








Commodities Update

Special Edition



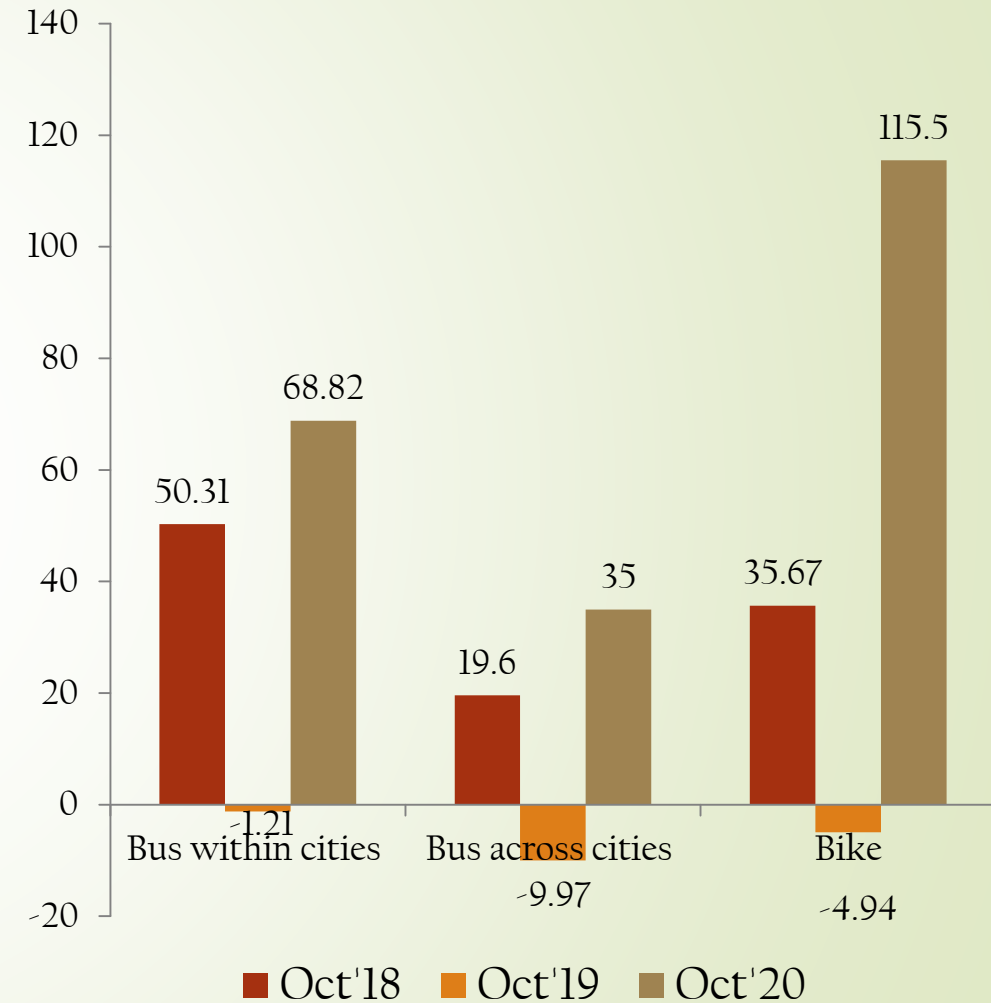
Lagos-Ibadan Railway: Impact on the Economy

		Impact Analysis
Logistics cost		<ul style="list-style-type: none">• Lower distribution and logistics costs• Quick turnaround on inventory levels• Efficient commodity pricing
Commodity prices		<ul style="list-style-type: none">• Excess supply of trucks to push down the cost of transporting commodities
Transport fares		<ul style="list-style-type: none">• Lower transport fares as traffic decongests in Lagos• Wear & tear on road infrastructure to reduce
Real estate		<ul style="list-style-type: none">• Appreciation in property values around the rail line• Decline in property values in urban cities• Relocation towards rail line for close proximity
State revenue		<ul style="list-style-type: none">• Shift in tax revenue (PAYE) in favour of Ogun state government

Logistics Costs of Top Manufacturing Companies

	9M'18 (N'mn)	9M'19 (N'mn)	9M'20 (N'mn)	% change 18/20
Dangote	63.99	80.60	76.52	19.58
Flour Mills (6 months)	2.00	2.29	1.73	-13.5
Nigerian Breweries	-	21.34	18.26	-14.43
Guinness	2.85	2.4	2.42	-15.09

Transport fares (%)



- On the average, transport fares increased by 73.11%
- While food inflation increased to 17.38%
- Mixed movement in companies logistics costs
- Diesel powered vehicles mostly used

Impact on You

Corporates

Manufacturing costs



Decrease

Logistics and distribution costs



Decrease

Profit margins



Increase

Consumers

Commodity prices



Decrease

Transport fares



Decrease

Government

Road maintenance costs



Decrease

Ogun state to become a logistics hub





Burning Economic Issues



- Brent down 1.22% to \$47.59pb ahead of OPEC meeting on output cuts
- Naira falls sharply to N390/\$ (IEFX) and N500/\$ (parallel market) as rationing bites
- IMF calls for unified exchange rate
- World Bank provides 20% grants to finance retail cost of Nigeria's solar power homes system
- Cocoa prices up 10% to N1.1mn in Oyo, steady in Edo and Osun states at N1mn



The Downers



- Naira falls to N500/\$ (parallel market) with external reserves being low (\$35.43bn)
- Brent down to \$47.59pb as seeds of discord are shown amongst OPEC members

Impact

The Goodies



- Commencement of railway to ease supply chain disruptions
- World Bank provides grants for FG's N140bn solar homes system

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Every Taste Maker's Delight

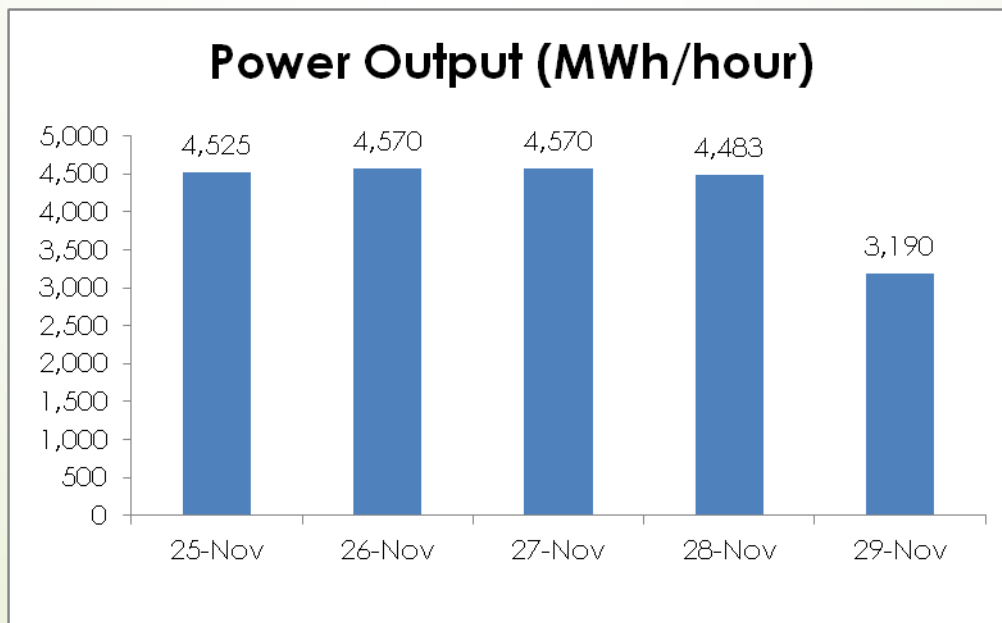


Power Sector

November 29th




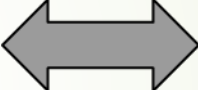




	time)
Abuja	34 ⁰ C
Kano	32 ⁰ C
Lagos	31 ⁰ C

- Average power output: 3,190MWh/hour (down 1,293MWh/hr)
- Gas constraint was 1,663.8MW, Grid constraint was 168MW, there was no water constraint
- Naira equivalent of power loss annualized at N320.8bn



Domestic Commodities Price Movement









Relatively Elastic Products

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N15,000	N11,500		N9,000	N15,000
Semovita (10kg)		N3,400	N3,400		N2,800	N3,400
New Yam (medium size)		N1,000	N900		N400	N2,000
Sugar (50kg)		N20,000	N20,000		N13,000	N23,000

- Consumer spending to be much lower this festive season compared to previous years
- Higher food prices, supply chain disruptions

Domestic Commodities Price Movement



Relatively Inelastic Products















Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow		N14,500	N14,500	↔	N6,150	N15,000
Rice (50kg)		N31,000	N30,000	↑	N14,000	N31,000
Flour (50kg)		N13,500	N12,700	↑	N10,000	N13,500
Beans (Oloyin)(50kg)		N21,000	N20,000	↑	N14,000	N25,500
Cement (50kg)		N2,650	N2,600	↑	N1,600	N2,700
Tomatoes (50kg)		N35,000	N30,000	↑	N6,000	N35,000
Pepper (bag)		N15,000	N15,000	↔	N5,000	N16,000
Onions (bag)		N80,000	N40,000	↑	N10,000	N80,000

Consumer Goods – Current price

Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N100	N100	0%
Heineken beer (60cl)	N300	N330	-10.00%
Bread Loaf	N400	N500	-25.0%
Indomie (1 carton)	N2,150	N2,400	-11.63%
Gala (big size)	N100	N100	0%

Stock Market

- NSE ASI  35,042.14pts on November 30th
- Consumer goods sub index:  0.44% at 579.84pts

	Share Prices (₦)		Daily % Change (November 27 th – November 30 th)		YTD (% Change)
Nestle	1,400		-		4.76
Honeywell	1.07		-		8.08
Flour Mills	27.85		-0.54		41.37
Cadbury	9.6		-		9.00
Dangote Sugar	19.7		-1.50		44.85
Unilever	12.95		-5.82		41.14
Ikeja Hotels	1.10		-		1.79

Oil Markets Today

COMMODITY	DAILY CHANGE November 30 th – December 1 st	YTD	CURRENT PRICE
BRENT	↓ 1.22%	↓ 27.89%	\$47.59pb
WTI	↓ 0.57%	↓ 26.17%	\$45.08pb
NATURAL GAS	↑ 2.01%	↑ 34.25%	\$2.94MMBtu

Oil Prices



- Brent down 1.22% to \$47.59pb
- WTI down 0.57% to \$45.08pb
- Growing uncertainty ahead of OPEC meeting
- There are still hopes that covid-19 vaccine breakthroughs will lead to a swift recovery in global energy demand
 - AstraZeneca announced average efficacy of 70% in tests
 - Bank of America says Brent could reach \$60pb by summer of 2021



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Agricultural Commodities

Wheat



- Wheat prices down 0.58%% to \$602.50/bushel
- This is despite growing global demand and increased stockpiling

Corn



- Corn prices rose by 0.23% to \$434.75/bushel
- As China is expected to increase its imports of US corn

Cocoa



- Cocoa prices decreased by 0.69% to \$2,747/mt
- This is despite the ongoing tensions between cocoa producers and cocoa processors

Sugar



- Sugar prices up by 0.27% to \$14.86/pound
- This is as a result of continuous supply shortages from India

OUTLOOK – Oil Prices

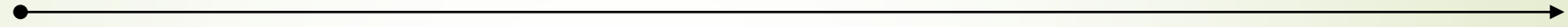


- Brent to trade between \$48 – \$50pb
- Due to
 - Distribution of vaccines in the US?
- Recovery in global energy demand by 2021

OUTLOOK – Agricultural Prices

GRAINS

- Supply shortages due to dry weather and stockpiling and high global demand to buoy grain prices



SOFTS

Sugar

- Lower exports from India to keep prices high

Cocoa

- Tensions between cocoa producing nations will have a disruptive effect on supply, which will lead to high prices