

# Commodities Update



April 20, 2023

# Burning Economic Issues

- Brent dropped 2.00% (\$81.46pb) on fears of weaker global oil demand and further interest rate hikes by the Fed- **Bloomberg**
  - Nigeria's oil rig count increased by 15% to 15 in March from 13 in February
- LNG prices fell 0.72% (\$2.21/bushel) after a one-day rally to \$2.37/mmbtu on April 18
- Cocoa prices rose 0.71% (\$2,986.00/mmt) driven by tight supply in Ivory Coast- **Reuters**
  - Nigeria Cocoa Association seeks legislation to ensure quality cocoa exports- **WSJ**
- Chinese miner, CMOG, and Congo have agreed on mining royalties to allow the passage of \$1bn worth of battery metals - **WSJ**
- South Africa's inflation rate climbs to 7.1% in March from 7.0% in February
  - South Africa accounts for 2.3% of Nigeria's total trade.
- Naira slipped 0.27% to N740/\$ (parallel market) & traded flat at N582/\$ (IATA window) and N464/\$ (I & E window)

## The Downers



- A 0.93% drop in oil prices will limit the country's export earnings and reduce fiscal revenues.
- The fall in LNG prices will worsen Nigeria's fiscal crisis and stoke inflationary pressures.
- The increase in South Africa's inflation rate will intensify the risk of imported inflation in Nigeria.
- The depreciation of the naira today will worsen the cost of living crisis in the country.

## Impact

## The Goodies



- Higher cocoa prices will bolster export earnings and increase farmers' income.
- Lower wheat prices will reduce the country's import bill as well as production costs for wheat-based commodities.
- A higher oil rig count will aid in increasing domestic oil production which is 25% lower than the OPEC quota of 1.8mbpd.





# Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change
Garri (50kg) Yellow	N20,000	N20,000	↔
Rice (50kg) short grain	N40,000	N38,000	↓
Flour (50kg)	N29,000	N29,000	↔
Beans (Oloyin)(50kg)	N56,000	N38,000	↓
Cement (50kg)	N4,300	N4,300	↔
Tomatoes (50kg)	N19,000	N25,000	↑
Pepper (bag)	N15,000	N20,000	↑
Onions (bag)	N32,000	N25,000	↓

- Food prices will begin to rise due to increased cash in circulation.

# Domestic Commodities Price Movement

## Relatively Elastic Products

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

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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  0.12% to close at 51,201.75pts on April 19<sup>th</sup> 2023

	Share Prices (₦)		Daily % Change (April 19 <sup>th</sup> )		YTD (% Change)
Nestle	1080.30		0.00		1.79
Honeywell	2.27		0.00		2.99
Flour Mills	29.70		0.00		4.58
Cadbury	10.20		0.00		14.29
Dangote Sugar	17.20		1.18		7.17
Unilever	12.65		0.00		9.05
Ikeja Hotels	1.27		0.00		20.95





# Oil Markets Today

COMMODITY	DAILY CHANGE April 19 <sup>th</sup> – April 20 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 2.00%	↓ 5.18%	\$81.46pb
WTI	↓ 1.20%	↓ 2.55%	\$78.21pb
NATURAL GAS	↓ 0.72%	↓ 50.56%	\$2.21MMBtu



# Oil Prices



- Brent down 2.00% to \$81.46pb
- WTI lost 1.20% to \$78.21pb
- Oil prices fell due to growing recessionary fears despite an improved demand forecast from China.

# Agricultural Commodities

## Wheat



Fell 1.44% to \$699.25/bushel, as increasing Black Sea supply eased supply concerns.

## Corn



Down 0.62% to \$640.50/bushel, against expectations of lower output in the US as adverse weather persists.

## Cocoa



Gained 0.71% to \$2,986.00/mt, driven by tightening global supply as dry weather in Ivory Coast hinders crop yield.

## Sugar



Rose 0.46% to \$23.83/Pound, despite lower global supply in major Asian countries.

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# Outlook – Oil Prices

- Oil prices are likely to keep falling as recessionary fears persist.



# Outlook – Agricultural Prices



## GRAINS

- Wheat prices are likely to keep falling on easing supply concerns.
- Corn prices will begin to fall on expectations of record output from the US

## SOFTS

- Adverse weather conditions in top cocoa producer, Ivory Coast, will continue to support cocoa prices in the near future.
- Sugar prices would begin to rise due to tight global supply.

