




COMMODITIES UPDATE



October 24th, 2023

Burning Economic Issues

- President Tinubu promises to clear backlog with \$10bn inflow from sight of light
- Naira slumps further by 5% to N1,250/\$ at the parallel market and by 1.86% to N1,000/\$ at IATA
- Domestic commodity prices spike as Naira plunges:
 - Flour  (13.93%)
 - Beans  (20%)
 - Garri  (5.26%)
- UK court rules in favor of Nigeria on \$11bn P&ID arbitration
- Brent up 0.26% (\$90.06pb) as concerns about Israel-Hamas war resurfaced—*Reuters*
- Cocoa futures up 0.81% (\$3,724.00/mmt) driven by limited global supplies— *Reuters*

The Downers



- The depreciation of the naira could escalate inflationary pressure and dampen investors' confidence
- Despite declining global wheat prices, the price of a bag of flour (50kg) has spiked by 125% (year-to-date) to N45,000. This is expected to continue to stoke inflationary pressures in the country

Impact

The Goodies



- The rise in oil prices would boost export earnings and government revenue
- Rising cocoa prices would continue to improve trade balance and boost farmers' income
- The P&ID arbitration ruling in favor of Nigeria could bolster investor confidence and support capital inflows





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)	N39,500	N45,000	↑	N20,000	N45,000
Beans (Oloyin)(50kg)	N30,000	N36,000	↑	N30,000	N56,000
Cement (50kg)	N5,500	N5,700	↑	N4,200	N5,500
Tomatoes (50kg)	N35,000	N55,000	↑	N15,000	N110,000
Pepper (bag)	N35,000	N35,000	↔	N15,000	N65,000
Onions (bag)	N40,000	N45,000	↑	N25,000	N55,000

- *Prices of commodities begin to rise as currency pressures heightens*
- *Com*

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 23rd 2023 .

	Share Prices (₹)		Daily % Change (October 23 rd)		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 23 rd – October 24 th	YTD	CURRENT PRICE
BRENT	↑ 0.26%	↑ 4.83%	\$90.06pb
WTI	↑ 0.21%	↑ 6.74%	\$85.67pb
NATURAL GAS	↑ 0.38%	↓ 35.19%	\$2.91MMBtu



Oil Prices



- Brent up 0.26% to \$90.06pb
- WTI rose 0.21% to \$85.67pb
- Oil prices up as concerns about Israel-Hamas war resurfaced

Agricultural Commodities

Wheat



Down 0.13% to \$585.25/bushel, as rainfall in Australia and Argentina boost global supply prospects

Corn



0.20% lower at \$494.50/bushel as US records a bumper harvest

Cocoa



Up 0.81% to \$3,724.00/mt, on expectations of a global supply deficit for the 2023-2024 season

Sugar



Gained 0.07% to \$26.87/pound, owing to limited supplies from India and Thailand

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

- Wheat prices are expected to maintain a downward trend as rainfall in Australia and Argentina increases global supply prospects
- Bumper corn harvests in the US would continue to exert pressure on corn prices

SOFTS

- Cocoa prices will sustain its upward trend owing to heightened global supply concerns
- Sugar prices could be bearish in the near term as India plans to kick-start production at the start of the season

