

COMMODITIES UPDATE



May 9, 2023

Burning Economic Issues



- The Dangote refinery, with a processing capacity of 650,000bpd, to be commissioned on May 22
 - An economic necessity to solve Nigeria's downstream problems
- Brent fell 0.83% (\$76.37pb) as investors await US inflation data- **Reuters**
- The US reaffirms its position as the world's largest producer of LNG, while Nigeria ranks 10th
 - LNG prices rose 2.48% (\$2.19/mmbtu) due to improved demand from Asia- **Bloomberg**
- Heavy rainfall in southwest Nigeria to increase mid-crop cocoa harvest- **WSJ**
 - Cocoa futures inched higher by 0.72% (\$2,954.00/mmt) on tightening global supply- **Reuters**
- Africa's green coffee bean exports dropped by 5% to 1.12 million bags (60kg) in March 2023 from 1.18 million bags (60kg) in March 2022 – **WSJ**
- Naira traded flat at N740/\$ (parallel market) and N610/\$ (IATA rate) but appreciated by 0.14% (N462.23/\$) at the I&E



The Downers



Impact

- The drop in oil prices could reduce the country's oil earnings to below \$57.17bn (estimate) by the end of 2023
- The fall in Africa's green coffee bean exports will increase the price of coffee beans and stoke inflationary pressures in the continent
 - Africa accounts for 12% of global coffee production

The Goodies



- LNG accounts for 9.3% of Nigeria's export earnings. A rise in LNG prices will improve Nigeria's trade balance and fiscal revenue
- The rise in cocoa prices will bolster the country's cocoa export earnings to approx. \$823.76 million





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 the planting season 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  0.22% to close at 52,465.31pts on May 8th 2023

	Share Prices (₹)		Daily % Change (May 8 th)		YTD (% Change)
Nestle	1043.80		0.00		5.11
Honeywell	3.09		3.00		32.05
Flour Mills	31.00		0.00		9.15
Cadbury	13.70		0.00		13.45
Dangote Sugar	19.05		0.26		18.69
Unilever	13.60		0.74		17.24
Ikeja Hotels	1.36		0.00		29.52



Oil Markets Today

COMMODITY	DAILY CHANGE May 8 th – May 9 th	YTD	CURRENT PRICE
BRENT	↓ 0.83%	↓ 11.10%	\$76.37pb
WTI	↓ 0.81%	↓ 9.58%	\$72.57pb
NATURAL GAS	↑ 2.48%	↓ 51.01%	\$2.19MMBtu



Oil Prices



- Brent down 0.83% to \$76.37pb
- WTI lost 0.81% to \$72.57pb
- Oil prices fell as investors traded cautiously ahead of US inflation data

Agricultural Commodities

Wheat



Rose 1.14% to \$667.75/bushel, owing to growing uncertainties about the Black Sea grain deal as the deadline approaches.

Corn



Increased slightly by 0.21% to \$597.75/bushel, on deepening supply concerns.

Cocoa



Gained 0.72% to \$2,954.00/mt, driven by tight global supply.

Sugar



Lost 0.27% to \$26.25/Pound, due to weak demand sentiments in the market.

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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 remain elevated as uncertainties about Black Sea supply persists.
- Corn prices will begin a bearish trend on expectations 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.

