

COMMODITIES UPDATE



August 10, 2023

Burning Economic Issues

- Naira crashes at the forex market to N925/\$ as T/Bill rates plunge to 9.8% pa
- Brent increases by 0.31% (\$87.81pb) as market shrugs off China disinflation fears- **Reuters**
- LNG spiked by 7.38% (\$2.98/mmbtu) as supply risks outweighed record high inventories in Europe- **Bloomberg**
 - Domestic price of cooking gas to rise next week as a result
- Cocoa harvest hit by heavy rainfall in south-west Nigeria- **WSJ**
 - Cocoa futures lost 0.39% (\$3,363.00/mt) due to improved weather conditions in West Africa- **Reuters**
- Tanzania's coffee export revenue surged by 14% during the year leading up to June.
- China, the largest consumer of most commodities globally, falls into deflation as its CPI drops 0.3% year-on-year- **FT**
- NGX lost 1.75% to close at 64,167.39pts on a weaker naira

The Downers



Impact

- China's deflation will weigh on Nigeria's export demand as well as most commodity prices
- The decline in Nigeria's T/Bill rates will further intensify pressure on the naira
- Negative stock market performance will dampen investor sentiment and reduce forex inflow
- The drop in cocoa prices will lower cocoa export earnings and farmers' income

The Goodies



- The recent surge in oil prices will bolster Nigeria's oil export earnings and aid in external reserves accretion
- Higher LNG prices will lower the country's fiscal deficit and ease the cost of living crisis
 - However, the increase in domestic gas price will stoke inflationary pressures





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%



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Stock Market

NSE ASI  1.75% to close at 64,167.39pts on August 9th 2023

	Share Prices (₦)		Daily % Change (August 9 th)		YTD (% Change)
Nestle	1,175.00		0.00		6.82
Honeywell	3.13		0.00		34.60
Flour Mills	29.50		0.00		7.81
Cadbury	13.70		0.00		15.10
Dangote Sugar	34.70		0.00		116.00
Unilever	16.20		0.00		39.70
Ikeja Hotels	2.62		0.00		150.00



Oil Markets Today

COMMODITY	DAILY CHANGE August 9 th – August 10 th	YTD	CURRENT PRICE
BRENT	↑ 0.31%	↑ 2.21%	\$87.81pb
WTI	↑ 0.25%	↑ 5.42%	\$84.61pb
NATURAL GAS	↑ 7.38%	↓ 33.63%	\$2.98MMBtu



Oil Prices



- Brent up 0.31% to \$87.81pb
- WTI gained 1.27% to \$83.97pb
- Oil prices rose due to a larger-than-expected drop in US crude inventories and tighter supply

Agricultural Commodities

Wheat



Plunged 2.35% to \$665.50/bushel, on expectation of higher supply from India

Corn



Dropped 0.50% to \$496.25/bushel, as favorable weather conditions in the US eased supply concerns

Cocoa



Lost 0.39% to \$3,363.00/mt, despite the outbreak of the black pod disease in top producers in West Africa

Sugar



Increased by 0.64% to \$23.60/pound, driven by anticipations of a global supply deficit

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 remain volatile due to rising tensions between Russia and Ukraine and expectations of increased supply

SOFTS

- Cocoa prices will remain elevated in the near term, buoyed by a bleak supply outlook
- Sugar price is likely to remain bullish in the short term as cane production remains subdued

