

COMMODITIES UPDATE



September 28th, 2023

Burning Economic Issues

- Brent up 0.82% (\$97.34pb) due to US inventory drawdowns and supply cuts from OPEC+ – **Reuters**
 - The outlook for oil prices remains bullish as America’s emergency oil reserve dips to a 40-year low
- LNG rose 4.07% (\$2.76/MMBtu) owing to an increase in demand within Europe – **Bloomberg**
- Cocoa futures fell 2.40% (\$3,416.00/mmt) due to weakening global demand– **Reuters**
- Wheat lost 1.57% (\$579.75/bushel) on bumper Russian wheat harvest season–**Reuters**
- The naira fell to an intra-day low of N851/\$1 on the IEFX (the highest in 60 days) while trading above the N1000/\$ psychological line at the parallel market

The Downers



- Lower cocoa prices will threaten farmers' income and government revenue
- Naira's depreciation would continue to stoke inflation in the country and dampen investor's sentiment.

Impact

The Goodies



- Higher oil prices will boost fiscal revenue and foreign exchange
- High LNG prices will increase Nigeria's export earnings
- Lower wheat prices will reduce Nigeria's import bill and moderate inflationary pressures.





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*

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  0.34% to close at 66,652.17 pts on September 27th 2023 .

	Share Prices (₹)		Daily % Change (September 25 th)		YTD (% Change)
Nestle	1025.00		0.00		6.82
Honeywell	3.39		0.00		44.9
Flour Mills	31.70		4.37		11.6
Cadbury	16.10		0.00		35.3
Dangote Sugar	55.00		0.00		243.00
Unilever	13.85		0.00		19.4
Ikeja Hotels	2.99		8.73		185.00



Oil Markets Today

COMMODITY	DAILY CHANGE September 27 th – September 28 th	YTD	CURRENT PRICE
BRENT	↑ 0.82%	↑ 13.30%	\$97.34pb
WTI	↑ 0.93%	↑ 17.80%	\$94.55pb
NATURAL GAS	↑ 4.07%	↓ 38.53%	\$2.76MMBtu



Oil Prices



- Brent up 0.82% to \$97.34pb
- WTI rose 0.93% to \$94.55pb
- Bullish market sentiment largely due to a drawdown in US crude inventories and supply cuts from OPEC+

Agricultural Commodities

Wheat



- Fell 1.57% to \$579.75/bushel, notwithstanding supply concerns from Russia

Corn



- Increased 1.04% to \$484.75/bushel due to unfavourable weather conditions in Europe coupled with supply concerns in the US

Cocoa



- Decreased by 2.40% to \$3,416.00/mt, in spite of supply concerns in West Africa

Sugar



- Increased by 0.50% to \$26.37/pound, owing to El Nino weather conditions in Brazil

Outlook – Oil Prices

- Oil prices are expected to rise in the near term due to drawdowns in US crude inventories and supply cuts from OPEC+



Outlook – Agricultural Prices



GRAINS

- Wheat prices are expected to increase in the short term as supply conrens in Russia support prices
- Corn prices are expected to rise due to bad weather conditions coupled with supply concerns in the US

SOFTS

- Cocoa prices will remain elevated in the near future owing to heavy rainfall in West Africa
- Bad weather conditions in Brazil is expected to keep sugar prices elevated in the near term

