% in 2018**

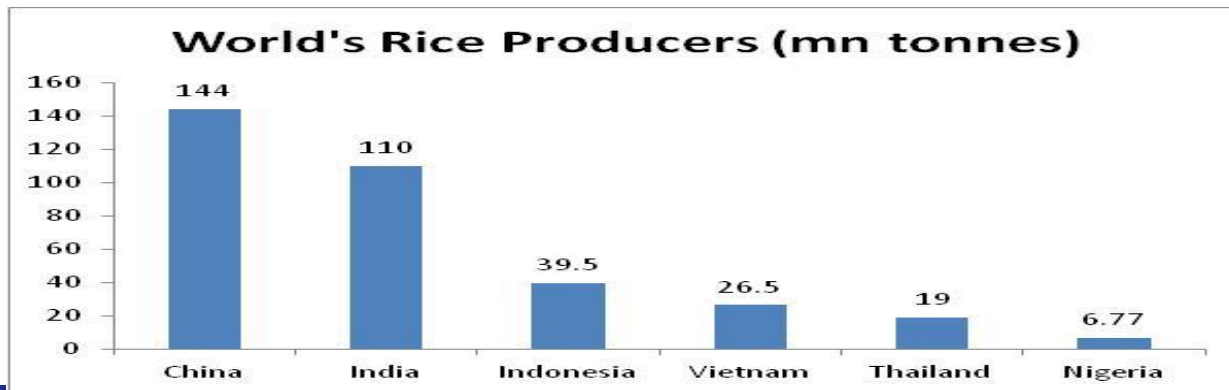


Source: Economist Intelligence Unit, FDC Think Tank



RICE PRODUCTION IN NIGERIA

- **Nigeria is a fringe player in global rice production**
- **Rice production:** Approximately 6.77mn tonnes (1.39% of global production), valued at \$2.63bn
- **Major producing states:** Ebonyi, Kaduna, Kano, Kebbi, Niger, Benue
- **Production potential:** 8mn tonnes
- **Annual rice demand:** Approximated at 6.3mn tonnes



Source: Economist Intelligence Unit, FDC Think Tank

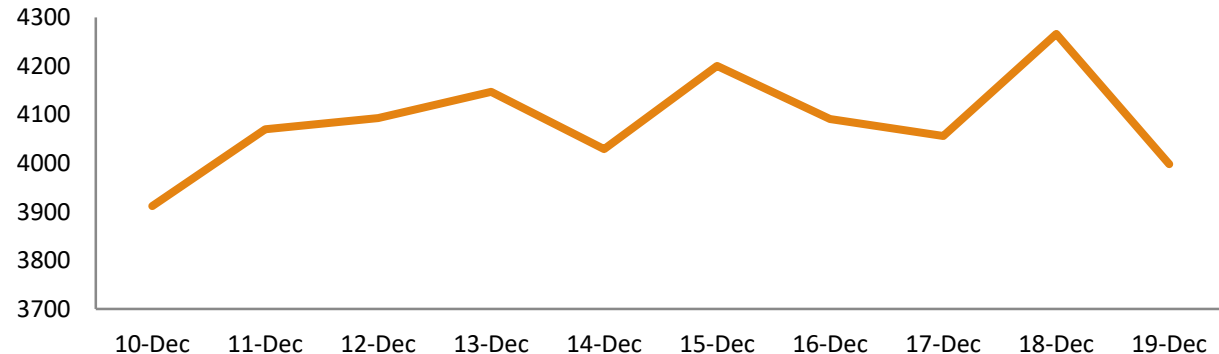
POWER GENERATION ANALYSIS & IMPACT



December 19th : Average power output sent was 3,998MWh/hour (down 269MWh/h)

- Gas constraint was 922MW; frequency management constraints was 538MW, water management constraint was 248MW
- Naira equivalent of power loss: N820,000 (annualised at N299.3bn)
- The latest Nigerian peak generation record occurred on December 18 (5,222MW)











Power Generated (on Grid) MW/h



DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic

		CURRENT PRICES (LAGOS)			Lagos Price	
Commodities		CURRENT PRICES	PREVIOUS PRICES	DIRECTIONAL CHANGE	1 year Low	1 year High
Price Elastic	Palm Oil (25L) 	N13,000	N13,000	↔	N6,000	N25,000
	Semolina (10kg) 	N1,800	N1,800	↔	N1,800	N3,500
	New Yam (small tuber) 	N400	N400	↔	N400	N900
	Tomatoes (50kg) 	N8,000	N8,000	↔	N8,000	N28,000
Price Inelastic	Garri (50kg) 	N10,500	N10,500	↔	N8,000	N16,000
	Rice (50kg) 	N15,500	N15,000	↑	N13,500	N22,000
	Flour (50kg) 	N9,600	N9,600	↔	N8,500	N11,000
	Sugar (50kg) 	N16,000	N16,000	↔	N8,000	N20,000
	Beans (Oloyin) (50kg) 	N28,000	N28,000	↔	N12,000	N34,000
	Cement (50kg) 	N2,500	N2,500	↔	N1,400	N2,700



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CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N90	-10%
Beer (60cl)	N250	N280	-10.71%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N1,900	N2,100	-15.5%
Gala (big size)	N100	N100	0%


Domestic prices remain flat

STOCK MARKET

- NSE ASI  1.10% to 38,350.64pts
- Consumer goods sub index  0.82% to 970.06pts







	Share Prices (₹)	Daily % Change (Dec 20 –Dec 21)		YTD (%)	
Nestle	1465.21		1.99		80.2
Honeywell	2.15		-		69.2
Flourmill	28.36		-		84.9
Cadbury	13.00		-		0.58
NB	140.52		1.08		3.37
Dangote Sugar	19.34		5.75		190.9
Unilever	43.89		-		15.7

OIL PRICES

- Brent crude  0.39% to \$64.31pb
- Stronger U.S dollar weighed on prices
- Major North Sea pipeline expected to restart operations in early January
- Number of active U.S oil rigs also declined last week to 747



OIL MARKETS TODAY

COMMODITY	DAILY CHANGE 20 Dec – 21 Dec	YTD	CURRENT PRICE
O I L			
BRENT	 0.39%	 11.05%	\$64.31pb
WTI	 0.03%	 6.40%	\$58.11pb
NATURAL GAS	 3.90%	 27.15%	\$2.71MBtu

AGRIC COMMODITIES

Wheat



•Wheat futures down 1.12% to \$4.13/bushel

•Favourable weather conditions increase supply

Corn



•Corn futures down 0.07% to \$3.48/bushel

•On reduced speculative demand for the grain

Cocoa



•Cocoa prices up 0.35% to \$1,870/mt

•Prices up on higher U.K demand for dark chocolate.

Sugar



•Sugar prices down 1.29% to \$0.1377 pound

•Due to lower output from Asian producing countries

OUTLOOK – OIL PRICES



- Supply disruption in Europe will continue to support prices
- Brent oil likely to remain above \$62pb for the rest of 2017

OUTLOOK – AGRIC PRICES

Grains

- High U.S output to keep prices down



SUGAR

- Forecast of lower sugar consumption in 2018 likely to keep prices depressed

COCOA

- Prices to trade bearish on global supply glut

Softs

