# COMMODITIES UPDATE



June 8, 2023



### Burning Economic Issues

- World Bank revises global economic growth for 2023 up to 2.1% from 1.7%- **WSJ**
- Brent down 0.36% (\$76.67pb) as weak global demand outweighed tight supply concerns–*Reuters*
- LNG down 0.44% (\$2.25/mmbtu) driven by growing recessionary fears in Europe.
  - Cocoa futures rose 1.51% (\$3,093.00/mt) buoyed by supply tightness in Ivory Coast-*Reuters*
- Sugar gained 0.73% (\$24.76/pound) despite expectations of higher crop yields from Brazil- *Reuters*
- Naira depreciated by 1.06% to N765/\$ (parallel market) but traded flat at the I&E window (N464.67/\$)

and appreciated by 2.77% to N632/\$ (IATA rate)



#### The Downers

#### Impact



- A decrease in oil prices could prevent Nigeria from reaching its estimated export earnings of \$57.17 billion by the end of 2023.
- The decline in LNG prices would worsen Nigeria's fiscal crisis and stoke inflationary pressures.
- Higher sugar prices would raise import bill and cost of production for confectionary businesses.



The rise in cocoa prices will boost the country's cocoa export earnings to approx. \$773 million based on the assumptions of a 250,000 metric tonne target for mid crop harvest.



### Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High	
Garri (50kg) Yellow	N28,000	N19,000		N16,000	N28,000	
Rice (50kg) short grain	N35,000	N33,000	Ļ	N33,000	N40,000	
Flour (50kg)	N28,500	N28,500		N28,500	N29,000	
Beans (Oloyin)(50kg)	N30,000	N35,000		N30,000	N56,000	
Cement (50kg)	N4,300	N4,200		N4,200	N4,300	
Tomatoes (50kg)	N40,000	N55,000		N15,000	N55,000	
Pepper (bag)	N20,000	N20,000	$ \Longleftrightarrow $	N15,000	N20,000	
Onions (bag)	N28,000	N28,000	$ \Longleftrightarrow $	N25,000	N35,000	



#### 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	$ \Longleftrightarrow $	N6,700	N6,800
New Yam (medium size)	N2,000	N3,500		N1,500	N3,500
Sugar (50kg)	N35,000	N42,000		N31,000	N42,000







## 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%







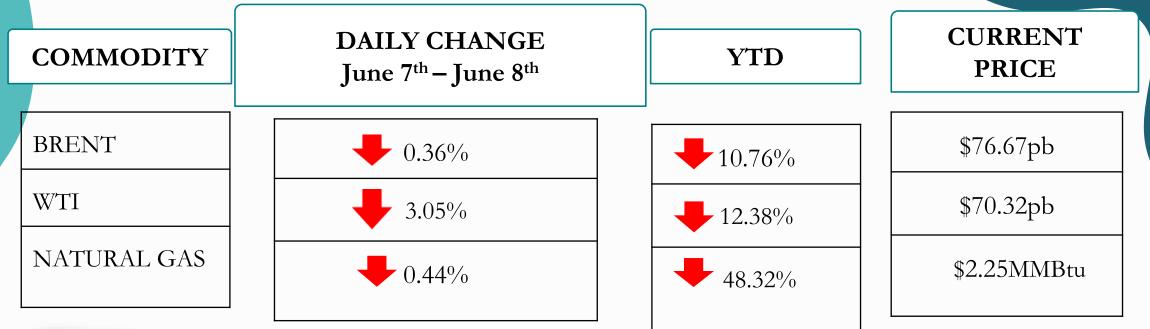
### Stock Market

NSE ASI -0.03% to close at 56,024.52 pts on June 7<sup>th</sup> 2023

	Share Prices (₦)	Daily % Change (June 7 <sup>th</sup> )	YTD (% Change)
Nestle	1,250.00	0.00	13.64
Honeywell	2.88 +	19.79	47.44
Flour Mills	33.10 +	4.20	16.55
Cadbury	17.00	2.41	42.86
Dangote Sugar	20.80	1.46	29.60
Unilever	15.00	3.23	29.31
Ikeja Hotels	2.39	0.84	127.62



# Oil Markets Today









#### Oil Prices



• Brent down 0.36% to \$76.67pb

• WTI fell 3.05% to \$70.32pb

•Oil prices declined as weak global demand and rising US gasoline inventories outweighed

tight supply concerns.



### Agricultural Commodities









Down 0.68% to \$623.50/bushel, driven by a lack of demand for US cargoes. Dropped by 0.37% to \$605.75/bushel, in spite of dry weather in the US Midwest. Climbed 1.51% to \$3,093.00/mt, buoyed by tight supplies from Ivory Coast, a top producer. Rose 0.73% to \$24.76/pound, despite prospects of improved supply due to favourable weather in the centre-south region of Brazil.



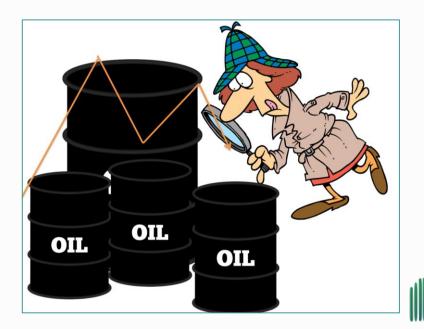
#### Farming just got easier DANGOTE FERTILISER UREA N 46%+ PROMOLEN ANTERNAM With Dangote Fertiliser Urea's low moisture that helps easy application to crops, farmers now have a choice of fertiliser that delivers healthy crop, high yield, rapid growth and quality produce. DANGOTE **Power to Farmers** FERTILISER 🚯 💿 🙄 @DangoteGroup 🛛 🜰 www.dangote.com



#### Outlook – Oil Prices

Oil prices are likely to remain bearish as traders anticipate a temporary halt in rate

hikes by the US Fed in its upcoming June 13–14 meeting.



Outlook – Agricultural Prices

#### **GRAINS**

- Wheat prices will maintain a downward trend owing to reduced demand for US supplies.
- Unfavourable weather conditions in the US will support corn prices in the near term

#### **S**OFTS

- Cocoa prices will sustain trade above \$3,000 as global supply concerns linger.
- Improved supply from Brazil would ease sugar prices in the near term.



