

# Burning Economic Issues

FG declares 5 states insolvent due to low IGR collections

- Nigeria's GDP growth falls to -6.10% in Q2'20
  - Lowest growth in a decade
- Agric sector slows to 1.58%, still in positive territory
- Non oil sector growth also negative at -6.05%
- Nigerian oil production down to 1.49mbpd in July
- Parallel market flat at N477/\$
- CBN announces new price verification exercise for imports



## The Downers



## Impact

- GDP contracts 6.10%, cumulative contraction of 7.97%
- Altering the 3-year positive but slow growth trend
- External reserves steadily declining (\$35.60bn)

## The Goodies



- Brent staying above \$44pb
- Tax revenue up 8% to N1.29trn in Q2'20 from N1.19trn in Q1'20
- Evidence of recovery
- Down 7.9% from Q2'19 (N1.4trn)

# 5 States Declared Insolvent

States	Unemployment (%)	Inflation (%)
Katsina	23.6	11.9
Bayelsa	27.8	12.9
Kebbi	16.1	13.6
Borno	19.9	11.7
Taraba	39.4	12.7



Source: NBS

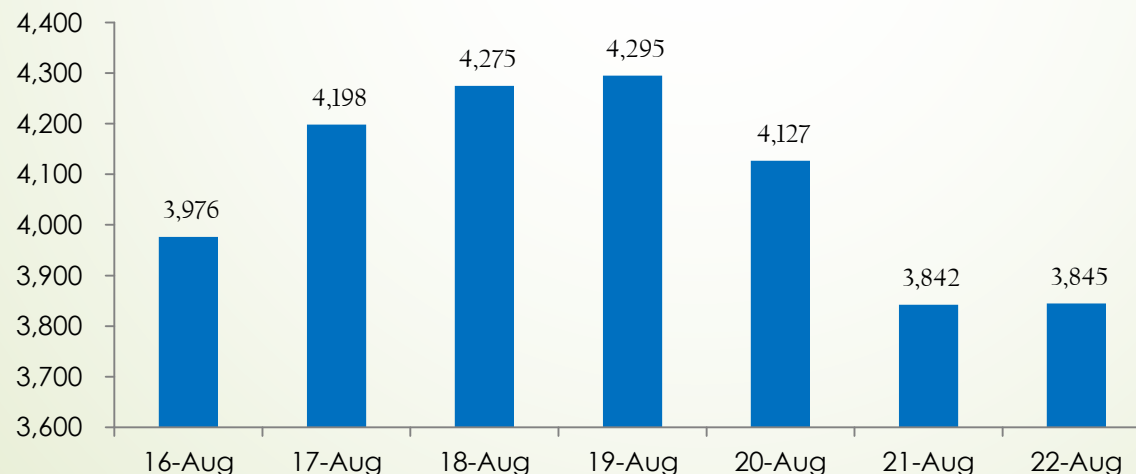
# Power Sector

August 22<sup>th</sup>

State	Temperature(noon-time)
Abuja	23°C
Kano	26°C
Lagos	28°C

- Average power output: 3,845MWh/hr (up 2.86MWh/hr)
- Gas constraints stood at 1,942MWh/hr, Grid constraint was 2,623MWh/hr and there was no water constraint
- Naira equivalent of power loss: N2.191billion (annualized at N799.72billion)

**Power Output (MWh/hour)**





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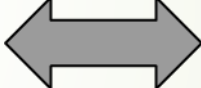




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# Domestic Commodities Price Movement








## Relatively Elastic Products

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l) 	N12,500	N12,000		N9,000	N12,500
Semovita (10kg) 	N3,400	N3,400		N2,800	N3,400
New Yam (medium size) 	N1,000	N1,500		N400	N2,000
Sugar (50kg) 	N17,500	N21,000		N13,000	N23,000

- Food prices still up despite harvest season
- Transport costs are stocking inflationary pressures

# Domestic Commodities Price Movement

## Relatively Inelastic Products



Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N15,000	N12,000	↑	N6,150	N15,000
Rice (50kg) 	N28,000	N28,000	↔	N14,000	N28,000
Flour (50kg) 	N13,000	N12,700	↑	N10,000	N13,000
Beans (Oloyin)(50kg) 	N18,000	N17,500	↑	N14,000	N25,500
Cement (50kg) 	N2,600	N2,600	↔	N1,600	N2,700
Tomatoes (50kg) 	N35,000	N20,000	↑	N6,000	N35,000
Pepper (bag) 	N15,000	N16,000	↓	N5,000	N16,000















# 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%



# Stock Market

- NSE ASI  0.03% to 25,229.12pts on August 24<sup>th</sup>
- Consumer goods sub index:  0.70% at 425.22pts

	Share Prices (₦)		Daily % Change (August 21 <sup>st</sup> – August 24 <sup>th</sup> )		YTD (% Change)
Nestle	1,175		-		20.06
Honeywell	0.92		-		7.07
Flour Mills	18.50		-		6.09
Cadbury	7.80		-		26.07
Dangote Sugar	12.50		-		8.09
Unilever	15.00		7.53		31.82
Ikeja Hotels	0.84		-		25.00



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# Oil Markets Today

COMMODITY	DAILY CHANGE August 24 <sup>th</sup> – August 25 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↑ 0.11%	↓ 31.55%	\$45.18pb
WTI	↓ 0.23%	↓ 30.36%	\$42.52pb
NATURAL GAS	↑ 0.40%	↑ 15.07%	\$2.52MMBtu

# Oil Prices



- Brent up 0.11% to \$45.18pb
  - WTI down 0.23% to \$42.52pb
- On US hurricane threat shutting oil production at the US Gulf coast of Mexico
- Global oil demand recovery still uncertain with rising COVID cases
- Possible re-imposition of US sanctions on Iran could cut down Iran's oil exports



# Agricultural Commodities

## Wheat



- Wheat prices increased by 0.23% to \$536.25/bushel
- As UK experiences worst wheat harvest season in 40 years

## Corn



- Corn prices rose by 0.59% to \$342.50/bushel
- On increased Chinese demand for US corn

## Cocoa



- Cocoa prices up by 0.38% to \$2,409.00/mt
- Driven by steady rise in global demand

## Sugar



- Sugar prices dropped by 1.38% to \$12.83/pound
- Due to the prevailing weakness of the Brazilian currency

# OUTLOOK – Oil Prices



- Brent likely to trade between \$44-\$46pb
- OPEC+ remains strict with compliance level at 97%
- Major US port partly shut following pipeline explosion

# OUTLOOK – Agricultural Prices

## GRAINS

- Wheat prices to remain high on low supply
- Increased Chinese demand for US corn to keep prices up

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## Sugar

- Prices to remain soft on weaker Brazilian currency

## SOFTS

## Cocoa

- Global price to continue to recover as global demand strengthens on pickup in economic activity