

COMMODITIES UPDATE



September 12th, 2023

Burning Economic Issues

- Brent climbs to a 10-month high of \$90.91pb as output cuts overshadow China's economic woes – *Reuters*
- LNG up 0.46% (\$2.61/MMBtu) due to the extended strike in Australia– *Bloomberg*
- Cocoa futures gained 0.22% (\$3,662.00/mmt), supported by supply squeeze in top producing countries, Ghana and Ivory Coast – *Reuters*
- Rumors of Naira rebasing sparks jitters among investors
 - Naira depreciates by 0.74% at the parallel market to N934/\$ but stays flat at the I & E window (N799.99/\$-N800/\$)
- Stock market plunged by 1.24%

The Downers



Impact

- Naira depreciation to keep import costs elevated
- Nigeria's marginal propensity to import is 28%
 - Imported inflation rose by 0.8% to 19.94% in July

The Goodies



- Higher crude oil and LNG prices will increase government revenue and foreign exchange earnings
 - Crude oil accounts for 77.24% of total exports while LNG accounts for 9.24%
- Rising cocoa prices will bolster export earnings and increase farmers' income





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

- *The price of locally produced commodities falling due to the harvest*
- *Commodities with import content recorded price surge due to currency pressures and rising global food prices*

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

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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%





Stock Market

- NSE ASI  1.24% to close at 68,143.34 pts on September 12th 2023 .

	Share Prices (₹)		Daily % Change (September 12 th)		YTD (% Change)
Nestle	1075.00		0.00		2.27
Honeywell	3.30		3.51		41.00
Flour Mills	32.70		0.62		15.1
Cadbury	16.50		5.77		38.7
Dangote Sugar	57.75		9.98		260.00
Unilever	14.50		0.00		25.00
Ikeja Hotels	3.05		0.00		190.00



Oil Markets Today

COMMODITY	DAILY CHANGE September 12 th – September 13 th	YTD	CURRENT PRICE
BRENT	↑ 0.68%	↑ 5.82%	\$90.91pb
WTI	↑ 0.73%	↑ 9.12%	\$87.64pb
NATURAL GAS	↑ 0.46%	↓ 41.87%	\$2.61MMBtu



Oil Prices



- Brent up 0.30% to \$90.91pb
- WTI rose 0.40% to \$87.64pb
- Output cuts by Saudi Arabia and Russia outweigh China's economic slowdown

Agricultural Commodities

Wheat



- Dropped by 0.76% to \$591.25/bushel, due to ample supply from Russia
- Russia is the 4th largest supplier of wheat in the world

Corn



- Increased by 0.05% to \$484.00/bushel as unfavorable weather conditions in the US threaten global supply
- US is the world's largest corn producer - 31.53% of global supply

Cocoa



- Rose by 0.30% to \$3,665.00/mt, driven by supply concerns in top producing countries - Ghana and Ivory Coast

Sugar



- Fell by 0.38% to \$26.21/pound, despite weather and supply concerns in Brazil, one of the largest producers

Outlook – Oil Prices

- Oil prices are expected to increase in the short term as Saudi Arabia (1mbpd) and Russia (0.3mbpd) extend supply cuts.



Outlook – Agricultural Prices



GRAINS

- Wheat prices are expected to decline due to increased supply from Russia
- Corn prices will maintain an upward trend in the near term as unfavorable weather conditions in the US threaten global supply

SOFTS

- Cocoa prices will remain elevated in the near future owing to tight global supply
- Sugar prices are expected to be bullish in the coming weeks due to bad weather and supply concerns in Brazil

