



COMMODITIES UPDATE

April 4, 2023

Burning Economic Issues

- Brent up 6.11% (\$84.77pb) as OPEC+ announces to cut production target by 1.66mbpd-**Reuters**
- LNG prices plunged 4.83% (\$2.11/bushel) due to low demand and high gas stockpiles in Europe
- Commodity prices moved in a mixed direction due to varied elasticities of demand
 - Beans down 32%, rice down 5%, and onions down 22%.
 - Tomatoes up 31% and pepper up 33% due to post cash crunch demand
- Naira appreciates 0.67% in the parallel market (N745/\$) has gained 6.7% since November 2022 (N795/\$)
- NGX fell 0.09% to close at 54,184.34pts as investors fear that Q1'23 results will be affected by cash crunch paralysis.

The Downers



- A drop in LNG prices could worsen the country's trade balance.

Impact

The Goodies



- Higher oil prices would boost export earnings and fiscal revenue.
- Naira's appreciation could reduce inflationary pressures in the country.





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  0.09% to close 54,184.34pts on April 3rd 2023

	Share Prices (₦)		Daily % Change (April 3 rd)		YTD (% Change)
Nestle	1080.30		0.00		1.79
Honeywell	2.20		0.90		5.98
Flour Mills	31.00		0.00		9.15
Cadbury	11.30		0.00		5.04
Dangote Sugar	17.00		1.80		5.92
Unilever	14.00		0.00		20.69
Ikeja Hotels	1.32		18.92		25.71



Oil Markets Today

COMMODITY	DAILY CHANGE April 3 rd – April 4 th	YTD	CURRENT PRICE
BRENT	↑ 6.11%	↓ 1.33%	\$84.77pb
WTI	↑ 6.16%	↑ 0.09%	\$80.33pb
NATURAL GAS	↓ 4.83%	↓ 52.80%	\$2.11MMBtu



Oil Prices



- Brent rose 6.11% to \$84.77pb
- WTI rose 6.16% to \$80.33pb
- Oil prices rose due to an unexpected cut in output target by OPEC+.

Agricultural Commodities

Wheat



Rose 1.84% to \$705.00/bushel, driven by Black Sea and US supply concerns.

Corn



Up 0.68% to \$665.00/bushel, owing to a rise in oil prices and expectations of a drop in supply from the US.

Cocoa



Dropped 1.26% to \$2,896.00/mt, despite lower crop yield in Ivory Coast.

Sugar



Increased 0.31% to \$22.32/Pound, buoyed by a diminished production outlook and an increase in oil prices

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Outlook – Oil Prices

- Oil prices are expected to rise further because of limited supply and renewed optimism about China's demand.



Outlook – Agricultural Prices



GRAINS

- Wheat prices are expected to remain high due to limited global supply.
- Corn prices will rise in the near term as unfavourable weather conditions lower US crop output.

SOFTS

- Cocoa prices will increase, driven by tight supply in Ivory Coast.
- Sugar prices would surge further on diminished global supply outlook.

