

# COMMODITIES UPDATE



October 3rd, 2023

# Burning Economic Issues

- Brent falls below \$90pb owing to a strong US dollar– *Reuters*
  - Fed's Preferred Inflation Gauge Falls as Price-Growth Fight Gets Back on Track
- LNG loses 2.77% (\$2.85/MMBtu) owing to increased supply from Norway– *Reuters*
- Cocoa futures up 2.93% (\$3,518.00/mmt) as hopes for improved supply recede– *Reuters*
- Wheat up 3.69% (\$561.50/bushel) on bargain hunting–*Reuters*
- Prices of domestic commodities trade mixed due to seasonal factors:
  - tomatoes (12.5%) ↓ yam (25%) ↓ Flour (3.95%) ↑ onions (12.5%) ↑
- The naira trades flat at the parallel market at N1008/\$ but rose in the IFEX window by 4.96% to N810.78/\$

## The Downers



- Lower oil prices will weigh on foreign exchange earnings
- A decline in LNG prices would reduce export earnings and fiscal income
- The rise in wheat prices would increase import bill and stoke inflationary pressures

## Impact

## The Goodies



- Higher cocoa prices will boost farmer's income and government revenue
- Falling oil prices will support decline in the price of refined petroleum products, especially diesel





# Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N19,000	N20,000	↑	N16,000	N28,000
Rice (50kg) short grain	N40,000	N55,000	↑	N33,000	N60,000
Flour (50kg)	N38,000	N39,500	↑	N28,500	N38,000
Beans (Oloyin)(50kg)	N38,000	N30,000	↓	N30,000	N56,000
Cement (50kg)	N5,500	N5,500	↔	N4,200	N5,500
Tomatoes (50kg)	N40,000	N35,000	↓	N15,000	N110,000
Pepper (bag)	N35,000	N35,000	↔	N15,000	N65,000
Onions (bag)	N40,000	N45,000	↑	N25,000	N55,000

- *The price of locally produced commodities falls as harvest season begins*
- *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)		N31,000	N32,000	↑	N22,000	N37,500
Semovita (10kg)		N8,000	N8,500	↑	N6,700	N8,000
New Yam (3 tubers)		N12,000	N9,000	↓	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	N1200	-20%
Indomie (1 carton)	N4,300	N4,700	-9.30%
Gala (big size)	N150	N150	0%



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# Stock Market

NSE ASI  0.34% to close at 66,652.17 pts on October 2<sup>nd</sup> 2023 .

	Share Prices (₦)		Daily % Change (October 2 <sup>nd</sup> )		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 October 2 <sup>nd</sup> – October 3 <sup>rd</sup>	YTD	CURRENT PRICE
BRENT	↓ 1.08%	↑ 6.02%	\$89.73pb
WTI	↓ 1.43%	↑ 11.50%	\$89.49pb
NATURAL GAS	↓ 2.77%	↓ 38.53%	\$2.85MMBtu



# Oil Prices



- Brent down 1.08% to \$89.73pb
- WTI lost 1.43% to \$88.98pb
- Oil prices down on strong US dollar and surging treasury yields

# Agricultural Commodities

## Wheat



- Up 3.69% to \$561.50/bushel, on bargain hunting

## Corn



- 1.94% higher at \$486.00/bushel buoyed by reduced supply

## Cocoa



- Rose 2.93% to \$3,518.00/mt, driven by ongoing supply concerns in major producing countries in West Africa

## Sugar



- Increased by 0.42% to \$26.59/pound, owing to El Nino weather conditions in India

# Outlook – Oil Prices

- Oil prices are expected to rise in the near term on mounting supply concerns



# Outlook – Agricultural Prices



## GRAINS

- Wheat prices are expected to fall in the near term on expectations of improved supply from the US
- Corn prices are expected to rise as low water in the Mississippi River slows exports

## SOFTS

- Cocoa prices will remain elevated in the near future owing to reduced output in cocoa-producing West African countries
- Bad weather conditions in India is expected to keep sugar prices bullish in the near term

