

# Burning Economic Issues

Cashless policy, E-tag & electronic payment kicked off at Lekki bridge

- Global markets rattled by assassination of Iranian leader
- Brent trading at \$68.28pb
- Gold spikes by 3.3% to \$1,578.9/t oz
- External reserves at 24-month low (now at \$38.49bn)
- Naira gains at I&E window (N364.57/\$)
- Mixed signals on new electricity tariff



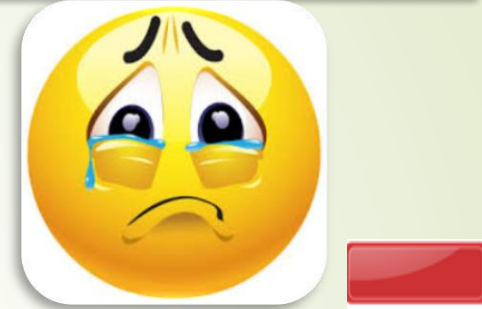
# Impact

## The Goodies



- Quarterly oil revenue could reach \$15bn
- Oil trading between \$68-\$69pb
- E-tag on Lekki bridge reducing traffic congestion

## The Downers



- Global stock markets fall (S&P500 down 0.05%)

# Oil Prices and the Iranian Conflict



- Brent down 0.90% to \$68.28pb
- After gaining 1.5% following the US assassination of the Iranian General
- Market awaits Iran response to the killing of its military commander

# Impact of US-Iran War on Brent Oil

- A likely threat of a retaliation by Iran has spooked commodity markets
- Brent crude oscillating between \$68-\$70pb since the assassination
- Any retaliation puts the Strait of Hormuz at risk
  - The world's busiest passageway for tankers carrying oil & natural gas
- Threatening global oil supply and could push oil prices above \$75pb

# OPEC & Oil Prices

- Global crude oil output estimated at 81mbpd
- Top producers: Saudi Arabia, Russia, USA
- Total OPEC output cut now up to 1.7mbpd
- Saudi Arabia is committed to increasing its quota by additional 167,000barrels per day
- Removes the risk of an oversupplied oil market in 2020



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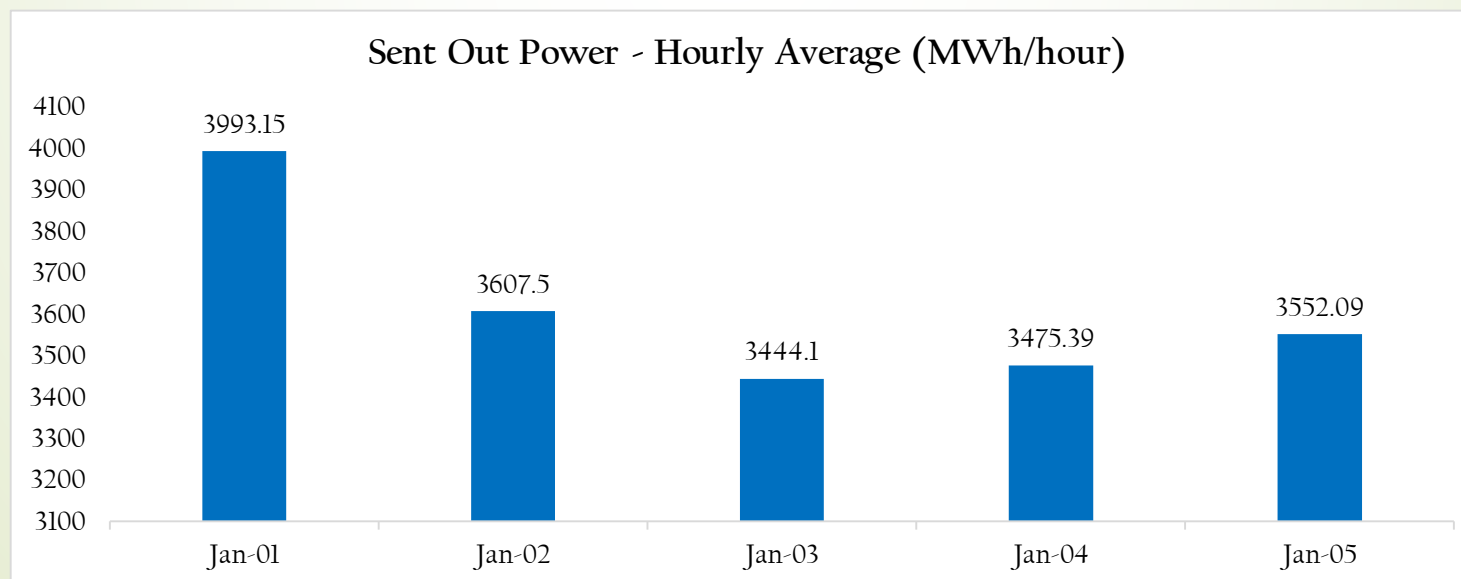


# Power Sector

January 5<sup>th</sup>





State	Temperature(noon-time)
Abuja	34 <sup>0</sup> C
Kano	28 <sup>0</sup> C
Lagos	29 <sup>0</sup> C

- Average power output: 3,552.09MWh/h (up 76.70MWh/h)
- Gas constraints stood at 1,900MWh/hr, Grid constraint was 1,623.30MWh/hr.  
There was no water constraint
- Naira equivalent of power loss: N1.72billion (annualized at N629.52billion)



# 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	↔	N9,000	N10,000
Semovita (10kg)		N2,950	N2,900	↑	N2,800	N3,000
New Yam (medium size)		N700	N600	↑	N400	N1,900
Sugar (50kg)		N13,500	N13,500	↔	N13,000	N15,000






# Domestic Commodities Price Movement

## Relatively Inelastic Products

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow		N10,200	N8,200		N6,150	N10,200
Rice (50kg)		N25,000	N27,500		N14,000	N27,500
Flour (50kg)		N11,500	N11,500		N10,000	N11,500
Beans (Oloyin)(50kg)		N17,500	N15,000		N14,000	N25,500
Cement (50kg)		N2,600	N2,550		N1,600	N2,700
Tomatoes (50kg)		N8,000	N10,000		N6,000	N20,000
Pepper (bag)		N5,000	N6,000		N5,000	N15,000

# Seasonal Effect & Border Closure on Commodities

Commodities	August 2019	October 2019	December 2019	Current Prices	Directional Change (Dec/Jan)
Garri (50kg) Yellow	N6,250	N6,850	N8,200	N10,200	
Rice (50kg)	N18,000	N24,000	N27,500	N25,000	
Turkey (1kg)	N1,300	N1,600	N1,800	N1,600	

# Consumer Goods – Current price

Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N100	0%
Heineken beer (60cl)	N300	N330	-10.00%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N2,000	N2,300	-15.0%
Gala (big size)	N100	N100	0%

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# Stock Market

- NSE ASI  1.38% to 27,339.68pts on January 6<sup>th</sup>
- Consumer goods sub index:  0.47% at 589.39pts

	Share Prices (₦)	Daily % Change (January 3 <sup>rd</sup> –6 <sup>th</sup> )		YTD (% Change)	
Nestle	1,469.9		-		-
Honeywell	1.00		-		1.01
Flour Mills	19.75		0.25		0.25
Cadbury	10.55		-		-
Dangote Sugar	14.2		1.43		4.41
Unilever	20.70		-		5.91
Ikeja Hotels	1.12		-		-

# Oil Markets Today

COMMODITY	DAILY CHANGE January 6 <sup>th</sup> – 7 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 0.90%	↑ 3.45%	\$68.28pb
WTI	↓ 0.85%	↑ 2.74%	\$62.73pb
NATURAL GAS	↓ 0.09%	↓ 2.74%	\$2.13MBtu

# Agricultural Commodities

## Wheat



- Wheat prices down by 0.41% to \$552.25/bushel
- Despite unfavourable weather conditions in the US.

## Corn



- Corn prices rose by 0.19% to \$387.25/bushel
- Due to delayed harvest resulting from adverse weather conditions

## Cocoa



- Cocoa prices down by 0.51% to \$2,519/mt
- Driven by increased output in Ivory Coast

## Sugar



- Sugar prices increased by 0.37% to \$13.31/pound
- Due to increased global demand

# OUTLOOK – Oil Prices



- Brent likely to trade between \$69-\$70pb in the coming days
- Supported by the increased geopolitical tensions in the Middle East which threaten oil supplies



# OUTLOOK – Agricultural Prices

## GRAINS

- Uncertainty about Iran to put pressure on prices in near term

## Sugar

- Harsh weather continues to affect sugar production in the US

## SOFTS

## Cocoa

- Cocoa prices to decline in Ivory Coast as farmers expect strong harvest in the near term