

COMMODITIES UPDATE



July 25, 2023

Burning Economic Issues

- MPC likely to maintain hawkish stance as inflationary pressures remain elevated
 - Domestic prices of most commodities rose in July except beans, which fell by 2.86% to N34,000
 - The price of bread spiked by 15% on July 24 as flour price soar
- Brent up 0.52% (\$83.17pb) on expectations of tight supply from OPEC+- **Reuters**
- LNG rose 0.18% (\$2.72/mmbtu) as China loosens its gas market regulations- **Bloomberg**
- The cocoa farmers association of Nigeria seeks regulation in the domestic cocoa sector- **WSJ**
 - Cocoa futures fell 0.12% (\$3,411.00/mt) driven by lower global demand - **Reuters**
- Soybean gained 1.14% (\$1,417.75/bushel) owing to deepening Black Sea supply concerns– **Reuters**
- Naira lost 1.29% to trade at N855.00/\$ at the I & E window but traded flat in the parallel market at N870/\$

The Downers



Impact

- Falling cocoa price will reduce cocoa export earnings and farmers' income

The Goodies







- A hike in the benchmark interest rate will strengthen the naira in the forex market and help rein in inflation
- Higher oil prices will bolster Nigeria's oil export earnings and improve the country's trade balance
- A rise in LNG price will boost gas earnings to \$6.27bn at the end of the year and reduce fiscal deficit
- Rising soybean price will increase fiscal revenues and aid in external reserve accretion

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%



Oil Markets Today

COMMODITY	DAILY CHANGE July 24 th – July 25 th	YTD	CURRENT PRICE
BRENT	↑ 0.52%	↓ 3.19%	\$83.17pb
WTI	↑ 0.41%	↓ 1.50%	\$79.06pb
NATURAL GAS	↑ 0.18%	↓ 39.42%	\$2.72MMBtu



Oil Prices



- Brent up 0.52% to \$83.17pb
- WTI gained 0.41% to \$79.06pb
- Oil prices rose on expectations of tighter global supply in the coming weeks

Agricultural Commodities

Wheat



↑ Gained 5.91% to \$738.75/bushel, owing to growing conflict between Russia and Ukraine

Corn



↑ Surged 3.73% to \$555.25/bushel, as conflict between Russia and Ukraine escalates amid lower Black Sea supply

Cocoa



↓ Up 0.12% to \$3,411.00/mt, on weaker global demand

Sugar



↑ Rose by 0.20% to \$25.06/pound, due to growing supply concerns as adverse weather conditions lower crop yields in top growing regions

Outlook – Oil Prices

- Oil prices will remain bullish in the coming weeks due to output reductions by major producers



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Outlook – Agricultural Prices



GRAINS

- Grain prices are likely to remain elevated as Black Sea exports halt and conflict between Russia and Ukraine intensify

SOFTS

- Cocoa prices will adopt a bullish trend in the near term owing to tight supply from the world's top producers.
- Sugar price is expected to rise further in the coming weeks as adverse weather conditions in top producers spark supply concerns

