

# COMMODITIES UPDATE



August 24, 2023

# Burning Economic Issues



- Brent down 0.05% (\$83.17pb) owing to gloomy manufacturing data from key economies - **Reuters**
- LNG up 0.63% (\$2.58/mmbtu) ahead of Australia LNG talks- **Bloomberg**
- Cocoa futures lost 0.76% (\$3,397.00/mt) due to improved weather conditions in Ivory Coast – **Reuters**
- Wheat rose by 0.24% (\$629.00/bushel) as Russia attacks Ukraine’s grain infrastructure– **Reuters**
- The price of palm oil (25 litre) in the country fell to N22,500 in August while that of flour rose to N35,000
- Naira appreciates by 1.67% to N900/\$ at the parallel market after a sharp decline in search for equilibrium



## The Downers



- The drop in oil prices will limit Nigeria from reaching its oil export earnings estimate of \$57.17bn in 2023.
- Lower cocoa prices will reduce Nigeria's cocoa export earnings and farmers' income.
- An increase in wheat prices would increase the country's import bill and stoke inflationary pressures.

## Impact

## The Goodies



- Rising LNG prices will increase Nigeria's gas export earnings to about \$6.27bn in 2023.





# 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  0.06% to close at 65,492.81pts on August 23<sup>rd</sup> 2023

	Share Prices (₦)		Daily % Change (August 23 <sup>rd</sup> )		YTD (% Change)
Nestle	1,170.00		0.00		6.36
Honeywell	3.12		2.50		36.80
Flour Mills	29.50		0.00		3.87
Cadbury	13.80		0.73		15.10
Dangote Sugar	36.00		2.86		118.00
Unilever	14.50		0.00		25.00
Ikeja Hotels	3.13		0.00		198.00





# Oil Markets Today

COMMODITY	DAILY CHANGE August 23 <sup>rd</sup> – August 24 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 0.05%	↓ 3.19%	\$83.17pb
WTI	↓ 0.11%	↓ 1.82%	\$78.80pb
NATURAL GAS	↑ 0.63%	↓ 74.03%	\$2.58MMBtu



# Oil Prices



- Brent down 0.05% to \$83.17pb
- WTI lost 0.11% to \$78.80pb
- Oil prices fell due to a grim global manufacturing data

# Agricultural Commodities

## Wheat



↑ Gained 0.24% to \$629.00/bushel, driven by heightened tensions between Russia and Ukraine.

## Corn



↑ Rose by 0.57% to \$482.25/bushel, supported by increased export sales.

## Cocoa



↓ Dropped 0.76% to \$3,397.00/mt as abundant rainfall in Ivory Coast boost supply prospect.

## Sugar



↑ Increased by 2.99% to \$24.10/pound, despite bumper harvest in Brazil.

# Outlook – Oil Prices

- Oil prices are expected to move in tandem with the outcome of the annual meeting of central bankers to be held at Jackson Hole in the United States.



# Outlook – Agricultural Prices



## GRAINS

- Grain prices are expected to remain bullish as tensions between Russia and Ukraine persist.

## SOFTS

- Cocoa prices will likely remain bearish owing to favourable weather conditions in top grower, Ivory Coast.
- Sugar price would decrease further as improved weather conditions boost sugar cane harvest in Brazil.

