

COMMODITIES UPDATE



January 18th, 2024

Burning Economic Issues

- Nigeria seeks budget support facility (\$1.5 billion) from the World Bank to shore up the plunging naira- **Bloomberg**
- Naira plunges to N1,340/\$ at the parallel market as CBN clears backlog of \$2.25bn
- No MPC meeting in 6 months, raising eyebrow
- Money supply growth of 39% and inflation at a 27-year high
- Nigeria's crude oil production rose 7.51% to 1.4mbpd in December 2023- **OPEC**
- LNG climbed marginally 0.03% (\$2.87/MMBtu), owing to tighter supply from the U.S- **Bloomberg**
- NSE gained 2.38% to close at 90,063.25pts, on a rally that is unsustainable. Market correction now inevitable



The Downers



- Higher wheat prices will increase the price of derivatives like bread, pasta and noodles
- CBN failure to hold MPC meetings in 6 months could deanchor inflation in 6 months

Impact

The Goodies







- A higher Oil price will increase government revenue and boost external reserve
- A rise in the price of cocoa will boost foreign exchange revenue and improve the income of cocoa farmers.
- CBN clearing backlog and airline arrears will help the more

Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	% change	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N23,000	N20,000	13.04	↓	N16,000	N28,000
Rice (50kg) long grain	N60,000	N70,000	16.67	↑	N33,000	N70,000
Flour (50kg)	N46,000	N43,000	6.52	↓	N28,500	N46,000
Beans (Oloyin)(50kg)	N50,000	N50,000	0.00	↔	N30,000	N56,000
Cement (50kg)	N5,700	N5,700	0.00	↔	N4,200	N5,700
Tomatoes (50kg)	N25,000	N20,000	20.00	↓	N15,000	N110,000
Pepper (bag)	N37,000	N30,000	18.92	↓	N15,000	N65,000
Onions (bag)	N140,000	N85,000	39.29	↓	N25,000	N140,000

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities		Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l)		N30,000	N28,000	↓	N22,000	N37,500
Semovita (10kg)		N9,800	N9,800	↔	N6,700	N9,800
New Yam (3 tubers)		N9,000	N7,500	↓	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  2.38% to close at 90,063.25pts on January 17th 2024.

	Share Prices (₦)		Daily % Change (January 17th)		YTD (% Change)
Nestle	1100.00		0.00		8.73
Honeywell	3.32		10.00		45.78
Flour Mills	33.10		5.10		43.42
Cadbury	16.90		9.81		67.89
Dangote Sugar	63.25		9.95		28.60
Unilever	14.90		6.55		25.34
Ikeja Hotels	7.26		3.33		49.83



Oil Markets Today

COMMODITY	DAILY CHANGE January 17th – January 18th	YTD	CURRENT PRICE
BRENT	↑ 1.28%	↑ 0.89%	\$78.41pb
WTI	↑ 0.88%	↑ 1.43%	\$73.27pb
NATURAL GAS	↑ 2.90%	↑ 13.89%	\$2.87MMBtu



Oil Prices



- Brent up by 0.68% to \$78.41pb
- WTI rose by 0.98% to \$73.27pb
- Oil prices gained to Middle East tension and tight supply from the U.S

Outlook – Oil Prices

- Oil prices are likely to rebound in the near term due to heightened tension in the Middle East and tight supplies from U.S



Agricultural Commodities

Wheat



Up 1.68% to \$591.75/bushel, over blockage of Ukrainian border by Romanian farmers

Corn



Corn fell 0.39% to \$441.75/bushel, owing to ample global supply

Cocoa



Increased 0.79% to \$4,464.00/mt, driven by tight supplies in Ivory Coast

Sugar



Rose by 0.44% to \$22.62/pound, due to lower cane production in Asia, India and Thailand

Outlook – Agricultural Prices



GRAINS

- Grain prices are expected to fall on ample global supply

SOFTS

- Cocoa prices will remain bullish in the coming week owing to tighter supplies from top cocoa producers, Ivory Coast and Ghana
- The price of sugar will increase due to lower cane production in India and Thailand

