# COMMODITES UPDATE



December 5th, 2023



### Burning Economic Issues



- FDC projects headline inflation to rise marginally by 0.17% to 27.5%
  - Month on month inflation to decline to 20.23% annualized Inflation now approaching a point of inflection
- Onions 39.29% Beans 8.7% Tomatoes 50% Yam 7.5% L









- Brent plunges 5.15% to \$77.97pb as low as the budget benchmark (\$77.96pb)
  - Casting doubts on the 2024 budget assumptions as the Naira falls again to 1,166/\$ (Parallel market)
- LNG plunges by 3.23% (\$2.72/mmbtu), driven by growing supplies from the U.S and Australia- *Reuters*
- Cocoa futures gained 0.19% (\$4,209.00/mt) as high temperatures are likely to increase black pod disease
- Stock market down 0.66% to 70946.83pts on profit taking





#### The Downers







- Oil and LNG are Nigeria's top exports. Lower oil and LNG prices will worsen the country's trade balance and reduce fiscal revenue.
- Persistent currency pressures will push up import costs, limiting the impact of lower global commodity prices

### The Goodies



Higher cocoa prices will bolster export earnings and increase farmers income



### Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N23,000	N19,000	1	N16,000	N28,000
Rice (50kg) short grain	N59,000	N60,000	1	N33,000	N60,000
Flour (50kg)	N46,000	N46,000	$\Leftrightarrow$	N28,500	N46,000
Beans (Oloyin)(50kg)	N42,000	N46,000	1	N30,000	N56,000
Cement (50kg)	N5,700	N5,700	$\leftrightarrow$	N4,200	N5,700
Tomatoes (50kg)	N29,000	N25,000	1	N15,000	N110,000
Pepper (bag)	N60,000	N37,000	1	N15,000	N65,000
Onions (bag)	N115,000	N140,000	1	N25,000	N140,000

• Most commodity prices begin to decline owing to increased harvest



### Domestic Commodities Price Movement

### Relatively Elastic Products

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l)	N30,000	N30,000	$\leftrightarrow$	N22,000	N37,500
Semovita (10kg)	N9,800	N9,800	$\Leftrightarrow$	N6,700	N9,800
New Yam (3 tubers)	N10,500	N9,000	1	N3,000	N12,000
Sugar (50kg)	N42,000	N61,500	1	N31,000	N61,500



# Consumer Goods — Current price



Goods	Street price	Supermarket price	% difference
		Price	
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%













### Stock Market

NSE ASI 0.66% to close at 70946.83pts on December 4th 2023.

	Share Price ( <del>N</del> )	es	Daily % Change (December 4 <sup>th</sup> )		YTD (% Change)
Nestle	1150.00	$\Leftrightarrow$	0.00	1	4.55
Honeywell	3.00	$\Leftrightarrow$	0.00	1	28.21
Flour Mills	31.70	$\Leftrightarrow$	0.00	1	11.62
Cadbury	14.20	1	0.70	1	19.50
Dangote Sugar	57.70	•	0.25	1	259.50
Unilever	14.75	$\Leftrightarrow$	0.00	1	27.16
Ikeja Hotels	4.62	$\Leftrightarrow$	0.00	1	340.00



# Oil Markets Today

#### **COMMODITY**

DAILY CHANGE
December 4<sup>th</sup> – December 5<sup>th</sup>

YTD

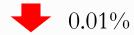
CURRENT PRICE

**BRENT** 

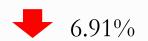
WTI

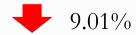
NATURAL GAS





3.23%





39.15%

\$77.97pb

\$73.03pb

\$2.72MMBtu







### Oil Prices



- Brent futures dropped by 0.08% to \$77.97pb
- WTI decreased by 0.01% to \$73.03pb
- Oil prices lost due to growing global fuel demand concerns



## Agricultural Commodities

#### Wheat



Surged 1.49% to \$611.75/bushel, despite expectations of higher wheat supply from Canada

#### Corn



Corn up 0.41% to \$486.75/bushel, against improved weather condition in Brazil which boosted supply prospects

#### Cocoa



Gained 0.19% to \$4,209.00/mt, driven by lower crop yields in top grower, Ivory Coast

#### Sugar



Improved by 1.83% to \$25.55/pound, in spite of increased cane production in Brazil



### Outlook - Oil Prices

• We expect oil prices to rise over doubt of implementation by OPEC+ members to cut supply





# Outlook – Agricultural Prices



### GRAINS

• Grain prices are likely to rise in the near term owing to tight supplies from top producers

### SOFTS

- Cocoa prices will remain bullish in the coming weeks as tight supply persist in top cocoa grower, Ivory Coast
- The price of sugar will increase in near term owing to increased cane production in Brazil



