

Burning Economic Issues

- FAAC down 5.8% to N698.71bn in October
- Gas production to increase by 3.4 billion cubic feet in 2020-NNPC
- Brent down 0.30% to \$77.11pb (2-month low)
- Power output down 6.4% to 3,465MWh/hour
- External reserves down 5% in October (\$42.28bn)

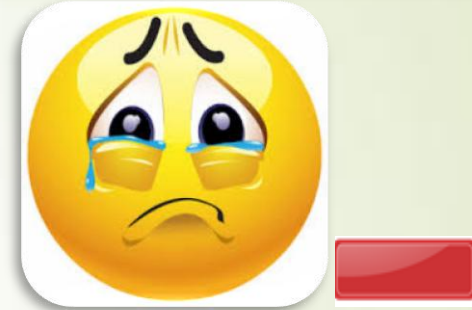
Impact

The Goodies



- Increased gas production will boost power generation
- 24% of power plants are gas fired

The Downers



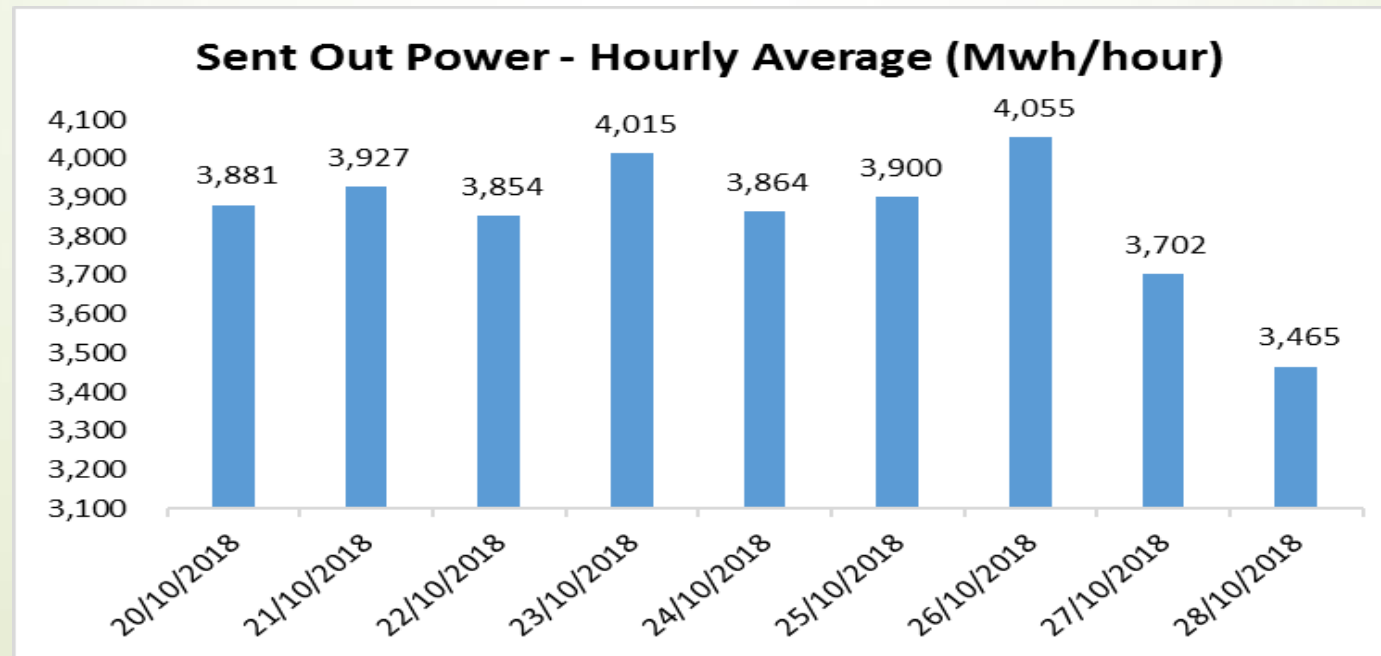
- Decline in FAAC may increase salary arrears across states
- Lower oil price is negative for Nigeria's dollar and fiscal accretion

Power Sector

October 28th





State	Temperature
Abuja	24°C
Kano	27°C
Lagos	25°C

- Average power output: 3,465MW/h (down by 236.88MW/h)
- Gas constraint stood at 1,992.5MW while grid constraint was at 1,895.5MW. No water constraint
- Naira equivalent of power loss: N1.87billion (annualized at N682.55billion)









Domestic Commodities Price Movement

Relatively Elastic Goods

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N10,000	N10,000	↔	N6,000	N25,000
Semovita (10kg)		N2,850	N2,850	↔	N1,800	N3,500
New Yam (medium size)		N400	N400	↔	N400	N1,900
Sugar (50kg)		N14,900	N14,900	↔	N8,000	N20,000

Domestic Commodities Price Movement

Relatively Inelastic Goods

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N6,500	N6,500	↔	N7,000	N16,000
Rice (50kg) 	N16,000	N15,500	↑	N13,000	N22,000
Flour (50kg) 	N11,100	N11,100	↔	N8,500	N11,100
Beans (Oloyin)(50kg) 	N27,000	N25,500	↑	N12,000	N34,000
Cement (50kg) 	N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg) 	N12,000	N10,000	↑	N8,000	N20,000

- Most domestic commodities have increased relative to the previous month

Consumer Goods – Current price

Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N120	N100	20%
Beer (60cl)	N260	N300	-15.30%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N1,900	N2,100	-15.5%
Gala (big size)	N100	N100	0%

Domestic food prices remain flat

Introducing...



**BEST VALUE
FOR MONEY
BY FAR**

**UP TO 50%
STRONGER
AFTER 1 DAY**

**THE KING
OF CEMENT**
IDEAL FOR ALL
BLOCK & CONCRETE
APPLICATIONS



www.dangote.com facebook.com/dangoteindustries [@dangotegroup](https://twitter.com/dangotegroup)

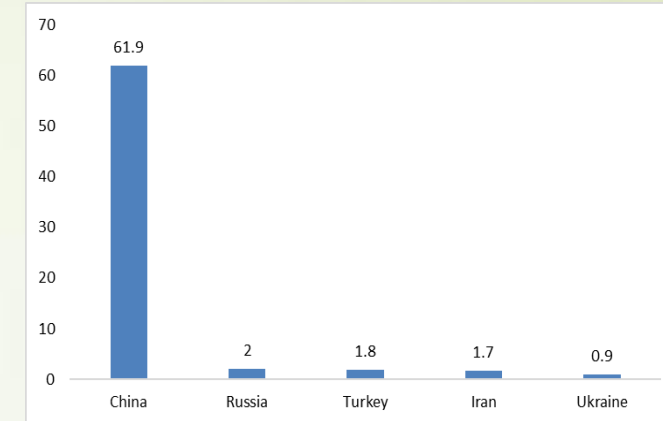


Commodity in Focus - Cucumber

- Total global production: Estimated at 80.6mn tonnes (\$72.54bn)
- World's top producers: China, Russia, Iran
- World's top consumers: China, Russia, Iran
- Mostly consumed by elites for health benefits (vegetable salads, cocktails)
- Other uses: skincare, hair care,
- Main users- hotels, restaurants, eateries etc.



World's Largest Producers of Cucumber ('mn tonnes)



Source: FAOSTAT, FDC Think Tank

Cucumber Production in Nigeria

- Harvesting period: 40-60 days
- Output: 43,000 tonnes - 0.05% of global
- Producing states- Kaduna, Plateau, Gombe
- Increased demand on the back of increased health consciousness and weight concerns
- Listed users: UAC, Tantalizers

















- Revenue: (H1'18): N810.39mn, down 12.5% y/y
- LAT: (N222.11mn), narrowed by 30.8%
- Share Price: N0.21



- Revenue: (H1'18): N36.98bn, down 21.88% y/y
- PAT: N1.37bn , up 15.13 %
- Share Price: N11.5

Stock Market

- NSE ASI  0.88% to 33,196.07 on October 29th
- Consumer goods sub index  0.17% to 737.32pts

	Share Prices (₹)	Daily % Change (October 26 th - 29 th)	YTD (% Change)
Nestle	1,380	 -	 11.31
Honeywell	1.20	 3.45	 42.86
Flour Mills	19.05	 1.55	 34.31
Cadbury	9.50	 -	 39.37
NB	87.5	 0.57	 35.14
Dangote Sugar	14.60	 -	 27.00
Unilever	43.00	 -	 4.88

Oil Prices

- Brent crude down 0.30% to \$77.11pb
- On the back of a stronger dollar and increased US rig count
- Saudi Arabia's 'produce as much as you can' strategy threatens spare capacity
- Leaving the market exposed in the event of outages from other producers



Oil Markets Today

COMMODITY	DAILY CHANGE October 26 th – October 29 th	YTD	CURRENT PRICE
BRENT	↓ 0.30%	↑ 16.02%	\$77.11pb
WTI	↑ 0.03%	↑ 11.90%	\$67.61pb
NATURAL GAS	↓ 1.57%	↑ 6.44%	\$3.14MBtu

Agricultural Commodities

Wheat



- Wheat prices up 1.58% to \$5.08/bushel
- Driven by Egypt's rare purchase of US supply

Corn



- Corn prices increased by 0.82% to \$3.71/bushel
- On the back of weather concerns

Cocoa



- Cocoa prices up 1.90% to \$2,251/MT
- On expectations of increased Brazil output

Sugar



- Sugar prices increased by 0.43% to 0.1390/pound
- As India's 2018/2019 output falls short of projections

OUTLOOK – Oil Prices



- Oil prices expected to remain within the \$75-77pb range
- Driven by:
 - Impending Iranian sanctions
 - Increase in US oil rigs to a 3-year high

OUTLOOK – Agricultural Prices

GRAINS

- Improved export sentiment of US wheat may increase global wheat prices

SOFTS

Sugar

- Projected decline in India's 2018-2019 output will push prices up in the near term

Cocoa

- The rise in global demand is likely to push cocoa prices up