




COMMODITIES UPDATE



December 21st, 2023

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/\$)
- Nigeria stock market has gained 2.77% (73,397.71) in December

The Downers



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

Impact

The Goodies



- 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	↑	N16,000	N28,000
Rice (50kg) long grain	N67,000	N70,000	↑	N33,000	N70,000
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)	N25,000	N20,000	↓	N15,000	N110,000
Pepper (bag)	N60,000	N37,000	↓	N15,000	N65,000
Onions (bag)	N115,000	N140,000	↑	N25,000	N140,000

- *Festive-induced demand are driving up food prices*

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

	Share Prices (₹)		Daily % Change (December 20 th)		YTD (% Change)
Nestle	1150.00		0.00		4.55
Honeywell	3.18		2.15		35.90
Flour Mills	32.00		1.43		12.68
Cadbury	17.50		9.03		47.06
Dangote Sugar	56.85		0.96		254.21
Unilever	14.85		0.00		28.02
Ikeja Hotels	4.9		0.00		366.67



Oil Markets Today

COMMODITY	DAILY CHANGE December 18 th – December 19 th	YTD	CURRENT PRICE
BRENT	↑ 0.09%	↓ 7.31%	\$79.63pb
WTI	↑ 0.15%	↓ 7.66%	\$74.63pb
NATURAL GAS	↑ 0.61%	↓ 45.64%	\$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

