

Burning Economic Issues

Brent spiked 2.26% to \$57.22pb

- Mixed movement in prices of domestic commodities
- Nigerian wheat farmers seek govt. intervention for price stability
- External reserves down 9% from July 2018 (\$47.8bn) to \$43.08bn
- Total Elf commence production at Egina field (200,000bpd)
- December PMI up 2.2% to 60.2– FBN Quest
 - 4 of the 5 components improved



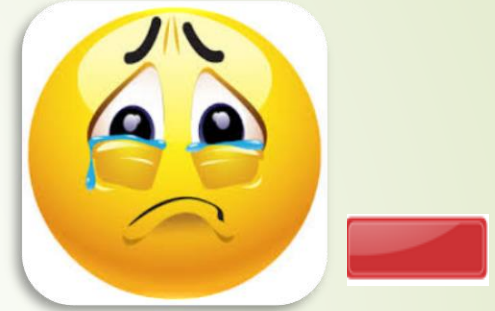
Impact

The Goodies



- Diesel price falls 6% to N245/litre
- Nigeria's oil production set to rise by approx. 10% in 2019

The Downers



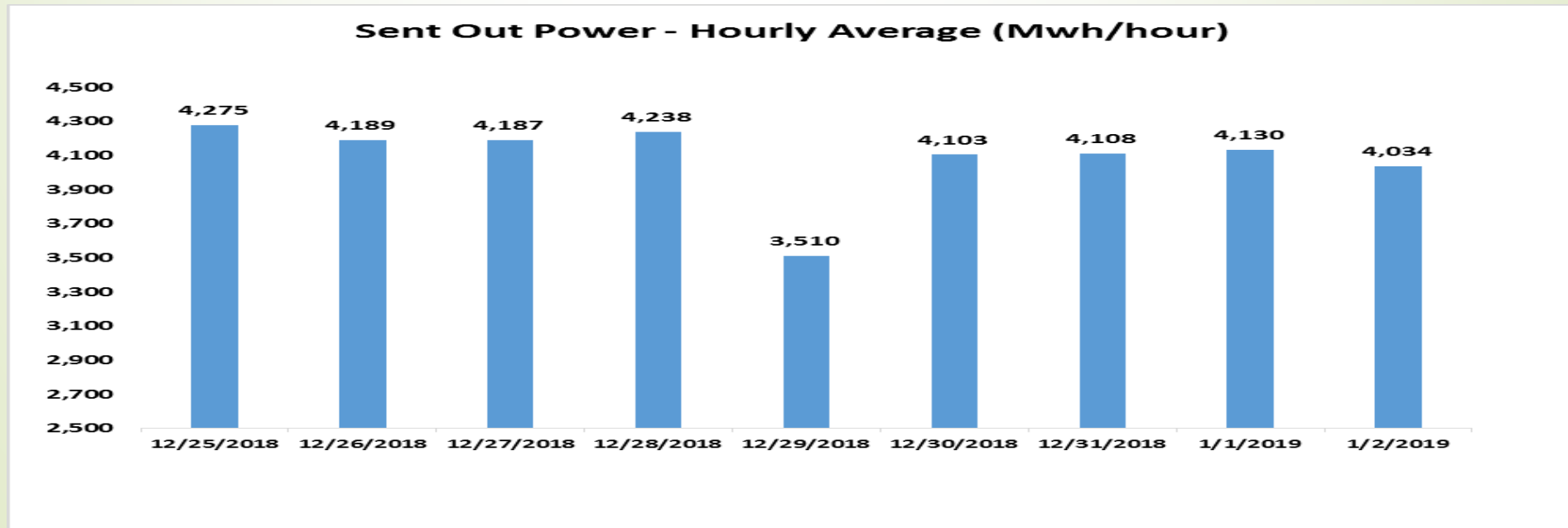
- Q4'18 oil revenue is set to fall by 10-15% on weak Brent price

Power Sector

January 02nd





State	Temperature
Abuja	33°C
Kano	27°C
Lagos	32°C

- Average power output: 4,034MW/h (down by 96MW/h)
- Gas constraint fell 3% to 1,908MW while grid constraint rose to 1,449MW.
Water constraint dropped to 150MW
- Naira equivalent of daily power loss: N1.68billion (annualized at N613.20billion)

















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)		N2,800	N2,800	↔	N1,800	N3,500
New Yam (medium size)		N500	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 	N6,850	N6,500		N6,500	N16,000
Rice (50kg) 	N15,000	N15,500		N13,000	N22,000
Flour (50kg) 	N11,000	N11,000		N8,500	N11,100
Beans (Oloyin)(50kg) 	N20,000	N26,500		N12,000	N34,000
Cement (50kg) 	N2,600	N2,600		N1,400	N2,700
Tomatoes (50kg) 	N6,500	N8,000		N6,500	N20,000
Pepper (bag) 	N5,000	N8,000		N5,000	N15,000

Post Christmas price movement is mixed

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%

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Oil Markets Today

COMMODITY	DAILY CHANGE January 03 rd – 04 th	YTD	CURRENT PRICE
BRENT	↑ 2.26%	↑ 1.25%	\$57.22pb
WTI	↑ 2.02%	↑ 0.90%	\$48.04pb
NATURAL GAS	↓ 1.13%	↓ 2.73%	\$3.41MBtu

Stock Market

- NSE ASI  0.96% to 30,771.32 on January 03rd
- Consumer goods sub index  0.17% to 730.16pts

	Share Prices (₹)	Daily % Change (January 02 nd – January 03 rd)	YTD (% Change)
Nestle	1,475	 -	 0.67
Honeywell	1.26	 -	 7.82
Flour Mills	21.85	 1.58	 4.80
Cadbury	10.05	 0.50	 1.12
NB	78.70	 -	 8.42
Dangote Sugar	14.60	 0.34	 2.95
Unilever	36.30	 1.89	 1.89

Oil Prices



- Brent spiked 2.26% to \$57.22pb – drop in OPEC output
- OPEC's production fell by 550,000bpd in December 2018
- However, markets remain concerned over weakening global economic outlook

Agricultural Commodities

Wheat



• Wheat prices down by 1.61% to \$5.19/bushel

• On expectations of strong output from India

Corn



• Corn prices fell by 0.13% to \$3.74/bushel

• Amid projections of higher US corn output in 2019

Cocoa



• Cocoa prices up by 0.33% to \$2,416/MT

• In response to reports of lower production from the Ivory Coast

Sugar



• Sugar prices declined by 2.91% to 0.1203/pound

• Due to concerns of a supply glut

OUTLOOK – Oil Prices



- Geopolitics, global trade wars and higher global interest rates will influence the market in the short term
- The US Energy Information Administration forecasts an average Brent price of \$62pb in 2019

OUTLOOK – Agricultural Prices

GRAINS

- Forecasts of increased global wheat supply in the 2018/2019 season would put pressure on prices

SOFTS

Sugar

- Weakening demand coupled with a supply glut would continue to push prices down

Cocoa

- Robust main-crop harvest from West Africa should keep prices down