

# COMMODITIES UPDATE



September 14th, 2023

# Burning Economic Issues

- US headline inflation climbs to 3.7% in August driven by higher energy prices
- Brent up 0.57% (\$92.46pb) on global supply concerns – *Reuters*
- LNG down 0.33% (\$2.73/MMBtu) despite looming labour strike in Australia – *Bloomberg*
- Nigeria's cocoa quality lowered by heavy rainfall - *WSJ*
  - Cocoa futures rose 1.73% (\$3712.00/mmt) on expectations of lower production in Ivory Coast
- Naira depreciates by 1.47% and 0.89% to N948/\$ (parallel market) and N807.15/\$ (I & E window) respectively

## The Downers



## Impact

- Lower LNG prices will reduce export earnings
  - 2<sup>nd</sup> largest export commodity – accounts for 9.24% of total export earnings
- Lower cocoa quality would reduce the attractiveness of cocoa's export and threaten its earnings

## The Goodies



- Higher Brent price will increase Nigeria's oil proceeds, bolstering government revenue and foreign exchange earnings
- An increase in cocoa prices will boost non-oil revenue
  - Cocoa is Nigeria's 4th largest non-oil export commodity





# 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

# 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  0.98% to close at 66,760.20 pts on September 13<sup>th</sup> 2023 .

	Share Prices (₹)		Daily % Change (September 13 <sup>th</sup> )		YTD (% Change)
Nestle	1050.00		0.00		4.55
Honeywell	3.23		0.00		38.00
Flour Mills	32.70		0.00		15.1
Cadbury	15.70		0.00		31.9
Dangote Sugar	57.20		5.20		224.00
Unilever	14.50		0.00		25.00
Ikeja Hotels	3.05		0.00		190.00





# Oil Markets Today

COMMODITY	DAILY CHANGE September 13 <sup>th</sup> – September 14 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↑ 0.57%	↑ 7.62%	\$92.46pb
WTI	↑ 0.64%	↑ 11.01%	\$89.10pb
NATURAL GAS	↑ 1.79%	↓ 39.19%	\$2.73MMBtu



# Oil Prices



- Brent up 0.57% to \$92.46pb
- WTI rose 0.64% to \$89.10pb
- Bullish market sentiment largely due to a tighter supply outlook and OPEC optimism about a robust global demand growth

# Agricultural Commodities

## Wheat



- Rose by 1.62% to \$597.00/bushel, despite increased Russian supply and lower global demand.

## Corn



- Fell by 087% to \$479.75/bushel due to increased Brazilian supplies

## Cocoa



- Increased by 1.73% to \$3,712.00/mt, driven by lower production in Ivory Coast and increase in Ghana's farm gate prices

## Sugar



- Decreased by 0.55% to \$26.92/pound, despite lower Indian sugar supply

# Outlook – Oil Prices

- Oil prices to remain above \$90pb in the near term owing to tight global supply



# Outlook – Agricultural Prices



## GRAINS

- Increased Russian wheat supply and reduced global demand likely to taper wheat prices in the near term
- Corn prices to remain bearish due to increased Brazilian supplies

## SOFTS

- Cocoa prices will remain elevated in the near future owing to tight global supply
- Lower Indian sugar output and bad weather conditions in Brazil to keep sugar prices elevated in the near term

