

COMMODITIES UPDATE



May 18, 2023

Burning Economic Issues



- Brent surged 1.52% (\$76.05pb) on IEA's expectation of a rise in global oil demand- **Reuters**
- Cocoa prices in Ondo state rose by 8.8% (\$4,011/mt) but fell in Abia state by 0.6% (\$3,722/mt)- **WSJ**
 - Global cocoa price fell 0.63% (\$2,976.00/mt) despite below-average rainfall in Ivory Coast– **Reuters**
- Sugar production in Kenya fell by 36% to 31,970 metric tons in April- **WSJ**
- Year-to-date, the price of wheat has fallen by 15.8% to \$651.75/bushel as global supply prospects improve- **Reuters**
- Naira depreciated by 0.27% to N752/\$ (parallel market) and by 0.14% (N464.67/\$) at the I&E window but traded flat at N610/\$ (IATA rate)



The Downers



- The differential between global and domestic cocoa prices is an incentive for export smuggling
- The fall in sugar production will raise global sugar prices and worsen Nigeria's trade balance

Impact

The Goodies



- An increase in oil prices to \$76.05pb could bolster oil earnings above \$57.17bn by the end of 2023
- Rising LNG prices will increase Nigeria's gas export earnings to about \$6.27bn in 2023
- A fall in wheat prices will reduce Nigeria's wheat import bill by approx. \$162mn, year-to-date. This will further moderate the impact of imported inflation on the general price level.





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 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  0.31% to close at 52,419.33pts on May 17th 2023

	Share Prices (₦)		Daily % Change (May 17 th)		YTD (% Change)
Nestle	1043.80		0.00		5.11
Honeywell	2.90		1.02		23.93
Flour Mills	31.20		0.32		9.86
Cadbury	15.10		8.24		26.89
Dangote Sugar	18.90		0.00		17.76
Unilever	13.15		0.00		13.36
Ikeja Hotels	1.85		8.19		76.19



Oil Markets Today

COMMODITY	DAILY CHANGE May 17 th – May 18 th	YTD	CURRENT PRICE
BRENT	↑ 1.52%	↓ 11.48%	\$76.05pb
WTI	↑ 0.86%	↓ 10.95%	\$71.47pb
NATURAL GAS	↑ 0.38%	↓ 46.76%	\$2.38MMBtu



Oil Prices



- Brent up 1.52% to \$76.05pb
- WTI gained 0.86% to \$71.47pb
- Oil prices surged despite increasing demand concerns as US inventories rose by 3.6 million barrels.

Agricultural Commodities

Wheat



Rose 0.66% to \$651.75/bushel, due to growing uncertainty over the extension of a Black Sea export deal

Corn



Plunged by 2.75% to \$565.25/bushel, owing to improved supply prospects in the US due to favourable weather conditions

Cocoa



Lost 0.63% to \$2,976.00/mt, despite below average rains in top producer, Ivory Coast

Sugar



Fell 0.92% to \$25.83/pound, against forecasts of lower crop yields in Asian countries



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Outlook – Oil Prices

- Oil prices are likely to drop due to lingering demand concerns



Outlook – Agricultural Prices



GRAINS

- Wheat prices are likely to remain elevated in the near term as uncertainties over Black Sea supply persist.
- Corn prices will keep declining owing to reduced imports from top consumer, China.

SOFTS

- Cocoa prices would begin to uptick due to lower crop yields in Ivory Coast
- Sugar prices will start to rise as supply concerns from Asian countries deepens.

