

COMMODITIES UPDATE



July 20, 2023

Burning Economic Issues

- The pump price of PMS has been adjusted by 23.4% to N617/litre in July, stoking inflationary pressures
- Brent up 0.03% (\$79.48pb) as China primes growth pump- **Reuters**
- LNG down 0.19% (\$2.62/mmbtu) due to rising inventory levels and ample gas supply in Europe- **Bloomberg**
- Cocoa futures rise to a 12-year high of \$3,433.00/mt on lower production in West Africa- **Reuters**
- Wheat gained 3.73% (\$695.75/bushel) as the Russia-Ukraine conflict escalates– **Reuters**
- Naira lost 2.67% to trade at N860.00/\$ in the parallel market but gained 0.12% and 0.88% to close at N831/\$ (I \$ E window) and N796.00/\$ (IATA rate) respectively

The Downers



Impact

- The spike in petrol price will have a knock-on effect on transportation costs and worsen the cost of living crisis
- Rising wheat price will increase Nigeria's import bill and intensify inflationary pressures

The Goodies







- Higher oil prices will bolster Nigeria's oil export earnings above \$57.17bn at the end of 2023 and reduce fiscal deficit
- Rising cocoa price 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	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	N90,000	↑	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  0.01% to close at 63,757.23 pts on July 19th 2023

	Share Prices (₹)		Daily % Change (July 19 th)		YTD (% Change)
Nestle	1,175.00		0.00		6.82
Honeywell	3.63		10.00		55.13
Flour Mills	30.00		3.23		5.63
Cadbury	16.75		0.00		40.76
Dangote Sugar	27.50		0.00		71.34
Unilever	17.00		1.49		46.55
Ikeja Hotels	2.56		0.00		143.81



Oil Markets Today

COMMODITY	DAILY CHANGE July 19 th – July 20 th	YTD	CURRENT PRICE
BRENT	↑ 0.03%	↓ 6.97%	\$79.48pb
WTI	↑ 0.01%	↓ 6.11%	\$75.36pb
NATURAL GAS	↓ 0.19%	↓ 41.39%	\$2.62MMBtu



Oil Prices



- Brent up 0.03% to \$79.48pb
- WTI gained 0.01% to \$75.36pb
- Oil prices rose on expectations of higher economic growth in China and a drop in US crude stockpile

Agricultural Commodities

Wheat



↑ Gained 3.73% to \$695.75/bushel, owing to growing conflict between Russia and Ukraine

Corn



↑ Surged 3.88% to \$555.25/bushel, on forecast of lower crop yield as a result of the dry weather in the US

Cocoa



↑ Up 0.76% to \$3,433.00/mt, as supply in West Africa remains subdued due to unfavorable weather conditions in the region.

Sugar



↑ Rose by 0.13% to \$23.89/pound, despite higher cane production in India

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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 remain elevated 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.

