

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 Goodies







- 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	↓	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	↔	N15,000	N20,000
Onions (bag)	N28,000	N28,000	↔	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	↔	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

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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  0.03% to close at 56,024.52 pts on June 7th 2023

	Share Prices (₹)		Daily % Change (June 7 th)		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

COMMODITY	DAILY CHANGE June 7 th – June 8 th	YTD	CURRENT PRICE
BRENT	↓ 0.36%	↓ 10.76%	\$76.67pb
WTI	↓ 3.05%	↓ 12.38%	\$70.32pb
NATURAL GAS	↓ 0.44%	↓ 48.32%	\$2.25MMBtu



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

Wheat



Down 0.68% to \$623.50/bushel, driven by a lack of demand for US cargoes.

Corn



Dropped by 0.37% to \$605.75/bushel, in spite of dry weather in the US Midwest.

Cocoa



Climbed 1.51% to \$3,093.00/mt, buoyed by tight supplies from Ivory Coast, a top producer.

Sugar



Rose 0.73% to \$24.76/pound, despite prospects of improved supply due to favourable weather in the centre-south region of Brazil.

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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

SOFTS

- 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.

