

COMMODITIES 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% ↓
- 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



Impact

- 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	↓	N16,000	N28,000
Rice (50kg) short grain	N59,000	N60,000	↑	N33,000	N60,000
Flour (50kg)	N46,000	N46,000	↔	N28,500	N46,000
Beans (Oloyin)(50kg)	N42,000	N46,000	↑	N30,000	N56,000
Cement (50kg)	N5,700	N5,700	↔	N4,200	N5,700
Tomatoes (50kg)	N29,000	N25,000	↓	N15,000	N110,000
Pepper (bag)	N60,000	N37,000	↓	N15,000	N65,000
Onions (bag)	N115,000	N140,000	↑	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	↔	N22,000	N37,500
Semovita (10kg)		N9,800	N9,800	↔	N6,700	N9,800
New Yam (3 tubers)		N10,500	N9,000	↓	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  0.66% to close at 70946.83pts on December 4th 2023.

	Share Prices (₹)		Daily % Change (December 4 th)		YTD (% Change)
Nestle	1150.00		0.00		4.55
Honeywell	3.00		0.00		28.21
Flour Mills	31.70		0.00		11.62
Cadbury	14.20		0.70		19.50
Dangote Sugar	57.70		0.25		259.50
Unilever	14.75		0.00		27.16
Ikeja Hotels	4.62		0.00		340.00



Oil Markets Today

COMMODITY	DAILY CHANGE December 4 th – December 5 th	YTD	CURRENT PRICE
BRENT	↓ 0.08%	↓ 6.91%	\$77.97pb
WTI	↓ 0.01%	↓ 9.01%	\$73.03pb
NATURAL GAS	↓ 3.23%	↓ 39.15%	\$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

