




COMMODITIES UPDATE



February 1st, 2024

Burning Economic Issues

- Nigeria forex market goes into convergence mode
- Official and parallel rate gap (N1) narrows sharply, N1,531 at the spot, N1,530 (parallel) market
- CBN bares its fangs on banks net open position limit- 20% of shareholders' funds
- Brent down 1.40% to \$81.71pb on fears of chilly weather
- Stock market goes into correction as the new year rally stumbles, losing 3.39% in 2 days
- Domestic commodity prices spike on naira devaluation fears, Flour  2.17% (N47,000), Sugar 
66.67%(N70,000), Semovita  12.24%(N11,000)



The Downers



Impact

- A fall in price of oil will reduce oil revenue and shrink the external reserve
- The worsening currency will result in imported inflation and erode the purchasing power of consumers
- IMF downgrades Nigeria and Sub Sahara Africa growth prospects to 3% and 3.8% respectively in 2024

The Goodies







farmers

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	N47,000	2.17	↑	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	% change	Directional Change	Year Low	Year High
Palm Oil (25l) 	N30,000	N28,000	6.67	↓	N22,000	N37,500
Semovita (10kg) 	N9,800	N11,000	12.24	↑	N6,700	N9,800
New Yam (3 tubers) 	N9,000	N7,500	16.67	↓	N3,000	N12,000
Sugar (50kg) 	N42,000	N70,000	66.67	↑	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  1.90% to close at 101,154.45pts on January 31st, 2024.

	Share Prices (₦)		Daily % Change (January 17th)		YTD (% Change)
Nestle	1090.00		0.00		0.91
Honeywell	3.95		9.20		18.98
Flour Mills	39.00		2.50		18.00
Cadbury	17.30		7.24		8.95
Dangote Sugar	67.90		8.98		19.12
Unilever	18.65		0.00		26.01
Ikeja Hotels	6.25		0.00		4.17



Oil Markets Today

COMMODITY	DAILY CHANGE January 31st – February 1st	YTD	CURRENT PRICE
BRENT	↓ 1.40%	↑ 5.13%	\$81.71pb
WTI	↓ 1.00%	↑ 6.64%	\$77.04pb
NATURAL GAS	↑ 2.36%	↓ 15.48%	\$2.13MMBtu



Oil Prices



- Brent down by 1.40% to \$81.71pb
- WTI fell by 1.00% to \$77.04pb
- Oil prices lost on China's economic activity and chilly weather

Outlook – Oil Prices

- Oil prices are likely to rise on tight supply from Middle East tension



Agricultural Commodities

Wheat



Down 1.03% to \$599.25/bushel, on ample supply in the U.S

Corn



Corn slid 0.34% to \$446.25/bushel, over prospects of improved crop yield in Brazil and Argentina

Cocoa



Gained 0.54% to \$4,831.00/mt, driven by tight supply from top cocoa grower, Ivory Coast

Sugar



Ticked up by 0.29% to \$23.98/pound, due to weaker dollar

Outlook – Agricultural Prices



GRAINS

- Grain prices are expected to fall on ample global supply

SOFTS

- Cocoa prices will remain bullish in the near term, owing to tighter supplies from top cocoa producers, Ivory Coast and Ghana
- The price of sugar will fall in the coming week due to sharp increase in Brazil's sugar production

