# COMMODITIES UPDATE



August 8, 2023



### **Burning Economic Issues**

- **FD**C forecasts Nigeria's headline inflation to rise to 23.35% in July 2023
- S&P revises Nigeria's outlook to stable from negative on fiscal reforms
- Brent down 0.01% (\$85.33pb) driven by growing concerns about the pace of China's recovery-*Reuters*
- Nigeria's 2023-24 season main cocoa harvest to be delayed owing to heavy rainfall- **WSJ** 
  - Cocoa futures gained 1.29% (\$3,543.00/mt) due to supply disruptions brought on by the El Nino weather pattern-

#### **Reuters**

- Global food prices rose, led by vegetable oils, on concerns over Ukraine grain deal- **WSJ**
- Sugar futures climbed 0.93% (\$658.30/pound) as demand in Egypt rose-*Reuters*
- Naira falls in the parallel market to N895/\$

>Foreign investors' FX backlog concerns widen exchange rate disparity



#### **The Downers**

#### Impact



- The decline in oil prices will reduce Nigeria's
  oil export earnings and worsen the country's
  trade balance.
- A rise in sugar futures will increase the nation's import bill and stoke inflationary pressures
- Escalating global food prices will drive worldwide inflation and exacerbate the country's cost of living crisis

#### The Goodies



- A stable economic outlook for Nigeria will strengthen investor confidence and attract foreign investment
- Rising cocoa prices will encourage domestic production and increase farmers' income



### Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High	
Garri (50kg) Yellow	N26,500	N19,000	➡	N16,000	N28,000	
Rice (50kg) short grain	N41,000	N55,000		N33,000	N55,000	
Flour (50kg)	N31,500	N35,000		N28,500	N31,500	
Beans (Oloyin)(50kg)	N34,000	N36,000		N30,000	N56,000	
Cement (50kg)	N4,700	N4,700	$ \Longleftrightarrow $	N4,200	N4,700	
Tomatoes (50kg)	N90,000	N65,000	↓	N15,000	N110,000	
Pepper (bag)	N65,000	N40,000		N15,000	N65,000	
Onions (bag)	N40,000	N55,000		N25,000	N55,000	

• Prices of commodities begin to taper as the harvest season begins



#### **Domestic Commodities Price Movement**

#### Relatively Elastic Products

Commodities		Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l)		N37,500	N22,500	Ļ	N22,000	N37,500
Semovita (10kg)		N6,800	N7,200		N6,700	N7,200
New Yam (3 tubers)	Protection (Marcola)	N6,000	N10,500	1	N3,000	N10,500
Sugar (50kg)		N42,000	N42,000		N31,000	N42,000



### Consumer Goods – Current price

Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N250	N250	0%
Heineken beer (60cl)	N630	N650	-3.17%
Bread Loaf	N1000	N1000	0%
Indomie (1 carton)	N4,300	N4,300	0%
Gala (big size)	N150	N150	0%









CHOOSE QUALITY, CHOOSE DANGOTE SALT





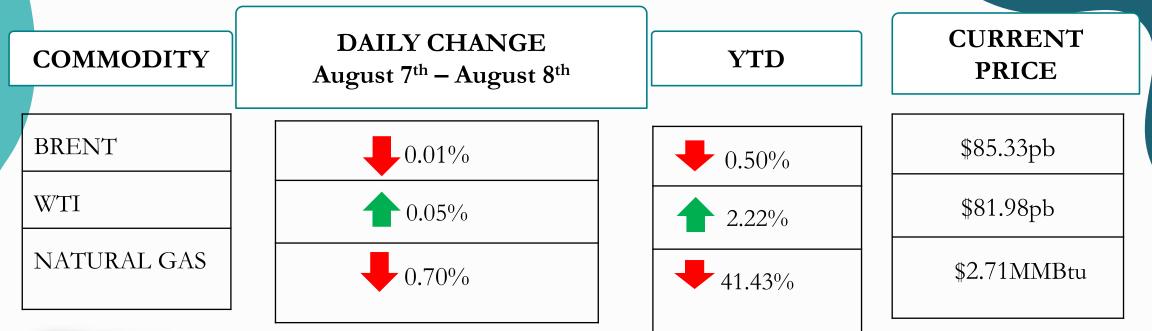
### Stock Market

NSE ASI 10.21% to close at 65,336.71pts on August 7<sup>th</sup> 2023

	Share Prices ( <del>ℕ</del> )	Daily % Change (August 7 <sup>th</sup> )	YTD (% Change)
Nestle	1,175.00	0.00	6.82
Honeywell	3.13 🕂	1.57	34.60
Flour Mills	29.50	0.00	7.81
Cadbury	14.60	4.66	17.20
Dangote Sugar	35.75	4.67	114.00
Unilever	16.20	0.00	39.70
Ikeja Hotels	2.62	0.00	155.00



### Oil Markets Today









#### Oil Prices



- Brent down 0.01% to \$85.33pb
- WTI rose 0.05% to \$81.95pb
- •Oil prices were volatile as the slow pace of growth in China weighed on investors' optimism and supply concerns lingered



### Agricultural Commodities









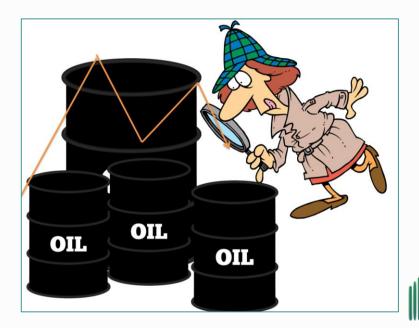
Up 1.97% to \$645.50/bushel, as the conflict between Russia and Ukraine intensifies Dropped 0.40% to \$495.25/bushel, buoyed by a higher production forecast in Brazil. Gained 1.29% to \$3,543.00/mt, driven by supply disruptions brought on by the elnino weather pattern Increased by 0.46% to \$23.80/pound, on expectations of increased demand from Egypt



#### Outlook – Oil Prices

Oil prices will remain elevated in the near term owing to the extension of Saudi

Arabia and Russia's output cuts





## Outlook – Agricultural Prices

#### **GRAINS**

Grain prices are expected to sustain an upward trend owing to rising tensions between Russia and

Ukraine

#### **S**OFTS

- Cocoa prices will remain elevated in the near term, buoyed by a bleak supply outlook
- Sugar price will adopt a bullish trend in the short term, driven by forecast of a drop in sugar output in India



