

A central graphic featuring a black oil barrel with a flame on top. Above the barrel is a line graph with red dots and a yellow coin. To the right of the barrel is a blue bar chart. In front of the barrel are stacks of gold and silver coins. The entire graphic is set against a background of concentric teal circles.

# COMMODITIES

## UPDATE

March 23, 2022



# Burning Economic Issues



- The CBN raises MPR by 50bps to 18%p.a, US Fed hikes rates by 25bps to 4.75%-5.00%p.a
- Brent up 0.64% (\$77.18pb), \$18.52 below Q1'22 average owing to favourable US job data-**Reuters**
- Year-to-date, LNG prices plunged 49.66% (\$2.25/bushel) as milder weather persists in Europe-**Bloomberg**
- Cocoa prices rose 0.75% (\$2,838.00/mmt) on growing supply concerns in Ivory Coast-**Reuters**
- Naira depreciated 0.40% to close at N750/\$ (parallel market) but traded flat at N462/\$ in the I&E window



## The Downers



- A 49.66% drop in LNG prices will decrease export earnings by \$2.6mn.
- An increase in policy rates would raise the lending rate and lead to loan defaults.

## Impact

## The Goodies



- The rise in oil prices will help improve oil earnings and increase fiscal revenue.
- Higher cocoa prices will bolster export earnings and increase farmers' income.





# Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change
Garri (50kg) Yellow	N16,000	N20,000	↑
Rice (50kg) short grain	N40,000	N40,000	↔
Flour (50kg)	N29,000	N29,000	↔
Beans (Oloyin)(50kg)	N42,000	N56,000	↑
Cement (50kg)	N4,300	N4,300	↔
Tomatoes (50kg)	N15,000	N19,000	↑
Pepper (bag)	N17,000	N15,000	↓
Onions (bag)	N35,000	N32,000	↓

- Food prices will begin to taper as transport costs fall.

# Domestic Commodities Price Movement

## Relatively Elastic Products

Commodities		Previous Month Prices	Current Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N27,500	N18,000	↓	N9,000	N27,500
Semovita (10kg)		N6,700	N6,800	↑	N2,800	N6,800
New Yam (medium size)		N1,700	N1,800	↑	N400	N2,000
Sugar (50kg)		N35,000	N35,000	↔	N13,000	N35,000

# Leo

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# Consumer Goods – Current price




Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N200	N200	0%
Heineken beer (60cl)	N600	N630	-5.00%
Bread Loaf	N900	N900	-00.0%
Indomie (1 carton)	N4,000	N4,100	-2.50%
Gala (big size)	N100	N100	0%





















# Stock Market

NSE ASI  0.06% to close at 54,936.11pts on March 22<sup>nd</sup> 2023

	Share Prices (₦)		Daily % Change (March 22 <sup>nd</sup> )		YTD (% Change)
Nestle	1080.30		0.00		1.79
Honeywell	2.20		2.22		5.98
Flour Mills	31.00		0.00		9.15
Cadbury	11.30		0.00		5.04
Dangote Sugar	18.40		0.00		14.64
Unilever	14.00		0.00		20.69
Ikeja Hotels	1.03		0.00		1.90





# Oil Markets Today

COMMODITY	DAILY CHANGE March 22 <sup>nd</sup> – March 23 <sup>rd</sup>	YTD	CURRENT PRICE
BRENT	↑ 0.64%	↓ 10.16%	\$77.18pb
WTI	↓ 0.70%	↓ 12.53%	\$70.20pb
NATURAL GAS	↓ 4.09%	↓ 49.66%	\$2.25MMBtu



# Oil Prices



- Brent up 0.64% to \$77.18pb
- WTI dropped 0.70% to \$70.20pb
- Oil prices rose due to favourable US job data which offset recessionary fears as the US Fed hiked interest rates further

# Agricultural Commodities

## Wheat



Fell 3.33% to \$660.50/bushel, on prospects of increased supply as Black Sea grain deal is renewed for 60-days.

## Corn



Down 0.40% to \$627.50/bushel, as the extension of the Black Sea grain deal quell supply concerns

## Cocoa



Gained 0.75% to \$2,838.00/mt, on tight supply in Ivory Coast due to the unfavourable weather condition in the region.

## Sugar



Climbed 1.35% to \$21.08/Pound, due to lower than expected crop yield in India and Thailand.

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# Outlook – Oil Prices

- In the near term, oil prices are expected to fall as the hike in Fed rate discourages demand.



# Outlook – Agricultural Prices



## GRAINS

- Wheat prices will keep falling in the near term due the extension of the Black Sea deal.
- Corn prices will remain bearish on ample supply from the Black Sea.

## SOFTS

- Cocoa prices will tend lower as favourable weather conditions improve Ivory Coast supply outlook.
- Sugar prices will uptick in the near term due to rising uncertainties about India's output

