# COMMODITES UPDATE

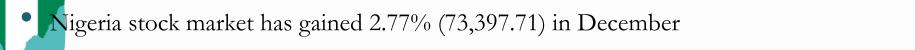




## Burning Economic Issues



- Brent futures fell marginally by 0.09% to \$79.63pb on a larger than expected U.S built inventory- Reuters
  - Nigerian export earnings from oil proceeds expected to fall by 6.3% to \$40.69bn in 2023
  - Nigerian rig count rises to 14 in November from 13 in October, peak level was 18 in August
- LNG prices lost 0.61% (\$2.43/MMBtu) on lower demand *Reuters*
- Cocoa futures gained 0.47% (\$4,309.00/mt) due to unfavourable weather conditions in Ivory Coast and Ghana- *Reuters*
- Wheat prices dropped 0.20% (\$621.50) owing to a bumper harvest in Bulgaria- *Reuters*
- Yuletide-induced demand continues to push up food prices
- Rice (49%) Live Turkey (22%) Tomatoes (9.1%) (year-on-year)
- Naira traded flat at the parallel market (N1,225/\$) and appreciated by 4.79% at the NAFEM window (N1,189.12/\$)





#### The Downers



#### The Goodies





Oil accounts for more than 70% of government revenue and over 90% of Nigeria's foreign exchange. Lower oil prices will reduce Nigeria's fiscal revenue and squeeze the country's external reserves

A lower LNG price will diminish foreign exchange earnings and add pressure on the Naira

- A fall in the global price of wheat will reduce import bills and ease food inflation on wheat derivatives
- Higher cocoa prices will expand Nigeria's export revenue and improve standard of living of cocoa farmers



## Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N19,000	N23,000	1	N16,000	N28,000
Rice (50kg) long grain	N67,000	N70,000	1	N33,000	N70,000
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)	N25,000	N20,000	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

• Festive-induced demand are driving up food prices



### Domestic Commodities Price Movement

#### Relatively Elastic Products

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













### Stock Market

NSE ASI 1.28% to close at 73,397.71pts on December 20th 2023.

	Share Price (₩)	es	Daily % Change (December 20 <sup>th</sup> )		YTD (% Change)
Nestle	1150.00	$\Leftrightarrow$	0.00	1	4.55
Honeywell	3.18	1	2.15		35.90
Flour Mills	32.00		1.43	1	12.68
Cadbury	17.50	1	9.03	1	47.06
Dangote Sugar	56.85	•	0.96	1	254.21
Unilever	14.85	$\Leftrightarrow$	0.00	1	28.02
Ikeja Hotels	4.9	$\Leftrightarrow$	0.00	1	366.67



## Oil Markets Today

#### **COMMODITY**

DAILY CHANGE
December 18<sup>th</sup> – December 19<sup>th</sup>

**YTD** 

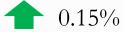
CURRENT PRICE

**BRENT** 

WTI

NATURAL GAS





0.61%

7.31%



45.64%

\$79.63pb

\$74.63pb

\$2.43MMBtu







### Oil Prices



- Brent increased by 0.09% to \$79.63pb
- WTI climbed by 0.15% to \$74.11pb
- Oil prices declined, owing to a larger than expected U.S inventory build up



## Agricultural Commodities

#### Wheat



Declined 0.20% to \$621.50/bushel, due to ample harvest from Bulgaria

#### Corn



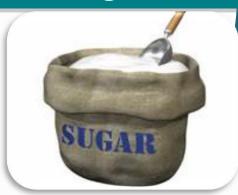
Corn up 0.16% to \$473.50/bushel, supported by higher demand from China

#### Cocoa



Climbed 0.47% to \$4,309.00/mt, owing to unfavourable weather condition in Ivory Coast and Ghana

#### Sugar

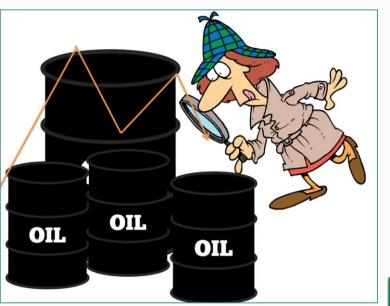


Jumped by 0.56% to \$21.55/pound, driven by lower output from India



## Outlook - Oil Prices

Oil prices will likely ease in the coming days over ample supply from the U.S





## Outlook – Agricultural Prices



GRAINS

• Grain prices are expected to fall in the near term driven by improved harvest from the U.S. Brazil and Russia

#### SOFTS

- Cocoa prices will rise in the coming week due to lower crop yield from top cocoa producers, Ghana and Ivory Coast
- The price of sugar will surge in the near term owing to lower production from second cane producer, India



