

COMMODITIES UPDATE



June 22, 2023

Burning Economic Issues

- Naira convergence continues (parallel ; N770/\$ I & E; N815/\$ IATA; N770/\$)
- Difference between parallel and I & E down to (N45) from N350
- Brent down 2.31% (\$72.43pb) on growing global demand concerns— **Reuters**
- LNG rose 0.40% (\$2.50/mmbtu) driven by supply outages and hot weather condition in Europe— **Bloomberg**
 - Natural gas 400% cheaper than petrol
- Possible increase in electricity tariffs in July [MITO: multi-year tariff order]
 - Palliative: FG commences distribution of free solar systems
- Cocoa futures lost 0.97% (\$3,180.00/mt) as drier weather in Ivory Coast boost supply outlook- **Reuters**
- Wheat prices increased by 1.45% (\$719/bushel) due to adverse weather conditions in India, while Sugar prices rose by 0.42% (\$26.14/pound) on lingering Black Sea supply concerns.

The Downers



- A 0.52% decrease in oil price will worsen the country's trade balance and reduce oil earnings
- General increase in price of imported commodities i.e sugar and wheat will exert pressure on the naira in the forex market

Impact

The Goodies







- Contraction in rates difference from N350 to (N55) is a major step towards efficient markets
- LNG price increase will boost FGN dividends from NLNG

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)	N4,200	N4,700	↑	N4,200	N4,700
Tomatoes (50kg)	N55,000	N65,000	↑	N15,000	N55,000
Pepper (bag)	N20,000	N33,000	↑	N15,000	N33,000
Onions (bag)	N28,000	N37,000	↑	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

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%



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Stock Market

NSE ASI  0.36% to close at 59,323.95pts on June 21st 2023

	Share Prices (₦)		Daily % Change (June 21 st)		YTD (% Change)
Nestle	1,250.00		0.00		13.64
Honeywell	3.49		2.65		49.15
Flour Mills	34.20		2.15		20.42
Cadbury	19.20		0.00		61.34
Dangote Sugar	24.00		0.00		30.17
Unilever	15.10		0.00		29.31
Ikeja Hotels	3.20		12.33		204.76



Oil Markets Today

COMMODITY	DAILY CHANGE June 21 st – June 22 nd	YTD	CURRENT PRICE
BRENT	↓ 0.52%	↓ 11.17%	\$76.72pb
WTI	↓ 0.52%	↓ 10.48%	\$72.15pb
NATURAL GAS	↑ 0.40%	↓ 44.07%	\$2.50MMBtu



Oil Prices



- Brent down 0.52% to \$76.72pb
- WTI lost 0.52% to \$72.15pb
- Oil prices down amid demand concerns after US Fed hinted a further rate hike in the future.

Agricultural Commodities

Wheat



Increased 1.45% to \$719.00/bushel, driven by lingering Black Sea supply concerns.

Corn



Climbed 2.30% to \$611.25/bushel, as supply worries in the US prompted heavy buying.

Cocoa



Down 0.97% to \$3,180.00/mt, as drier weather in Ivory Coast boost supply outlook.

Sugar



Gained 0.42% to \$26.14/pound, on tight supply due to adverse weather conditions in India.

Outlook – Oil Prices

- Oil prices are likely to remain bearish in the near term owing to bleak Chinese demand outlook and renewed recessionary fears.





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Outlook – Agricultural Prices



GRAINS

- The prices of grains are expected to remain elevated, buoyed by Black Sea supply concerns and extreme drought conditions in the US, a major producer.

SOFTS

- Cocoa prices could decline further owing to drier weather conditions in Ivory Coast.
- The prices of sugar will increase further, supported by delayed monsoon rains and an El Nino weather pattern in India.

