

# COMMODITIES UPDATE



July 18, 2023

# Burning Economic Issues



- Nigeria's headline inflation rose by 0.38% to 22.79% in June, in line with FDC's forecast; monthly inflation annualized at 28.8%
- Brent up 0.59% (\$79pb) despite a falling US dollar and weak economic data from China- **Reuters**
  - The US dollar has lost 2.53% in one month against a basket of currencies
- Cocoa futures gained 0.21% (\$3,359.00/mt) as Ivory coast halted cocoa forwards-contract sale- **EIU**
- Sugar futures lost 2.26% (\$23.77/pound) against strong global demand and growing supply concerns– **Reuters**
  - Nigeria's sugar import bill approximately \$800 million in 2022
- Naira falls to an all time low (Parallel: N827/\$; I & E: N822/\$; IATA; N803.9/\$) as convergence continues in the forex market
  - Gap between rates now 0.6% (N5)
  - International airlines adjust exchange rate for tickets to N803.9/\$



## The Downers



## Impact

- Heightened inflationary pressures in the country will worsen the cost of living crisis

## The Goodies







- A 0.59% rise in oil prices will support Nigeria's oil export earnings and reduce fiscal deficit
- Rising cocoa price will encourage domestic cocoa production and increase farmers' income
- A decline in sugar price will reduce the country's import bill and ease inflationary pressures

# Domestic Commodities Price Movement


Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N19,000	N26,000	↑	N16,000	N28,000
Rice (50kg) short grain	N33,000	N41,000	↑	N33,000	N41,000
Flour (50kg)	N30,000	N31,500	↑	N28,500	N31,500
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	N80,000	↑	N15,000	N110,000
Pepper (bag)	N20,000	N65,000	↑	N15,000	N65,000
Onions (bag)	N28,000	N40,000	↑	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	N4,000	↑	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  0.60% to close at 62,943.35 pts on July 17<sup>th</sup> 2023

	Share Prices (₦)		Daily % Change (July 17 <sup>th</sup> )		YTD (% Change)
Nestle	1,175.00		0.00		6.82
Honeywell	3.00		0.00		28.21
Flour Mills	30.00		1.96		5.63
Cadbury	16.75		0.00		40.76
Dangote Sugar	28.10		3.10		75.08
Unilever	15.95		10.00		37.50
Ikeja Hotels	2.56		0.00		143.81





# Oil Markets Today

COMMODITY	DAILY CHANGE July 17 <sup>th</sup> – July 18 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↑ 0.59%	↓ 8.54%	\$79.00pb
WTI	↑ 0.60%	↓ 7.05%	\$75.60pb
NATURAL GAS	↓ 0.51%	↓ 43.40%	\$2.53MMBtu



# Oil Prices



- Brent up 0.59% to \$79.00pb
- WTI gained 0.60% to \$74.60pb
- Oil prices rose despite the decline in China's GDP growth rate and increasing oil supply from Libya

# Agricultural Commodities

## Wheat



↓  
Lost 1.10% to \$654.25/bushel, in spite of a decline in exports from the Black Sea region

## Corn



↓  
Fell 1.22% to \$507.50/bushel, despite lower crop yield in the US as a result of the dry weather

## Cocoa



↑  
Up 0.21% to \$3,359.00/mt, on forecast of tighter cocoa supply.

## Sugar



↓  
Plunged by 2.26% to \$23.77/pound, against growing supply concerns brought on by the El nino weather pattern



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# Outlook – Oil Prices

- Oil prices will remain elevated in the coming weeks owing to output cuts from top producers and easing US Fed rate hike tension



# Outlook – Agricultural Prices



## GRAINS

- Grain prices are likely to spike as Russia pulls out of the Black Sea grain deal

## SOFTS

- Cocoa prices will continue to rise in the near term owing to tight supply from the world's top producers.
- Sugar prices is expected to be bullish in the coming weeks due to renewed supply concerns.

