



# Burning Economic Issues



Brent up (\$45.80pb) on lower US crude inventories, weaker dollar

- NNPC spent N5.348bn on under recovery (subsidy), 0.05% of 2020 budget (N10.8trn)
- CBN postpones retail forex sales till September 7
  - Parallel market in jitters (N470/\$) as naira appreciates
- Capital importation into Nigeria down 78% (\$1.3bn) in Q2'20 compared to Q1'20 (\$5.9bn)
- Soybeans rise (\$965.25/bushel) as dry weather weakens crops
- Cocoa prices slip (\$2,623.00/mt) in Central Cameroon amid higher bean intake



## The Downers



- CBN PMI still rising but not yet positive (48.5points)
- Nigeria's 2020 economic recession will be worst in 40 years - World Bank

## Impact

## The Goodies



- Brent up 1.15% to \$45.80pb
- External reserves up \$60mn – not sustainable
- Flights resume at Enugu airports
- Naira appreciates to N470/\$ as speculators short the dollar

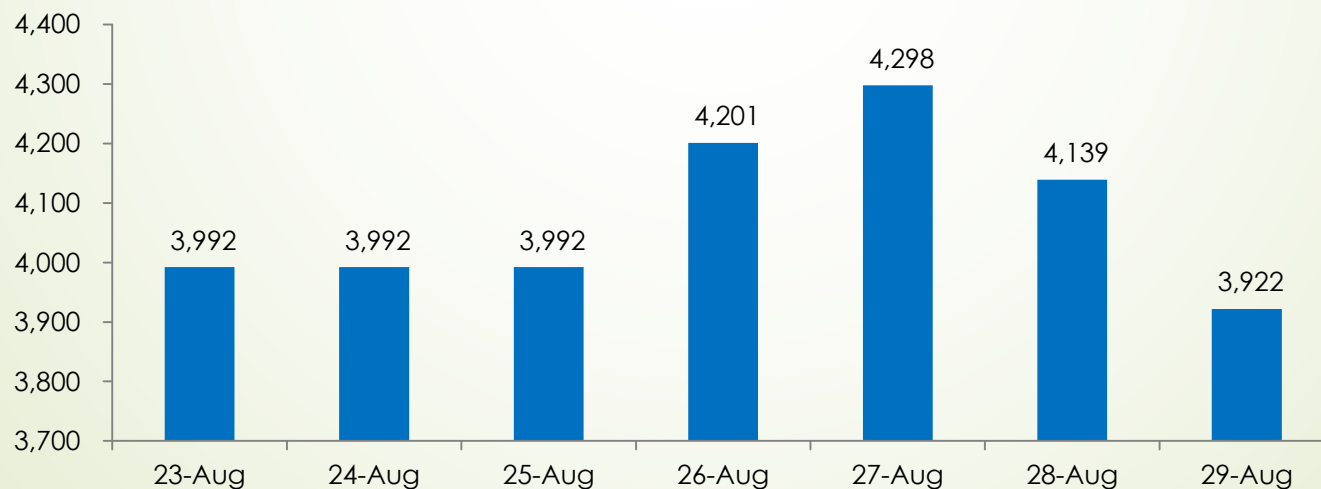
# Power Sector

August 29<sup>th</sup>

State	Temperature(noon-time)
Abuja	25°C
Kano	28°C
Lagos	27°C




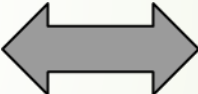




- Average power output: 3,922MWh/hr (up 217.73MWh/hr)
- Gas constraints stood at 2,368.5MWh/hr, Grid constraint was 1,753.6MWh/hr and there was no water constraint
- Naira equivalent of power loss: N1.980billion (annualized at N722.7billion)

Power Output (MWh/hour)



# 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

- Consumer demand is picking up but prices mainly flat
- Retailers are positioning ahead of a full reopening of the economy

# 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

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# 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  0.07% to 25,327.13 pts on August 31<sup>st</sup>
- Consumer goods sub index:  0.01% at 426.93pts

	Share Prices (₦)		Daily % Change (August 28 <sup>th</sup> – August 31 <sup>st</sup> )		YTD (% Change)
Nestle	1,175		-		20.06
Honeywell	0.96		0.03		3.03
Flour Mills	18.8		-		4.57
Cadbury	7.75		-		26.54
Dangote Sugar	12.50		-		8.09
Unilever	15.00		-		31.82
Ikeja Hotels	0.84		-		25.00



# Oil Markets Today

COMMODITY	DAILY CHANGE August 31 <sup>st</sup> – September 1 <sup>st</sup>	YTD	CURRENT PRICE
BRENT	↑ 1.15%	↓ 30.60%	\$45.80pb
WTI	↑ 1.15%	↓ 29.41%	\$43.10pb
NATURAL GAS	↑ 1.48%	↑ 21.92%	\$2.67MMBtu

# Oil Prices



- Brent up 1.15% to \$45.80pb
  - WTI up 1.15% to \$43.10pb
- On weak US dollar despite fragile global oil demand
- US crude stockpiles down by 2million barrels - Bloomberg
- Chinese oil imports likely to fall on high reserves
- US oil rig count falls by 3 to 180 in a week – Baker Hughes
  - Nigeria’s active rigs down to 6 from 9 in June
- Saudi Aramco discovers two oil and gas fields

# Agricultural Commodities

## Wheat



- Wheat prices rose by 0.91% to \$553.75/bushel
- On strong global demand

## Corn



- Corn prices up by 0.97% to \$353.50/bushel
- Due to low supply from US on bad weather conditions

## Cocoa



- Cocoa prices up by 3.31% to \$2,623.00/mt
- Amid supply constraints from Ivory Coast

## Sugar



- Sugar prices dropped by 1.33% to \$12.60/pound
- As demand for cane-based ethanol remains low

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# OUTLOOK – Oil Prices



- Brent likely to trade between \$44-\$47pb
- Owing to lingering demand and supply concerns

# OUTLOOK – Agricultural Prices

## GRAINS

- Strong wheat demand to keep prices high
- Supply shortages from the US will increase corn prices

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## Sugar

- Prices to remain at current levels on low demand for cane-based ethanol

## SOFTS

### Cocoa

- Reduced supply from Ivory Coast on political tensions to support prices