

COMMODITIES UPDATE



May 2nd, 2023

Burning Economic Issues



- Brent dropped 0.08% (\$79.25pb) as investors await the US Fed's decision on interest rates- **Reuters**
- LNG plunged for the fifth consecutive day to \$2.31/mmbtu on forecasts of increased supply from UAE- **Bloomberg**
- Cocoa lost 0.17% (\$2,932.00/mmt) due to above-average rains in Ivory Coast- **Reuters**
- Wheat futures down 2.56% (\$617.50/bushel) owing to improvements in the US weather outlook- **Reuters**
- Nigeria's palm oil production is forecast to rise by 7% in the October 2023–September 2024 financial year- **WSJ**
- Naira traded relatively flat in the parallel market at N740/\$ on April 28 due to subdued demand for the US dollar
- The NGX gained 0.32% to close at 52,403.51pts on April 28, driven by positive Q1'23 corporate results



The Downers



- Falling oil prices will significantly weigh on Nigeria's export earnings and reduce fiscal revenues.
- The fall in LNG prices will worsen Nigeria's fiscal crisis and stoke inflationary pressures.
- A drop in cocoa prices will reduce export earnings and farmers' income.

Impact

The Goodies



- Lower wheat prices will reduce the country's import bill and ease inflationary pressures.





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  0.32% to close at 52,403.51pts on April 28th 2023

	Share Prices (₦)		Daily % Change (April 28 th)		YTD (% Change)
Nestle	1043.80		0.00		5.11
Honeywell	3.13		1.62		33.76
Flour Mills	31.00		4.38		9.15
Cadbury	13.50		9.76		13.45
Dangote Sugar	19.50		5.69		21.50
Unilever	12.65		0.00		9.05
Ikeja Hotels	1.46		9.32		39.05



Oil Markets Today

COMMODITY	DAILY CHANGE May 1 st – May 2 nd	YTD	CURRENT PRICE
BRENT	↓ 0.08%	↓ 7.75%	\$79.25pb
WTI	↓ 0.19%	↓ 5.91%	\$75.52pb
NATURAL GAS	↓ 4.36%	↓ 48.32%	\$2.31MMBtu



Oil Prices



- Brent down 0.08% to \$79.25pb
- WTI lost 0.19% to \$75.52pb
- Oil prices fell as fears of further interest rate hikes by the US Fed and concerns about China's demand outweighed OPEC's supply cut.

Agricultural Commodities

Wheat



Fell 2.56% to \$617.50/bushel, on expectations of an increase in US supply.

Corn



Down 0.51% to \$582.00/bushel, as improved weather outlook in the US eases supply concerns.

Cocoa



Lost 0.17% to \$2,932.00/mt, owing to above-average rains in top producer, Ivory Coast.

Sugar



Dropped 2.62% to \$25.66/Pound, driven by forecasts of a drop in China's demand due to its elevated price.

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Outlook – Oil Prices

- Oil prices are likely to rise in the coming weeks as OPEC's supply cut begins to take effect.



Outlook – Agricultural Prices



GRAINS

- Wheat prices are likely to keep falling as favourable weather conditions in the US ease supply concerns.
- Corn prices will remain bearish on expectations of record output from the US

SOFTS

- Above-average rains in Ivory Coast will continue to weigh on cocoa prices in the coming weeks
- Sugar prices will uptick in the short term as rainfall in Brazil limits crop yield.

