

# Burning Economic Issues



- Brent falls to \$41.69pb on upbeat US inventory
- Nigerian oil production recovers by 0.74% in August to 1.36mpbd
- OPEC and allies hold crucial meeting today
- US Federal Reserve to keep interest rates near zero through 2023
- External reserves creeps up to \$35.80bn
- Excessive rains damage SW Nigeria cocoa crop
- Stock market on bearish streak since release of August inflation numbers



## The Downers



- Food inflation at an astronomical high (16%)
- Domestic airline load factors only 60% -  
Businessday
- Naira depreciates to N465/\$ in parallel market

## Impact

## The Goodies



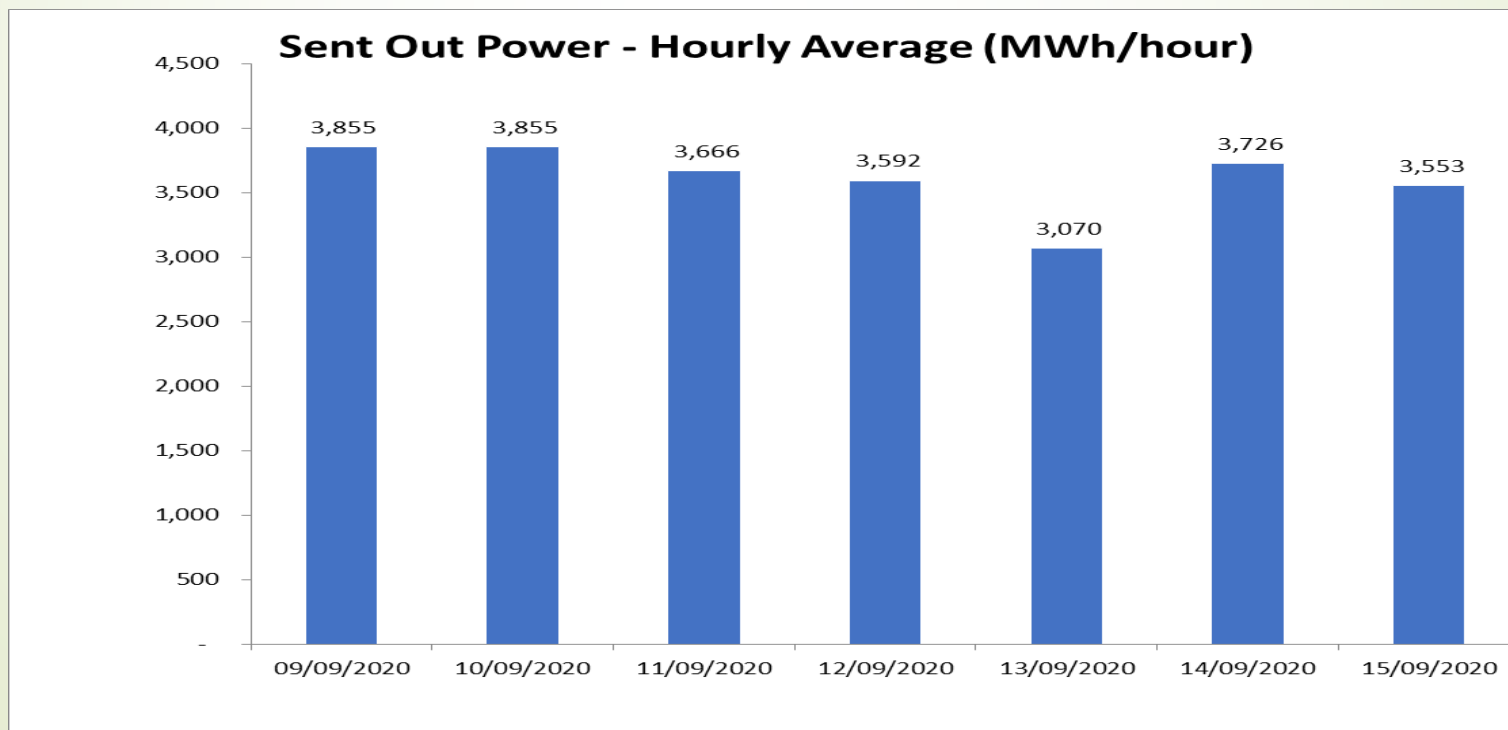
- Brent above \$40pb (\$41.69pb)
- Nigerian oil production up 0.74% (1.36mpbd)
- External reserves up 0.06% (\$35.80bn)
- CBN directs bank to expand agric lending

# Power Sector

September 15<sup>th</sup>





State	Temperature(noon-time)
Abuja	27°C
Kano	29°C
Lagos	27°C

- Average power output: 3,553MWh/hr (down 173.38MWh/hr)
- Gas constraints stood at 2,547.5MWh/hr, Grid constraint was 1,078.8MWh/hr and there was no water constraint
- Naira equivalent of power loss: N1.74billion (annualized at N636.84billion)



# 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	N12,500	↔	N9,000	N12,500
Semovita (10kg)		N3,400	N3,400	↔	N2,800	N3,400
New Yam (medium size)		N1,000	N1,000	↔	N400	N2,000
Sugar (50kg)		N20,000	N17,500	↑	N13,000	N23,000

- New yam price resistant to harvest effect

# Domestic Commodities Price Movement

## Relatively Inelastic Products

Commodities	Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow 	N13,500	N12,950	↑	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	N18,000	↔	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
Onions (bag) 	N38,000	N30,000	↑	N10,000	N38,000



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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  0.19% to 25,550.31pts on September 16<sup>th</sup>
- Consumer goods sub index:  0.07% at 429.94pts

	Share Prices (₦)		Daily % Change (September 15 <sup>th</sup> – September 16 <sup>th</sup> )		YTD (% Change)
Nestle	1,175		-		20.06
Honeywell	0.96		-		3.03
Flour Mills	19.5		-		1.02
Cadbury	7.10		-8.39		32.70
Dangote Sugar	11.90		-		12.50
Unilever	14.40		-		34.55
Ikeja Hotels	0.92		-		17.86



# Oil Markets Today

COMMODITY	DAILY CHANGE September 16 <sup>th</sup> – September 17 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 1.26%	↓ 36.83%	\$41.69pb
WTI	↓ 1.52%	↓ 35.23%	\$39.55pb
NATURAL GAS	↓ 0.18%	↑ 3.20%	\$2.26MMBtu

# Oil Prices



- Brent down 1.26% to \$41.69pb
  - WTI down 1.52% to \$39.55pb
- Despite supply cuts in the US
  - US offshore oil output down 25% due to harsh weather conditions
  - US weekly crude drawdown of 9.52mn, from 2.97mn the previous week -API
- Markets expecting OPEC to do “what it takes” at Thursday’s meeting
- WTO reveal US tariffs on China are in violation of trade rules
- Global demand concerns still looming

# Agricultural Commodities

## Wheat



- Wheat prices down 0.14% to \$537.50/bushel
- Despite increased demand for Russian wheat

## Corn



- Corn prices fall by 0.41% to \$364.50/bushel
- In spite of a drop in US corn output

## Cocoa



- Cocoa prices declined by 0.30% to \$2,686.00/mt
- Price hike in Ghana and Ivory Coast fails to support global cocoa prices

## Sugar



- Sugar prices up 0.63% to \$12.79/pound
- As EU expects drop in output

# Every Taste Maker's Delight



# OUTLOOK – Oil Prices



- Brent to trade between \$40 – \$41pb
- Driven by:
  - Lower output in the US
  - Lingering energy demand concerns
  - Rising tensions in US-China trade deal

# OUTLOOK – Agricultural Prices

## GRAINS

- Increased demand for Russian wheat to increase prices
- Corn prices to pick up on supply shortages from the US

## SOFTS

### Sugar

- Reduced supply from EU to keep prices high

### Cocoa

- Higher farm gate prices in Ivory coast and Ghana to support prices