

COMMODITIES UPDATE



July 11, 2023

Burning Economic Issues

- FDC forecasts Nigeria's headline inflation to climb to 22.80% in June 2023 as food inflation will rise to 24.85%
 - The domestic price of flour surged by 5% to N31,500/bag today from N30,000/bag in June
- Brent up 1.98% (\$79.23pb) on growing supply concerns and a weaker US dollar- **Reuters**
- LNG rose 2.83% (\$2.66/mmbtu) as staffing challenges in North America spurred supply concerns- **Reuters**
- Cocoa futures gained 1.03% (\$3,344.00/mt) due to the growing risks of cocoa disease in West Africa- **Reuters**
- Nigeria's Q1'23 capital inflows dropped by 28% to \$1.13 billion from \$1.57 billion in Q1'22- **Bloomberg**
- Naira depreciates by 0.61% to close at N825/\$ (I & E window), 0.19% to close at N796.50/\$ (Parallel market), and 2.62% to close at N763/\$ (IATA rate)

The Downers



Impact









- A rise in the country's headline inflation will worsen the cost of living crisis and prompt the MPC to raise the benchmark interest rate in its next meeting
- The fall in Nigeria's capital inflows would place additional pressure on the country's exchange rate

The Goodies







- Higher oil prices will bolster Nigeria's oil export earnings above \$57.17bn in 2023 and reduce fiscal deficit
- The rise in LNG prices will increase Nigeria's gas export earnings and improve the country's trade balance
- Higher cocoa prices will encourage domestic cocoa production and increase farmers' income

Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N19,000	N18,000		N16,000	N28,000
Rice (50kg) short grain	N33,000	N37,000		N33,000	N40,000
Flour (50kg)	N30,000	N31,500		N28,500	N29,000
Beans (Oloyin)(50kg)	N35,000	N34,000		N30,000	N56,000
Cement (50kg)	N4,300	N4,700		N4,200	N4,700
Tomatoes (50kg)	N55,000	N70,000		N15,000	N110,000
Pepper (bag)	N20,000	N65,000		N15,000	N65,000
Onions (bag)	N28,000	N45,000		N25,000	N45,000

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l) 	N22,500	N37,500	↑	N22,000	N37,500
Semovita (10kg) 	N6,800	N6,800	↔	N6,700	N6,800
New Yam (medium size) 	N3,500	N6,000	↑	N1,500	N6,000
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  2.48% to close at 64,603.69pts on July 10th 2023

	Share Prices (₹)		Daily % Change (July 10 th)		YTD (% Change)
Nestle	1,200.00		0.00		9.09
Honeywell	3.50		2.94		49.57
Flour Mills	34.00		0.59		19.72
Cadbury	18.60		4.20		56.30
Dangote Sugar	27.35		0.55		70.40
Unilever	17.00		0.00		49.14
Ikeja Hotels	3.46		9.84		229.52



Oil Markets Today

COMMODITY	DAILY CHANGE July 10 th – July 11 th	YTD	CURRENT PRICE
BRENT	↑ 1.98%	↓ 7.78%	\$79.23pb
WTI	↑ 2.34%	↓ 6.93%	\$74.70pb
NATURAL GAS	↑ 2.83%	↓ 40.49%	\$2.66MMBtu



Oil Prices



- Brent up 1.98% to \$79.23pb
- WTI gained 2.34% to \$74.70pb
- Oil prices rose due to the output cuts by Russia and Saudi Arabia, which spurred supply concerns

Agricultural Commodities

Wheat



Up 0.50% to \$652.75/bushel, despite ample supply from Russia.

Corn



Surged 1.31% to \$501.00/bushel, as the drought in the US affected two-third of corn crops within the region

Cocoa



Gained 1.03% to \$3,344.00/mt, driven by the spread of cocoa disease in West African countries.

Sugar



Dwindled 0.68% to \$23.37/pound, owing to increased cane output in Brazil.



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Outlook – Oil Prices

- Oil prices will remain elevated in the coming weeks as the output cuts by Russia and Saudi Arabia keep a floor on oil prices



Outlook – Agricultural Prices



GRAINS

- Grain prices are likely to decline in the near term on expectations of increased supply from the US as rains begin in the Midwest.

SOFTS

- Cocoa prices will increase in the near term due to persistently tight supply from the world's top producers.
- Sugar prices will trend downward in the coming weeks due to improved supply in Brazil and favorable weather conditions in India.

