

BURNING ECONOMIC ISSUES



- Fuel scarcity as queues resurface across Nigeria

- Oil price slips to \$62.45pb despite OPEC agreement



- Nigeria's debt service to revenue ratio falls to 45% (from 66%)



- FBN PMI falls sharply from 64.8 to 60.1 in November



- Gross external reserves up marginally to \$34.81bn

- CBN rate slips to N307/\$ with little trading

- Parallel market flat at N363/\$, N360/\$ (IEFX)



Good News



- OPEC oil output cuts extended till 2018 year-end
- External reserves accretion and sustained oil prices



Bad News



- Sharp decline in PMI confirms Q4'GDP growth may be flat
- Nigeria's oil output cap negatively affects the 2018 budget



- Fuel scarcity will increase transportation costs

COMMODITY IN FOCUS - PLANTAIN



- **Planting/yield lag:** 9-12months
- **Harvesting Period:** 6 months of the year
- **Uses:** boiled, fried, milled, chips & distilleries



- **World's top producers:** Uganda, Cameroon, Ghana, Colombia, Nigeria
- **World's top importers:** U.S, Saudi Arabia, South Africa
- **Huge diaspora demand and export potential**

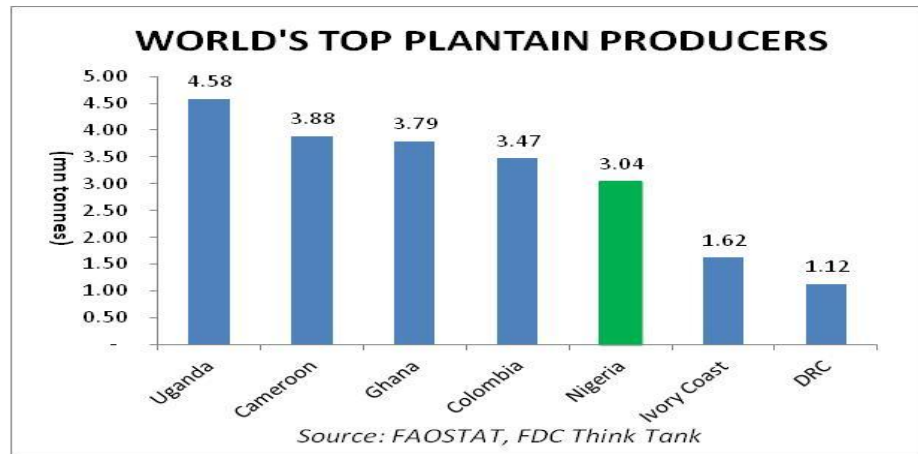
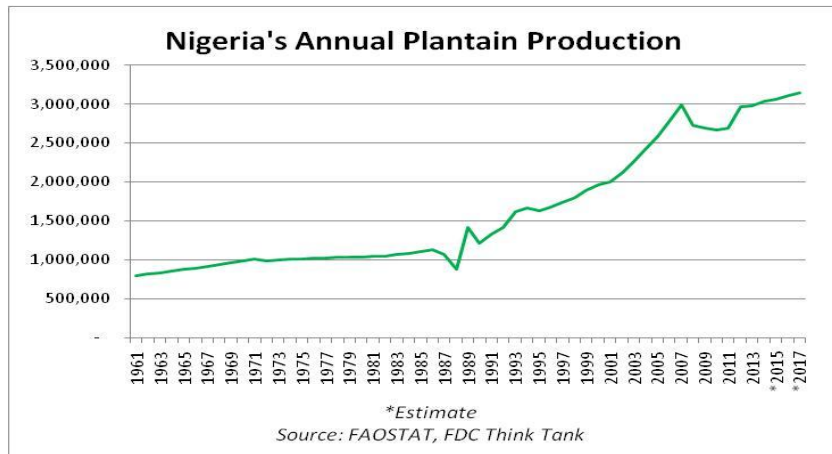
PLANTAIN PRODUCTION IN NIGERIA

Nigeria's Total Production (2014): 3.04mn tonnes (9.9% of global), valued at \$3.28bn (1% of GDP)

Potential: 3.49mn tonnes (\$3.77bn) – could be harnessed to 7-8million tonnes

Global Rank in Production: 5th

Major producing states: Edo, Ondo, Delta and Ogun



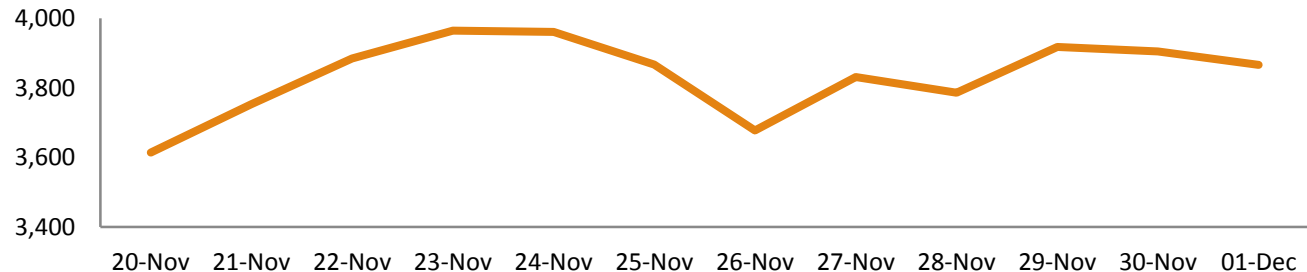
POWER GENERATION ANALYSIS & IMPACT



December 1st: Average power output sent was 3,866MWh/hour (down 39MWh/h)

- Gas constraint was 982MW; line constraint was 117MW; frequency management constraint due to loss of DisCo feeders was 1617MW, water management constraint was 150MW
- Estimated loss: N1.376mn (annualised at N502.4bn /\$1.25mn)
- Shiroro Hydro has commenced water management measures to ensure dry season efficiency
- Gas constraints on the rise









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) 	N17,000	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) 	N27,500	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  0.08% to 37,974.58pts
- Consumer goods sub index  0.44% to 922.42pts







	Share Prices (₹)	Daily % Change (Dec 01 –Dec 04)		YTD (%)	
Nestle	1330.11		1.15		64.2
Honeywell	2.05		-		57.6
Flourmill	33.5		-		81.1
Cadbury	14.25		10.12		0.38
NB	133.5		0.91		9.79
Dangote Sugar	18.05		0.83		155.9
Unilever	41.65		0.26		19

OIL PRICES

- Brent crude  1.04% to \$62.45pb
- US oil rigs up by 2 to 749 - Highest since September (Baker Hughes)
- OPEC members & Russia agree to extend output cuts to end of 2018
- Nigeria and Libya agreed to cap oil production, Iran exempted



OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 30 Nov – 04 Dec	YTD	CURRENT PRICE
O I L			
BRENT	 1.04%	 1.88%	\$62.45pb
WTI	 1.17%	 3.02%	\$57.68pb
NATURAL GAS	 1.67%	 19.89%	\$3.11MBtu

AGRIC COMMODITIES

Wheat



•Wheat futures down 1.33% to \$4.27/bushel

•Prices down as stronger competition builds up between US and EU wheat

Corn



•Corn futures down 1.07% to \$3.45/bushel

•USDA predicts 2018/19 US corn production to hit 14.5 billion bushels

Cocoa



•Cocoa prices down 0.73% to \$2,026/mt

•Favourable weather in Ivory Coast and stronger pound sterling against the dollar

Sugar



•Sugar prices down 1.06% to \$0.1492 pound

•Prices down on lower demand

OUTLOOK – OIL PRICES



- Prices likely to remain above \$60pb in December
- Gains will be capped as US oil production increases

OUTLOOK – AGRIC PRICES

Grains

- Bumper U.S and EU production will keep prices down



SUGAR

- Favourable weather condition expected to increase sugarcane output

COCOA

- Expectations of increasing production in Ivory Coast to weigh on prices

Softs

