

COMMODITIES UPDATE



November 28th, 2023

Burning Economic Issues

- Nigeria revises its 2024 budget upwards to N27.5 trillion, 26% higher than that of 2023
- Dangote to commence oil refining in December 2023 at 350,000bpd with crude oil sourced domestically
 - Dangote group pays N357.6bn in dividends to shareholders and N146.3bn in taxes
 - \$19 billion refinery investment to be listed on the NGX in 2024/25 raising the market cap by approx. 60%
 - Leading to higher integration between the Nigerian economy & its stock market
- CBN governor outlines new monetary policy outlook for 2024 - Nigerian banks to recapitalize and increase CAR
- Brent falls below the \$80pb resistance level, and Nigeria's oil production increased to 1.45mbpd in Q3'23- *WSJ*
- Cocoa futures gained 1.00% (\$4,130.00/mt) driven by tight supply in West Africa- *Reuters*
- Naira swings in the forex market, now at N1,160/\$ (parallel market) and N1,450/£ (parallel market)
 - Naira's weakness could lead to higher domestic inflation (27.33% in October)

The Downers



- Oil accounts for approx. 70% of government revenue. The drop in oil prices could cap gains from higher domestic oil production and intensify the fiscal burden on the government.

Impact

The Goodies



- Higher oil production in Nigeria will increase its fiscal revenue and improve its trade balance
- Since cocoa is one of Nigeria's top agricultural exports, a rise in its price will bolster export earnings to approx. \$1bn in 2024 and increase farmers' income
- Increased bank capitalization strengthens banks' resilience and supports economic expansion





Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N26,000	N23,000	↓	N16,000	N28,000
Rice (50kg) short grain	N55,000	N59,000	↑	N33,000	N60,000
Flour (50kg)	N39,500	N46,000	↑	N28,500	N46,000
Beans (Oloyin)(50kg)	N46,000	N50,000	↑	N30,000	N56,000
Cement (50kg)	N5,500	N5,700	↑	N4,200	N5,700
Tomatoes (50kg)	N50,000	N29,000	↓	N15,000	N110,000
Pepper (bag)	N40,000	N60,000	↑	N15,000	N65,000
Onions (bag)	N125,000	N115,000	↓	N25,000	N130,000

- *The price of locally produced commodities rise on higher logistics costs and cross elasticity effect*
- *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	N30,000	↓	N22,000	N37,500
Semovita (10kg)		N8,500	N9,800	↑	N6,700	N9,800
New Yam (3 tubers)		N9,000	N10,500	↑	N3,000	N12,000
Sugar (50kg)		N42,000	N61,500	↑	N31,000	N61,500

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  0.16% to close at 71,344.61pts on November 27th 2023.

	Share Prices (₦)		Daily % Change (November 27 th)		YTD (% Change)
Nestle	1050.00		0.00		4.55
Honeywell	3.24		0.00		38.46
Flour Mills	31.65		1.09		11.44
Cadbury	15.35		0.00		28.99
Dangote Sugar	60.00		0.00		273.83
Unilever	14.30		0.00		23.28
Ikeja Hotels	4.66		0.00		343.81



Oil Markets Today

COMMODITY	DAILY CHANGE November 27 th – November 28 th	YTD	CURRENT PRICE
BRENT	↑ 0.23%	↓ 6.69%	\$80.16pb
WTI	↑ 0.23%	↓ 6.52%	\$75.03pb
NATURAL GAS	↓ 0.39%	↓ 37.81%	\$2.78MMBtu



Oil Prices



- Brent futures rose 0.23% to \$80.16pb
- WTI increased by 0.23% to \$75.03pb
- Oil prices gained on a weaker US dollar amid OPEC+ supply uncertainties

Agricultural Commodities

Wheat



↓
Lost marginally 0.04% to \$577.00/bushel, despite supply shortages in Argentina owing to its dry weather

Corn



↓
Corn fell 0.36% to \$480.75/bushel, on high corn export volume from the US

Cocoa



↑
Gained 1.00% to \$4,130.00/mt, due to limited supply from the West African region.

Sugar



↑
Climbed by 0.37% to \$27.08/pound, as growing supply concerns offset rising cane output from Brazil

Outlook – Oil Prices

- We expect oil prices to move in line with OPEC+’s decision on its oil output



Outlook – Agricultural Prices



GRAINS

- Grain prices are likely to rise in the near term as crop yields in Argentina remain subdued and exports from the Black Sea falls

SOFTS

- Cocoa prices will remain bullish in the coming weeks as tight supply persists in the global market
- The price of sugar could begin to taper next month as cane output from Brazil increases

