

# COMMODITIES UPDATE



May 5, 2023

# Burning Economic Issues

- Brent up 1.18% (\$73.18pb) as the US Fed signals a pause in rate hikes- **Reuters**
- LNG fell 3.84% (\$2.13/mmbtu) due to increasing gas inventories in Europe ahead of the next winter- **Bloomberg**
- Cocoa rose slightly by 0.03% (\$2,890.00/mmt) driven by a 6.9% drop in Ivory Coast output- **Reuters**
- Fed raises rates by 25pbs to 5%–5.25% in May from 4.75%–5% in March
- Naira gained 0.27% at the parallel market to close at N738/\$ but depreciated by 0.04% (N462.33/\$) at the I&E window
- The NGX lost 0.17% to close at 52,207.77 pts due to negative Q1'23 corporate earnings results from bellwether stocks



## The Downers



- Falling LNG prices will worsen Nigeria's trade balance and increase fiscal deficit.

## Impact

## The Goodies



- An increase in oil prices will have a positive impact on Nigeria's trade balance.
- The slight rise in cocoa prices will bolster the country's export earnings and farmers' income.
- Lower soybean prices will reduce the production cost of animal feeds, soybean oil and also ease the cost of living crisis.





# Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N20,000	N28,000	↑	N16,000	N28,000
Rice (50kg) short grain	N38,000	N35,000	↓	N35,000	N40,000
Flour (50kg)	N28,500	N28,500	↔	N28,500	N29,000
Beans (Oloyin)(50kg)	N38,000	N30,000	↓	N30,000	N56,000
Cement (50kg)	N4,300	N4,200	↓	N4,200	N4,300
Tomatoes (50kg)	N25,000	N40,000	↑	N15,000	N40,000
Pepper (bag)	N20,000	N20,000	↔	N15,000	N20,000
Onions (bag)	N25,000	N28,000	↑	N25,000	N35,000

- Food prices start to uptick as planting season in the country begins

# Domestic Commodities Price Movement

## Relatively Elastic Products

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l) 	N22,500	N29,000	↑	N22,000	N34,000
Semovita (10kg) 	N6,800	N6,800	↔	N6,700	N6,800
New Yam (medium size) 	N1,500	N2,000	↓	N1,500	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	0.0%
Indomie (1 carton)	N4,000	N4,100	-2.50%
Gala (big size)	N100	N100	0%





# Stock Market

NSE ASI  0.17% to close at 52,207.77pts on May 4<sup>th</sup> 2023

	Share Prices (₹)		Daily % Change (May 4 <sup>th</sup> )		YTD (% Change)
Nestle	1043.80		0.00		5.11
Honeywell	3.20		0.00		36.75
Flour Mills	31.00		0.00		9.15
Cadbury	13.20		0.00		10.92
Dangote Sugar	19.25		1.28		19.94
Unilever	13.50		0.00		16.38
Ikeja Hotels	1.36		0.00		29.52





# Oil Markets Today

COMMODITY	DAILY CHANGE May 4 <sup>th</sup> – May 5 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↑ 1.18%	↓ 14.82%	\$73.18pb
WTI	↑ 1.02%	↓ 13.66%	\$69.30pb
NATURAL GAS	↓ 3.84%	↓ 52.35%	\$2.13MMBtu



# Oil Prices



- Brent up 1.18% to \$73.18pb
- WTI rose 1.02% to \$69.30pb
- Oil prices rose following indications from the US Federal Reserve of a temporary halt in the hike of interest rates.

# Agricultural Commodities

## Wheat



Rose 3.78% to \$632.25/bushel, owing to lingering uncertainties about the Black Sea grain deal.

## Corn



Fell 0.47% to \$577.25/bushel, on prospects of increasing supply in top producers, Europe and the US.

## Cocoa



Gained 0.03% to \$2,890.00/mt, due to the drop in Ivory Coast output by 6.9% to 1.91 million tonnes in this harvest season.

## Sugar



Lost 0.32% to \$25.06/Pound, owing to weakening demand from China.

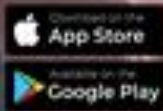


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# Outlook – Oil Prices

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



# Outlook – Agricultural Prices



## GRAINS

- Wheat prices are likely to keep rising as investors remain uncertain about Black Sea supply.
- Corn prices will remain bearish on anticipations of increased supply from the US

## SOFTS

- Above-average rains in Ivory Coast will weigh on cocoa prices in the coming weeks
- Sugar prices will begin to uptick due to tight supply in top producers, India and Thailand.

