

COMMODITIES UPDATE



September 7th, 2023

Burning Economic Issues

- Election tribunal upholds APC's victory
- Brent down 0.43% (\$90.21pb) as demand concerns offset tight supply outlook– **Reuters**
 - Diesel prices soar globally buoyed by Saudi Arabia's output reductions- **WSJ**
- LNG fell 0.77% (\$2.56/MMBtu) due to subdued demand in Europe – **Bloomberg**
- Heavy rainfall dampens main cocoa 2023-2024 harvest in Southwest Nigeria - **WSJ**
 - Cocoa futures gained 1.22% (\$3649.00/mmt) driven by tighter global supplies – **Reuter**
- Naira depreciates by 0.64% at the parallel market to N927/\$ but appreciates by 0.008% to N799.83/\$ at the I & E window

The Downers



- The decline in oil prices will worsen Nigeria's trade balance and reduce oil export revenue
- Lower LNG prices will reduce Nigeria's export earnings and increase fiscal deficit
- The drop in Nigeria's cocoa yield will threaten farmer's income and fiscal revenue

Impact

The Goodies







- Higher cocoa prices could mitigate the negative effect of lower cocoa production on Nigeria's export earnings

Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N19,000	N19,000	↔	N16,000	N28,000
Rice (50kg) short grain	N55,000	N60,000	↑	N33,000	N60,000
Flour (50kg)	N35,000	N38,000	↑	N28,500	N38,000
Beans (Oloyin)(50kg)	N36,000	N38,000	↑	N30,000	N56,000
Cement (50kg)	N4,700	N5,500	↑	N4,200	N5,500
Tomatoes (50kg)	N65,000	N40,000	↓	N15,000	N110,000
Pepper (bag)	N40,000	N35,000	↓	N15,000	N65,000
Onions (bag)	N55,000	N45,000	↓	N25,000	N55,000

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities		Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l)		N22,500	N31,000	↑	N22,000	N37,500
Semovita (10kg)		N7,200	N8,000	↑	N6,700	N8,000
New Yam (3 tubers)		N10,500	N12,000	↑	N3,000	N12,000
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  0.07% to close at 68,334.68 pts on September 6th 2023 .

	Share Prices (₹)		Daily % Change (September 6 th)		YTD (% Change)
Nestle	1090.00		0.10		0.91
Honeywell	3.25		0.00		38.9
Flour Mills	31.20		0.20		9.15
Cadbury	14.20		0.40		16.00
Dangote Sugar	66.65		3.35		336.00
Unilever	14.00		0.20		19.00
Ikeja Hotels	2.80		0.00		167.00



Oil Markets Today

COMMODITY	DAILY CHANGE September 6 th – September 7 th	YTD	CURRENT PRICE
BRENT	↓ 0.43%	↑ 4.48%	\$90.21pb
WTI	↓ 0.41%	↑ 7.56%	\$87.18pb
NATURAL GAS	↓ 0.43%	↓ 42.98%	\$2.56MMBtu



Oil Prices



- Brent lost 0.43% to \$90.21pb
- WTI down 0.41% to \$87.18pb

Oil prices down as seasonal slowdown during winter season stoke demand worries.

Agricultural Commodities

Wheat



Increased by 0.21% to \$600.50/bushel, due to bad weather conditions affecting supply.

Corn



Rose by 0.83% to \$485.50/bushel, due to dry weather conditions.

Cocoa



Increased 1.22% to \$3,649.00/mt, driven by tighter global supplies.

Sugar



Increased by 0.19% to \$26.70/pound, amid production concerns from India.

Outlook – Oil Prices

- Oil prices are expected to remain bullish as Goldman Sachs forecast oil price to reach a high of \$107bp in 2024



Outlook – Agricultural Prices



GRAINS

- Wheat prices will increase due to bad weather conditions affecting its supply
- Corn prices would sustain an upward trend as dry weather conditions in the US dampen the supply outlook

SOFTS

- Cocoa prices will likely remain bullish, driven by tighter global supplies
- Sugar price would remain on the increase amid production concerns in India

