# COMMODITES UPDATE



December 14th, 2023



## Burning Economic Issues



- The Federal Reserve holds the rate unchanged at 5.50% in December, weakening the dollar by 0.83% to 102.89
- Brent rose 0.54% (\$74.66pb) as U.S inventory declined by 4.3 million barrel- *Reuters* 
  - ➤ 4.42% below the 2024 budget benchmark of \$77.96pb, threatening the fiscal position of the country
- LNG surged 1.41% (\$2.37/MMBtu) against mild winter in Europe and Asia- *Reuters*
- Cocoa futures lost 0.33% (\$4,221.00/mt) despite tight supplies from Ivory Coast and Ghana- *Reuters*
- Corn plunged 1.03% to (\$480.25/bushel) owing to higher than expected production in China- *Reuters*
- Naira plunged by 0.40% at the parallel market (N1,250/\$) and depreciated marginally by 0.08% at the NAFEM window (N1,186./\$)





### The Downers









Lower cocoa prices will squeeze Nigeria's export revenue and worsen the standard of living of cocoa farmers

### The Goodies



- Oil accounts for more than 70% of government revenue and over 90% of Nigeria's foreign exchange. Higher oil prices will improve Nigeria's fiscal revenue and increase foreign exchange earnings
- Lower corn prices will reduce food inflation on corn-based derivatives in Nigeria



### 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 are declining due 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%





### **Dangote Sugar has a NEW LOOK**



### **Same Great Quality!**

















### Stock Market

NSE ASI 10.55% to close at 72,299.79pts on December 13th 2023.

	Share Price ( <del>N</del> )	es	Daily % Change (December 11 <sup>th</sup> )	YTD (% Change)
Nestle	1150.00	$\Leftrightarrow$	0.00	4.55
Honeywell	3.10	1	1.31	32.48
Flour Mills	30.30	1	1.45	6.69
Cadbury	14.60	$\Leftrightarrow$	0.00	22.69
Dangote Sugar	57.05	•	0.36	255.45
Unilever	14.60	1	0.3	25.86
Ikeja Hotels	4.35	$\Leftrightarrow$	0.00	314.29



# Oil Markets Today

#### **COMMODITY**

DAILY CHANGE
December 13<sup>th</sup> – December 14<sup>th</sup>

**YTD** 

CURRENT PRICE

**BRENT** 

WTI

NATURAL GAS

0.54%

0.43%

1.41%

13.10%

13.07%

46.98%

\$74.66pb

\$69.77pb

\$2.37MMBtu







### Oil Prices



- Brent futures increased by 0.54% to \$74.66pb
- WTI up by 0.54% to \$69.77pb
- Oil prices gained on expectation that the Fed will hold the rate unchanged



# Agricultural Commodities

#### Wheat



Declined 1.60% to \$615.50/bushel, over expectation of higher supply in France

#### Corn



Corn fell 1.03% to \$480.25/bushel, driven by a bumper harvest from the US

#### Cocoa



Lost 0.33% to \$4,221.00/mt, despite tight supplies in Ivory Coast and Ghana

### Sugar

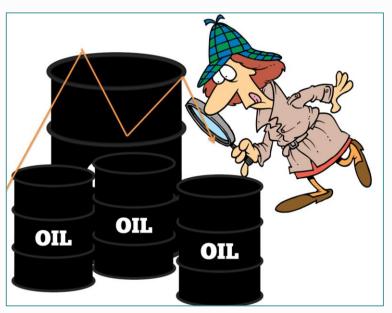


Rose by 0.31% to \$22.66/pound, owing to poor cane production in India



# Outlook - Oil Prices

Oil prices could decline in the coming weeks on concerns about excess oil supply





# Outlook – Agricultural Prices



### GRAINS

• Grain prices are expected to fall in the near term owing to improved harvest from the US and France

### SOFTS

- Cocoa prices will rise in the coming week driven by poor weather conditions and low crop yield from top cocoa producers, Ghana and Ivory Coast
- The price of sugar will decline in the near term owing to increased cane production in Brazil



