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

Impact



- 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

- 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	1	N16,000	N28,000	
Rice (50kg) short grain	N51,000	N55,000	1	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	Ļ	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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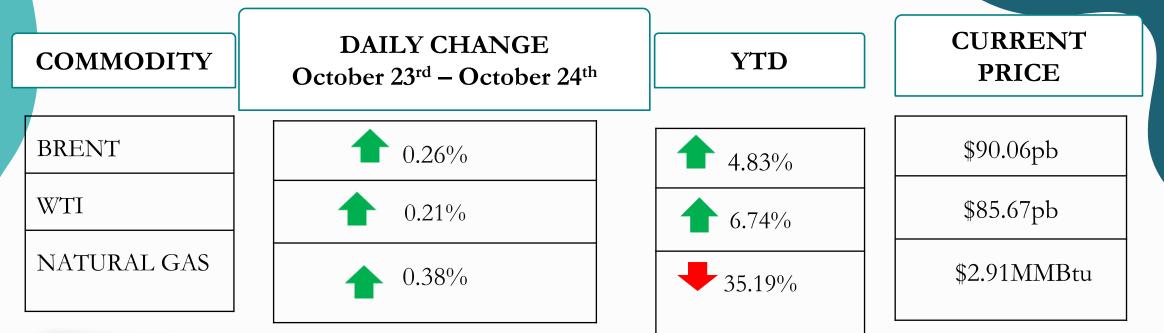
Stock Market

NSE ASI \bigcirc 0.24% to close at 67,200.69 pts on October 23rd 2023 .

	Share Prices (ℕ)	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









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



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



0.20% lower at \$494.50 /bushel as US records a bumper harvest Up 0.81% to \$3,724.00/mt, on expectations of a global supply deficit for the 2023-2024 season

Cocoa

SUGAR

Sugar

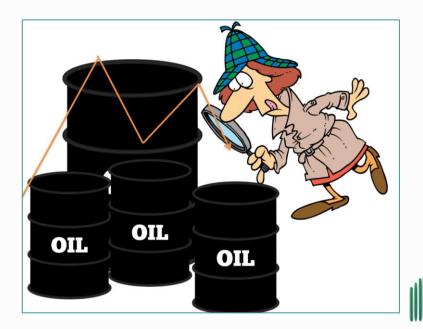
Gained 0.07% to \$26.87/pound, owing to limited supplies from India and Thailand



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



