

# COMMODITIES UPDATE



August 8, 2023

# Burning Economic Issues

- FDC 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	↔	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	↓	N22,000	N37,500
Semovita (10kg)		N6,800	N7,200	↑	N6,700	N7,200
New Yam (3 tubers)		N6,000	N10,500	↑	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%





IT'S TIME TO  
**CARE**  
**ABOUT**  
**YOUR SALT**

Refined, Iodized & Purified



**CHOOSE QUALITY. CHOOSE DANGOTE SALT**















[www.nasconplc.com](http://www.nasconplc.com)





# Stock Market

NSE ASI  0.21% to close at 65,336.71pts on August 7<sup>th</sup> 2023

	Share Prices (₦)		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

COMMODITY	DAILY CHANGE August 7 <sup>th</sup> – August 8 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 0.01%	↓ 0.50%	\$85.33pb
WTI	↑ 0.05%	↑ 2.22%	\$81.98pb
NATURAL GAS	↓ 0.70%	↓ 41.43%	\$2.71MMBtu



# 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

## Wheat



Up 1.97% to \$645.50/bushel, as the conflict between Russia and Ukraine intensifies

## Corn



Dropped 0.40% to \$495.25/bushel, buoyed by a higher production forecast in Brazil.

## Cocoa



Gained 1.29% to \$3,543.00/mt, driven by supply disruptions brought on by the el-nino weather pattern

## Sugar



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

## SOFTS

- 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

