

Burning Economic Issues



- Oil production falls 2.79% to 1.74mbpd
- External Reserves crosses \$43bn again
- Brent up 0.25% to \$67.57pb
- On-grid power falls to 3,982mwh/h
- Naira slips to N360/\$ (parallel market)



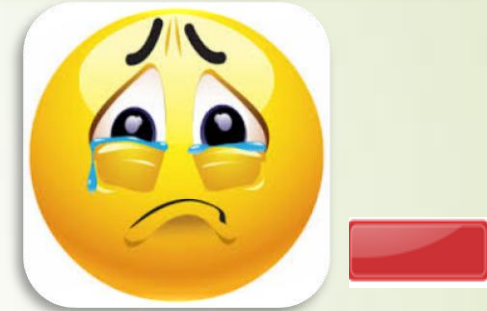
Impact

The Goodies



- Brent at \$67.57pb
- External reserves above \$43bn

The Downers



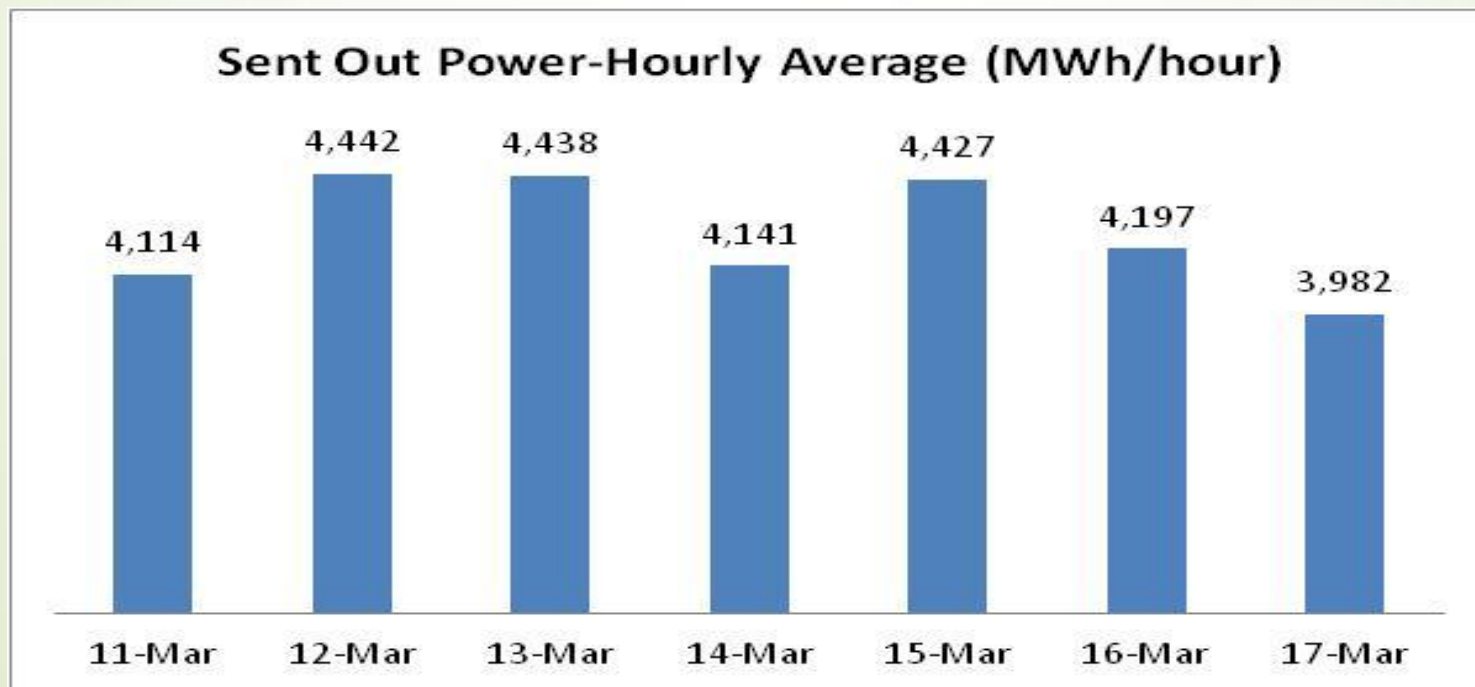
- Power output down 5.2% (3,982MW/h)
- Naira slips to N360/\$ - parallel market
- Oil production down to 1.74mbpd
- Still above OPEC quota

Power Sector

March 17th





- Average power output: 3,982MWh/h (down by 215MWh/h)
- Gas constraint stood at 1,844MWh/h, line constraint at 43.4MWh/h and water constraint was 300MWh/h
- Naira equivalent of power loss: N1.48billion (annualized at N540.2billion)

State	Temperature(noon-time)
Abuja	32°C
Kano	32°C
Lagos	31°C

















Domestic Commodities Price Movement

Relatively Elastic Products

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	N2,800	↑	N1,800	N3,500
New Yam (medium size)		N800	N700	↑	N400	N1,900
Sugar (50kg)		N14,900	N14,900	↔	N8,000	N20,000

Domestic Commodities Price Movement

Relatively Inelastic Products

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N6,150	N7,150		N6,150	N16,000
Rice (50kg) 	N14,000	N14,000		N13,000	N22,000
Flour (50kg) 	N11,000	N11,000		N8,500	N11,100
Beans (Oloyin)(50kg) 	N20,000	N20,000		N12,000	N34,000
Cement (50kg) 	N2,550	N2,550		N1,400	N2,700
Tomatoes (50kg) 	N7,000	N6,000		N6,000	N20,000
Pepper (bag) 	N7,000	N5,000		N5,000	N15,000

- Mixed movement in domestic commodity prices

Consumer Goods – Current price

Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N100	0%
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 - STEEL



- Total global production (2018): 1.8bn tonnes (\$1.18trn)
- 2018 production forecast: 1.83bn tonnes
- World's top producers: China, EU, India, Japan, U.S
- World's top consumers: China, EU
- Uses: buildings, bridge, railway, automobile, etc
- SSA output: 16.5 mn tonnes (2018)
- Current price: \$570/MT
- Steel prices up by 9.7% in 2018, forecast to slide 17.9% in 2019 – EIU
- Due to a market glut in production

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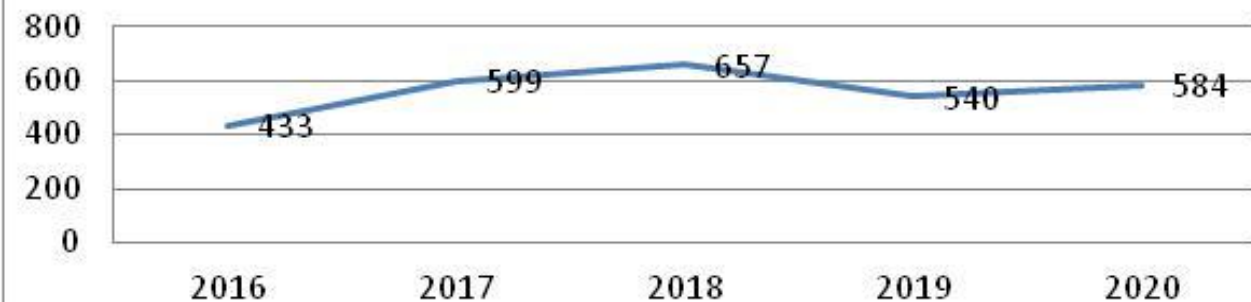




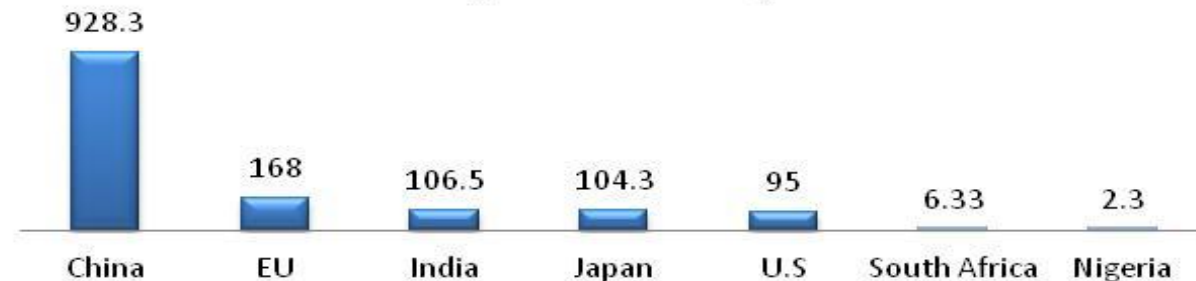
Steel production in Nigeria

- Nigeria is a fringe player – output of less than 2mn tonnes (0.11% of global output)
- 13 rolling mills, 7 mini mills and 2 integrated steel companies
- Delta Steel plant (2MTs), Ajaokuta Steel Mill (5.7MTs) – potential game changer
- Major rolling mills – Katsina, Jos and Oshogbo
- **Steel import demand:** Estimated at 5mn tonnes- \$3.3bn
- Higher cost of production per tonne than global counterparts

Global Steel Prices (\$/tonne)



















Global Steel Producers 2018 (mn tonnes)









Stock Market

- NSE ASI  0.06% to 31,125.39pts on March 18th
- Consumer goods sub index:  0.11% at 721.08pts

	Share Prices (₦)	Daily % Change (March 15 th – 18 th)	YTD (% Change)
Nestle	1,545	 -	 4.04
Honeywell	1.2	 1.64	 6.25
Flour Mills	19	 -	 17.75
Cadbury	12	 -	 20
Dangote Sugar	13.9	 0.36	 8.85
Unilever	38.7	 -	 4.59
Ikeja Hotels	1.87	 9.66	 22.22
Newrest ASL	7.05	 -	 10.76

Oil Markets Today

COMMODITY	DAILY CHANGE March 18 th – 19 th	YTD	CURRENT PRICE
BRENT	 0.25%	 25.59%	\$67.57pb
WTI	 0.02%	 30.1%	\$59.08pb
NATURAL GAS	 0.11%	 3.06%	\$2.85MBtu

Oil Prices

- Brent crude up 0.25% to \$67.57pb
- Despite weak global economic outlook
- Lower US crude production (dropped by 3.9mn barrels)



Agricultural Commodities

Wheat



• Wheat prices down by 0.65% to \$4.59/bushel

• Due to USDA's forecast of lower wheat demand

Corn



• Corn prices decreased by 0.07% to \$3.73/bushel

• On expectations of increased output in Argentina and Brazil

Cocoa



• Cocoa prices down by 0.77% to \$2,197/MT

• As Ivory Coast and Ghana sign a pact on new standards for exported cocoa beans

Sugar



• Sugar prices up 0.56% to 0.1259/pound

• As a result of higher global demand

OUTLOOK – Oil Prices



- Brent to remain within the range of \$66-68pb on:
- Deepening economic crisis in Venezuela
- OPEC to maintain output cut till bi-annual meeting in June

OUTLOOK – Agricultural Prices

GRAINS

- Corn prices to be bullish in the coming weeks on expectation of China's import of US corn

SOFTS

Sugar

- Diversion of Brazilian cane mills to ethanol production to boost prices

Cocoa

- Efforts to boost production in Ivory Coast and Ghana could threaten prices