



Burning Economic Issues



- Iran sanction riles oil markets (\$71.47pb ↓)
- Strike suspended after N30k minimum wage agreed
- ASUU strike still on
- Ivory Coast set for record cocoa harvest (\$2,310/MT)
- Retail diesel price up 2% to N255/litre
- SSA has a debt crisis - IMF



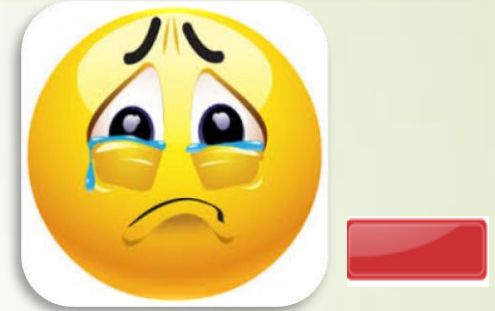
Impact

The Goodies



- Naira flat at N362/\$ through October
- Cocoa price is export revenue & External reserves accretive

The Downers



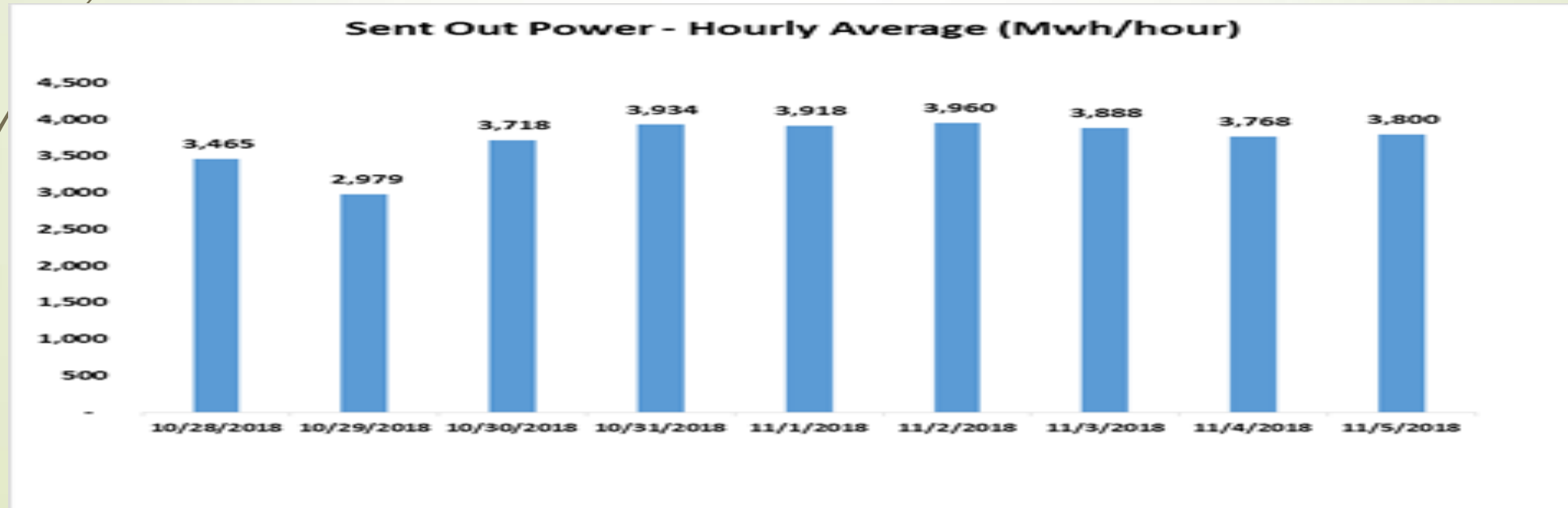
- On-grid power below 4,000MW
- External reserves languish at \$41.91bn

Power Sector

November 05th





State	Temperature
Abuja	23°C
Kano	22°C
Lagos	26°C

- Average power output: 3,800MW/h (up by 32.58MW/h)
- Gas constraint stood at 1,080MW while grid constraint was at 1,860MW. No water constraint
- Naira equivalent of power loss: N1.41billion (annualized at N514.65billion)









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	N16,000	↔	N13,000	N22,000
Flour (50kg)		N11,100	N11,100	↔	N8,500	N11,100
Beans (Oloyin)(50kg)		N27,000	N27,000	↔	N12,000	N34,000
Cement (50kg)		N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg)		N12,000	N12,000	↔	N8,000	N20,000

- Prices of most domestic commodities were flat 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

Commodity in Focus - Gum Arabic



- Planting/Maturity lag: approximately 5 years
- Total global production: approximately 100,000tonnes (\$320mn)
- Mainly produced in Africa
- World's top producers: Sudan, Chad, Nigeria, Eritrea
- Uses: confectionery, chewing gum, cigarette rolling papers, icing, candy, paints, admixture for cement production
- Cement manufacturers – Lafarge, DangCem, FMN, CCNN
 - Average revenue growth of 4%
 - Average Free cash flow – N65.43bn

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Gum Arabic Production in Nigeria

- Nigeria's gum Arabic output: 22,000 tonnes (\$70.4mn)
- Approximately 22% of global
- Rank: Global- 3rd, West Africa- 1st
- Below potential estimated at 50,000 tonnes
- Mainly produced in Northern states
- Major producing states: Taraba, Jigawa, Yobe, Sokoto, Adamawa
- Insecurity in producing states to reduce output in the short run

Stock Market

- NSE ASI  0.33% to 32,154.03 on November 06th
- Consumer goods sub index  1.82% to 723.39pts

	Share Prices (₦)	Daily % Change (November 05 th - 06 th)	YTD (% Change)
Nestle	1,430	 3.62	 11.31
Honeywell	1.08	 3.5	 49.07
Flour Mills	17.70	 8.11	 37.07
Cadbury	9.90	 -	 36.18
NB	81.00	 1.25	 38.92
Dangote Sugar	13.40	 4.26	 31.00
Unilever	39.50	 -	 2.68

Oil Prices

- Brent crude down 2.32% to \$71.47pb
- Prices declined despite lower US rig count and imposition of sanctions on Iran
- Concerns about weak global economic outlook continue to weigh on prices
- US –China trade tensions deepens as Trump threatens new tariffs on Chinese imports



Oil Markets Today

COMMODITY

DAILY CHANGE November 05th – November 06th

YTD

CURRENT PRICE

BRENT

↓ 2.32%

↑ 12.86%

\$71.47pb

WTI

↓ 2.39%

↑ 7.46%

\$61.59pb

NATURAL GAS

↑ 0.28%

↑ 10.85%

\$3.54MBtu

Agricultural Commodities

Wheat



• Wheat prices down by 0.40% to \$4.98/bushel

• On concerns of weak global demand

Corn



• Corn prices declined by 0.27% to \$3.64/bushel

• Weighed down by US-China trade tensions

Cocoa



• Cocoa prices up 0.61% to \$2,301/MT

• On higher demand for chocolate, particularly from advanced economies

Sugar



• Sugar prices declined by 1.05% to 0.1318/pound

• Driven by prospects of higher output from India

OUTLOOK – Oil Prices



- Prices likely to trade around \$72pb-\$74pb as market assesses impact of US sanctions on Iran's oil exports
- OPEC meeting in December will also influence price direction

OUTLOOK – Agricultural Prices

GRAINS • Trade rhetoric from US and China likely to influence direction of prices

SOFTS • **Sugar**

- Weakening fundamentals expected to weigh on prices

Cocoa

- Record Ivory Coast harvest expected in the 2018/2019 harvest will likely lead to lower prices