

COMMODITIES UPDATE



October 5th, 2023

Burning Economic Issues

- Brent down 3.30% (\$86.39pb) as supply concerns were offset by demand fears – **Reuters**
 - OPEC+ hold oil output policy unchanged at its meeting - **Reuters**
- LNG up 1.01% (\$2.99/MMBtu) as warm weather forecasts improve Europe's demand – **Bloomberg**
- Cocoa futures fell 2.11% (\$3,428.00/mmt) due to general weakness in the global commodity market–
Reuters
- Wheat down 0.22% (\$567.25/bushel) owing to increased supply from Russia – **Reuters**
- The naira appreciates by 0.50% at the parallel market to N1000/\$ but depreciated in the IFEX window by 1.11% to N819.90/\$

The Downers



Impact

- Lower oil prices will stymie Nigeria's trade balance and foreign exchange earnings
- Low cocoa prices will threaten farmers' income and Nigeria's fiscal balance

The Goodies



- An increase in the global price of LNG will boost fiscal income
- The fall in wheat prices will lead to a reduction in our import bill and positively affect our balance of trade.





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 2nd 2023 .

	Share Prices (₦)		Daily % Change (October 2 nd)		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 4 th – October 5 th	YTD	CURRENT PRICE
BRENT	↓ 3.30%	↑ 0.56%	\$86.39pb
WTI	↑ 0.56%	↑ 5.51%	\$84.69pb
NATURAL GAS	↑ 1.01%	↓ 33.40%	\$2.99MMBtu



Oil Prices



- Brent down 3.30% to \$86.39pb
- WTI gained 0.56% to \$84.69pb
- Oil prices down as surging treasury yields offsets supply concerns

Agricultural Commodities

Wheat



- Down 0.22% to \$567.25/bushel, owing to increased supply from Russia

Corn



- 1.00% higher at \$487.00/bushel buoyed by reduced supply in the US

Cocoa



- Fell 2.11% to \$3,428.00/mt, despite supply concerns in West Africa, coupled with El nino weather event in Brazil

Sugar



- Decreased by 0.35% to \$25.58/pound, owing to signs of increased production in Brazil

Outlook – Oil Prices

- Oil prices are expected to rise in the near term supported by tightening global crude supply ahead of a panel meeting of OPEC+ ministers



Outlook – Agricultural Prices



GRAINS

- Wheat prices are expected to fall in the near term on expectations of increased supply from Russia
- Corn prices are expected to rise as supply concerns in the US support prices

SOFTS

- Cocoa prices will remain elevated in the near future owing to supply concerns in West Africa, coupled with bad weather in Brazil
- Sugar prices may remain bullish in the near term as India will soon announce export restrictions on sugar supplies

