

Commodities Update



April 28, 2023

Burning Economic Issues

- Naira lost 4.81% at the IATA window to N610/\$, gained 0.68% in the parallel market to close at N735/\$
 - Naira tickets are now 25% more expensive in 2023 at the peak of summer season
 - The price of a British Airways one-way economy ticket from Lagos to London is now N920,593 (\$1,509.30)
- Brent plunged 2.19% (\$79.00pb) as weak US consumer confidence deepened recessionary fears- **Reuters**
- LNG lost 4.35% (\$2.20/bushel) despite Australia's plan to extend its price cap on natural gas to 2025- **Bloomberg**
- Cocoa gained 1.13% (\$2,961.00/mmt) on tightening global supply- **Reuters**
- Sugar futures rose 0.19% (\$26.02/pound) as erratic weather conditions in India hindered crop yield- **Reuters**
 - Year-to-date, the domestic price of sugar (50kg) has surged by over 35% to N42,000 per bag in April

The Downers



- The fall in oil prices below \$80pb will significantly weigh on export earnings which is estimated at \$57.06bn in 2023.
- Falling LNG prices will worsen Nigeria's trade balance and increase fiscal deficit.
- Higher sugar prices will increase the country's import bill and production costs for confectionaries.
- A higher exchange rate will raise the price of naira tickets, discourage the demand for air travel and affect the performance of the aviation industry.

Impact

The Goodies



- Lower oil prices will reduce the country's subsidy bill.
- Rising cocoa prices will bolster export earnings as well as farmers' income.





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	N42,000	↑	N31,000	N42,000

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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  0.95% to close at 52,097.62 pts on April 26th 2023

	Share Prices (₦)		Daily % Change (April 26 th)		YTD (% Change)
Nestle	1043.80		0.00		5.38
Honeywell	2.80		9.80		19.66
Flour Mills	29.70		0.00		4.58
Cadbury	11.20		9.80		5.88
Dangote Sugar	17.20		4.86		14.33
Unilever	12.65		0.00		9.05
Ikeja Hotels	1.65		8.55		57.14



Oil Markets Today

COMMODITY	DAILY CHANGE April 26 th – April 27 th	YTD	CURRENT PRICE
BRENT	↓ 2.19%	↓ 8.04%	\$79.00pb
WTI	↓ 1.14%	↓ 5.07%	\$76.19pb
NATURAL GAS	↓ 4.35%	↓ 50.78%	\$2.20MMBtu



Oil Prices



- Brent down 2.19% to \$79.00pb
- WTI fell 1.14% to \$76.19pb
- Oil prices lost due to renewed banking jitters and fears of an economic slowdown.

Agricultural Commodities

Wheat



Rose 0.46% to \$656.00/bushel, owing to a weaker US dollar and expectations of a fall in Black Sea supply

Corn



Down 0.16% to \$606.75/bushel, as rainfall in the US improves production prospects.

Cocoa



Gained 1.13% to \$2,961.00/mmt, driven by tightening global supply as dry weather in Ivory Coast hinders crop yield.

Sugar



Rose 0.19% to \$26.02/Pound, on growing supply concerns owing to adverse weather conditions in top producer, India.

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Outlook – Oil Prices

- Oil prices are likely to rise in the coming weeks as China's demand prospects improves.



Outlook – Agricultural Prices



GRAINS

- Wheat prices will rise in the near term due to Russia's threat to halt Black Sea supply.
- Corn prices will continue to fall on expectations of record output from the US

SOFTS

- Adverse weather conditions in top cocoa producer, Ivory Coast, will support cocoa prices further in the near future.
- Sugar prices would adopt a bullish trend due to tight global supply.

