

# COMMODITIES UPDATE



September 19th, 2023

# Burning Economic Issues

- Brent up 0.62% (\$95.02pb) as markets await Fed decision – **Reuters**
  - Oil prices expected to hit \$100pb in 2023 on tight supply
- LNG rose 0.46% (\$2.73/MMBtu) despite resumed production in Australia – **Bloomberg**
- Cocoa futures plunged 3.62% (\$3621.00/mmt) in spite of tighter global supply – **Reuters**
- Coffee gained for the third consecutive day as extreme weather conditions lower crop yield - **Bloomberg**
- Wheat decreased 1.56% (\$582.00/bushel) owing to increased Russian supply - **Reuters**
- Naira depreciated by 0.83% to N963/\$ (parallel market) but remained flat at 804.14/\$ (I & E window)

## The Downers



## Impact

- Lower cocoa prices would reduce Nigeria's export earnings
  - Cocoa is Nigeria's 4th largest non-oil export commodity
- Naira depreciation will keep import costs elevated
  - Imported food inflation rose to 20.46% in August from 19.79% in July

## The Goodies



- Higher Brent and LNG prices will boost Nigeria's fiscal and foreign exchange earnings
- Lower wheat prices would reduce Nigeria's import bill and ease inflationary pressure





# 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  0.71% to close at 67,395.74 pts on September 18<sup>th</sup> 2023 .

	Share Prices (₹)		Daily % Change (September 18 <sup>th</sup> )		YTD (% Change)
Nestle	1025.00		0.00		6.82
Honeywell	3.27		0.91		41.00
Flour Mills	32.70		0.00		15.1
Cadbury	16.10		0.00		35.3
Dangote Sugar	57.20		0.00		256.00
Unilever	14.50		0.00		25.00
Ikeja Hotels	2.90		5.45		162.00





# Oil Markets Today

COMMODITY	DAILY CHANGE September 18 <sup>th</sup> – September 19 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↑ 0.62%	↑ 10.60%	\$95.02pb
WTI	↑ 1.02%	↑ 15.13%	92.41pb
NATURAL GAS	↑ 0.46%	↓ 41.42%	\$2.73MMBtu



# Oil Prices



- Brent up 0.62% to \$95.02pb
- WTI rose 1.02% to \$92.41pb
- Tight supply due to output cuts by Saudi Arabia and Russia

# Agricultural Commodities

## Wheat



- Fell by 1.32% to \$596.25/bushel, owing to increased output in Russia and dwindling global demand.

## Corn



- Dropped marginally by 0.05% to \$476.00/bushel due higher output in Europe and high US harvest

## Cocoa



- Decreased by 2.16% to \$3,676.00/mt, despite tighten global supply from top major producers

## Sugar



- Increased by 1.40% to \$27.42/pound, due El nino weather event to reduce supply in India and Thailand

# Outlook – Oil Prices

- Tight oil supply from top producers Saudi Arabia and Russia will support oil prices to rise above \$95pb in the near term



# Outlook – Agricultural Prices



## GRAINS

- Wheat prices are expected to decline soon due to higher wheat production in Russia and lower global demand for wheat
- Corn prices to remain bearish due to increased output in Europe and the US

## SOFTS

- Cocoa prices will remain elevated in the near future owing to tight global supply
- Unfavourable weather conditions in India and Thailand is expected to keep the price of sugar elevated

