

# COMMODITIES UPDATE



December 7th, 2023

# Burning Economic Issues

- Brent fell by 0.59% to \$74.74pb, which is 4.1% below the 2024 budget benchmark price of \$77.96/\$
  - Fiscal consolidation threatened by subsidy payments
- Nigerian exports increased by 60% - NBS
- Cocoa futures rose 0.63% (\$4,106.00/mt) on prospects of a third consecutive global deficit in the 2023/24 season
  - Nigeria is targeting exports of 280,000 metric tonnes – export revenue of \$1.15bn
- Corn (maize) price tumbles to a 3 year low of \$492.25/bushel as supply from U.S and Brazil surge, and demand stagnates- *FT*
  - But domestic corn prices surged by 100% to N580,000/tonne – increasing the cost of animal feeds
- P&G dissolves manufacturing operations in Nigeria- *Reuters*
- Naira plunges by 0.51% at the parallel market (N1,173/\$) and by 11.3% at the NAFEM window (N1,150/\$)

## The Downers



## Impact

- Lower oil prices will reduce fiscal revenue and foreign exchange earnings
- Oil account for over 80% of export earnings and 50% of government revenue

## The Goodies



- Higher cocoa prices will increase Nigeria's trade surplus and bolster farmer's income
- Lower corn prices will lessen inflationary pressures as Nigeria's import bill falls and reduce the domestic price of corn related products such as animal feeds





# 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

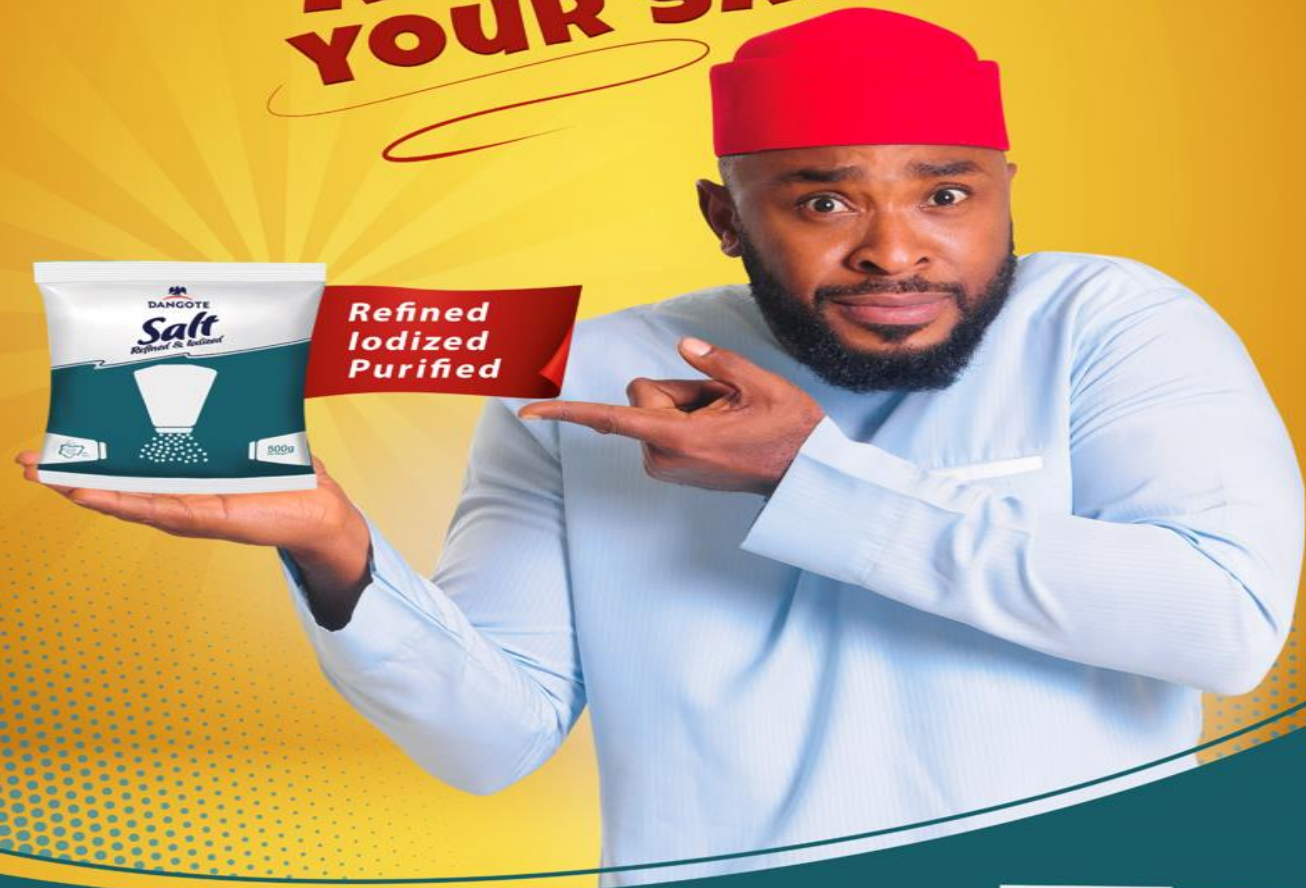


Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N250	N250	0%
Heineken beer (60cl)	N630	N650	-3.17%
Bread Loaf	N1000	N1200	-20%
Indomie (1 carton)	N4,300	N4,700	-9.30%
Gala (big size)	N150	N150	0%





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# Stock Market

NSE ASI  0.78% to close at 71,808.64pts on December 6th 2023.

	Share Prices (₦)		Daily % Change (December 6 <sup>th</sup> )		YTD (% Change)
Nestle	1150.00		0.00		4.55
Honeywell	3.13		0.32		33.76
Flour Mills	31.90		0.00		12.32
Cadbury	14.60		2.10		22.69
Dangote Sugar	57.40		0.09		257.63
Unilever	14.90		0.00		28.45
Ikeja Hotels	4.62		0.00		340.00





# Oil Markets Today

COMMODITY	DAILY CHANGE December 6 <sup>th</sup> – December 7 <sup>th</sup>	YTD	CURRENT PRICE
BRENT	↓ 0.59%	↓ 13.00%	\$74.74pb
WTI	↓ 1.05%	↓ 13.08%	\$69.76pb
NATURAL GAS	↓ 1.01%	↓ 43.18%	\$2.54MMBtu



# Oil Prices



- Brent futures dipped by 0.59% to \$74.74pb
- WTI plunged by 1.05% to \$69.76pb
- Oil prices lost due to higher oil production in the U.S

# Agricultural Commodities

## Wheat



Surged 1.03% to \$637.75/bushel, on higher demand from Canada and Algeria

## Corn



Corn rose 0.36% to \$492.25/bushel, driven by limited export from Russia

## Cocoa



Gained 0.63% to \$4,106.00/mt, due to tight supply in Ivory Coast and Ghana

## Sugar



Declined by 2.68% to \$24.29/pound, following improved cane production in Brazil

# Outlook – Oil Prices

- We expect oil prices to decline as U.S inventories increase and OPEC+ supply cut unable to affect the market



# 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

