

COMMODITIES UPDATE



October 19th, 2023

Burning Economic Issues

- Petrol queues resurface in Lagos and other major cities on speculative concerns
- Brent down 0.44% (\$91.10pb) as Israel embargo concern fade, Venezuela sanctions to ease –*Reuters*
- LNG rose 0.62% (\$3.10/MMBtu) as Israel-Palestine conflict increase supply concerns
- Cocoa futures down 0.28% (\$3,625.00/mmt) despite reduced output from major producing countries– *Reuters*
- Wheat up 1.10% (\$576.75/bushel) buoyed by bargain buying-*Reuters*
- Prices of domestic commodities trade mixed :
 - Rice (7.84%)
 - Flour (1.28%)
 - Beans (26.67%)
 - Yam (25%)
- Naira plunges by 3.18% at the parallel market to N1,100/\$ but appreciates by 7.26% to N790.68/\$ at the IFEX window

The Downers



Impact

- Lower oil prices will weigh on external earnings and government revenue
- Higher wheat prices would raise import bill and stoke inflationary pressures as prices of wheat-related commodities such as flour, e.t.c increase
- The sustained depreciation of the naira would continue to fuel inflationary pressures and dampen investors' confidence

The Goodies



- The rise in the price of LNG will increase the country's foreign exchange earnings and government revenue
- Cocoa prices at (\$3,625.00/mmt) will boost farmers' income and government revenue.





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	N51,000	N55,000	↑	N33,000	N60,000
Flour (50kg)	N39,000	N39,500	↑	N28,500	N38,000
Beans (Oloyin)(50kg)	N38,000	N30,000	↓	N30,000	N56,000
Cement (50kg)	N5,500	N5,700	↑	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  0.24% to close at 67,200.69 pts on October 18th 2023 .

	Share Prices (₹)		Daily % Change (October 18 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 October 18 th – October 19 th	YTD	CURRENT PRICE
BRENT	↓ 0.44%	↑ 7.65%	\$91.10pb
WTI	↓ 2.85%	↑ 11.05%	\$89.13pb
NATURAL GAS	↑ 0.62%	↓ 30.96%	\$3.10MMBtu



Oil Prices



- Brent up 0.44% to \$91.10 pb
- WTI lost 2.85% to \$89.13pb
- Oil prices down as Israel oil embargo concern ease

Agricultural Commodities

Wheat



Up 1.10% to \$576.75/bushel, driven by bargain buying

Corn



0.77% higher at \$492.75/bushel due to strong global demand

Cocoa



Down 0.28% to \$3,625.00/mt, as high prices curb demand

Sugar



Gained 0.22% to \$27.55/pound, as India placed restrictions on export

Outlook – Oil Prices

- We expect the Israel-Hamas conflict to keep influencing the performance of oil prices in the coming days.



Outlook – Agricultural Prices



GRAINS

- Grain prices could likely trend downwards owing to ample Black Sea supplies

SOFTS

- Cocoa prices will remain elevated due to limited supplies from West Africa
- India's export restrictions would keep sugar prices elevated in the near term

