

# Burning Economic Issues



- VAT of 7.5% now effective
- MPC meeting postponed till January 23/24
- December inflation figures to be released tomorrow
- Brent up 0.78% to \$64.50pb
- External reserves marginally up for the third time in 6 months (\$38.34bn)
- Naira stable at the parallel market (N362/\$)



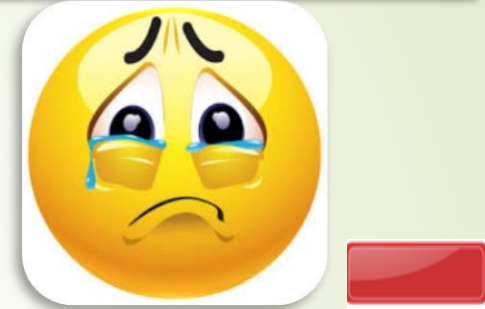
# Impact

## The Goodies



- External reserves bleeding eases marginally
- Oil prices above \$64pb is reserves accretive

## The Downers



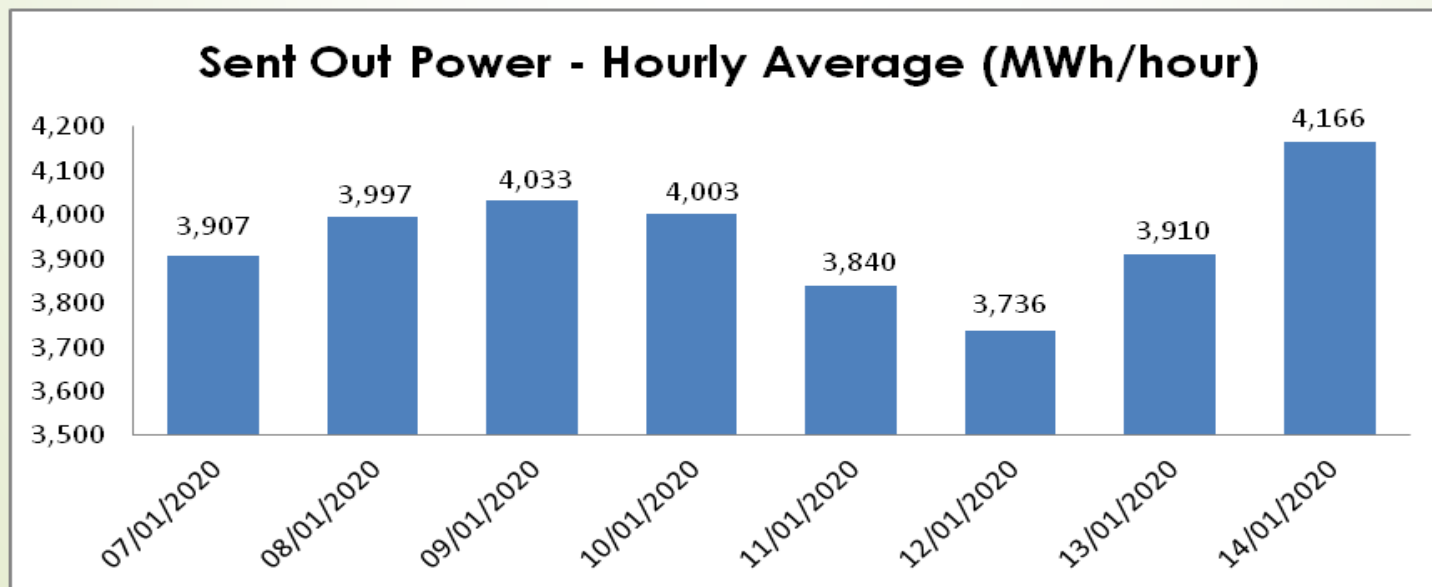
- Expect fourth consecutive monthly increase in inflation
- To be compounded by VAT hike
- CBN forex Intervention lower since 3 months
- Stock market rally fizzles (-0.75%)

# Power Sector

State	Temperature(noon-time)
Abuja	36°C
Kano	34°C
Lagos	29°C





January 14<sup>th</sup>

- Average power output: 4,166MW/h (up 256.15MW/h)
- Gas constraints stood at 2,632MWh/hr, Grid constraint was 728MWh/hr. Water constraint was 150MWh/hr
- Naira equivalent of power loss: N1.73billion (annualized at N631.45billion)








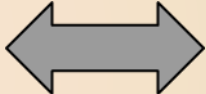








# Domestic Commodities Price Movement

## 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

- Decline in commodity prices typical in January
- Month -on - month inflation projected to decline to 0.97%

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



# 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%

# Impact of Diesel On Urban/Rural Inflation

- Retail diesel price up 10% to N230/litre
- Margins are compressed and downstream marketers are importing opportunistically
- Sporadic shortages and price hikes
- Could drive up urban inflation (currently at 12.47%)
- Trucks used to transport commodities from rural areas to urban markets powered by diesel




















# New Power Initiatives & Diesel

- New electricity tariff to be effective on April 1
- Positive correlation between cost reflective tariffs and stable power
- Magodo experiment is a role model
- Tariffs are N62.5 per KW and power is 24/7
- GRA, Ogudu to follow suit
- Cost reflective tariffs are still 50% below alternative energy cost
- Increased power output will decrease the demand for alternative energy sources powered by diesel
- Price of diesel could fall in the near term

# Stock Market

- NSE ASI  0.75% to 29,062.50 pts on January 15<sup>th</sup>
- Consumer goods sub index:  0.21% at 578.00pts

	Share Prices (₦)	Daily % Change (January 13 <sup>th</sup> –15 <sup>th</sup> )		YTD (% Change)
Nestle	1,469.9		-	 -
Honeywell	1.03		-	 4.04
Flour Mills	24.00		-	 21.83
Cadbury	10.00		-	 5.21
Dangote Sugar	14.50		2.03	 6.62
Unilever	18.00		-	 18.18
Ikeja Hotels	1.12		-	 -

# Oil Markets Today

## COMMODITY

BRENT

WTI

NATURAL GAS

## DAILY CHANGE January 15<sup>th</sup> – 16<sup>th</sup>

↑ 0.78%

↑ 0.81%

↑ 0.38%

## YTD

↓ 1.50%

↓ 3.32%

↓ 0.06

## CURRENT PRICE

\$64.50pb

\$58.28.pb

\$2..13MBtu

# GROW YOUR EXPORT BUSINESS WITH FIDELITY

Visit any of our  
branches today for:

- Ready Market Access
- Enhanced Capacity
- Financing.



We Are Fidelity. We Keep Our Word

Contact Us: +234 (1) 448-5252  
true.serve@fidelitybank.ng



Fidelity Bank Plc  
INC 10.0022

FOLLOW US:     

[www.fidelitybank.ng](http://www.fidelitybank.ng)

# Oil Prices



- Brent up 0.78% to \$64.50pb
- Despite build up in US inventory (up 1.1 million barrels last week)
- Market awaits next developments on the US-China trade front

# Agricultural Commodities

## Wheat



- Wheat prices up by 0.35% to \$570.50/bushel
- Supported by tightening Russian supplies

## Corn



- Corn prices down by 0.13% to \$388.50/bushel
- Amid uncertainty regarding demand from China

## Cocoa



- Cocoa prices up by 2.79% to \$2,655.00/mt
- Driven by expectations of reduced supply in Ivory Coast

## Sugar



- Sugar prices down by 0.35% to \$14.27/pound
- Despite Asian supply shortfall

# OUTLOOK – Oil Prices



- Brent likely to trade upwards between \$64-\$65pb in the coming days
- Market awaits:
  - EIA weekly report
  - Clarity on US-China trade deal

# OUTLOOK – Agricultural Prices

## GRAINS

- Phase 1 trade deal signing will cause pickup in grain prices in the near term

## Sugar

- Supply constraints to continue and push up prices

## Cocoa

- Anticipated decline in global supply would increase cocoa price

## SOFTS

