






COMMODITIES UPDATE



March 7th, 2024

Burning Economic Issues

- Brent gained 0.87% (\$82.75pb) due to a smaller-than-expected increase in U.S. crude inventories- **Reuters**
 - Dangote to set up a trading arm in London for Lagos mega refinery- **Reuters**
- LNG dropped 1.28% (\$1.93/mmbtu) due to a favourable weather condition in the U.S.- **Reuters**
- Cocoa fell 1.15% (\$6,376.00/mt) on forecasts of rain in West Africa this week- **Reuters**
 - Could benefit Ivory Coast Cocoa mid-crop
 - Ogun, Ekiti, and Oyo concluded their main cocoa harvest for 2023-24 session
- Naira lost 0.92% to N1,625/\$ at the parallel market
- Domestic commodity prices spike on exchange rate depreciation;
 - Egg (1 crate)  18.42%(N4,500), Rice (50kg)  14.29% (N80,000), Noodles (70g)  38.89%(N10,000),
Sugar (50kg)  102.38% (N85,000), Flour (50kg)  30.43% (N60,000)



The Downers



Impact

- Increase in commodity food prices will shrink disposable income and cause social unrest
- A decrease in cocoa prices will reduce government revenue and lower cocoa farmer's profit

The Goodies







- A rise in oil prices will increase government revenue and increase external reserve
- Dangote trading arm in London will expand global market access and diversify revenue

Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	% change	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N20,000	N33,000	65.00	↑	N16,000	N33,000
Rice (50kg) long grain	N70,000	N80,000	14.29	↑	N33,000	N80,000
Flour (50kg)	N46,000	N60,000	30.43	↑	N28,500	N52,000
Beans (Oloyin)(50kg)	N50,000	N75,000	50.00	↑	N30,000	N75,000
Cement (50kg)	N5,700	N9,500	66.67	↑	N4,200	N9,500
Tomatoes (50kg)	N20,000	N25,000	25.00	↑	N15,000	N110,000
Pepper (bag)	N30,000	N60,000	100.00	↑	N15,000	N65,000
Onions (bag)	N85,000	N45,000	47.06	↓	N25,000	N140,000
Plantain Bunch	N2,000	N3,500	75.00	↑		

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities	Previous Month Prices	Current Prices	% change	Directional Change	Year Low	Year High
Palm Oil (5l)	N5,500	N5,300	3.64	↓	N22,000	N37,500
Semovita (10kg) 	N9,800	N11,000	12.24	↑	N6,700	N9,800
New Yam (3 tubers) 	N7,500	N9,000	20.00	↑	N3,000	N12,000
Sugar (50kg) 	N42,000	N85,000	102.38	↑	N31,000	N85,000
Wheat flour (10kg) 	N7,800	N9,000	15.38	↑		N9,000
Eggs (1 crate)	N3,800	N4,500	18.42	↑		N3,800

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)	N10,000	N10,400	-4%
Gala (big size)	N150	N150	0%



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Stock Market

- NSE ASI  0.40% to close at 99591.64pts on March 6th, 2024.

	Share Prices (₦)		Daily % Change (February 26th)		YTD (% Change)
Nestle	900.00		0.00		18.18
Honeywell	3.2		5.88		3.61
Flour Mills	31.25		0.00		5.45
Cadbury	17.30		0.00		8.95
Dangote Sugar	46.00		8.18		19.30
Unilever	15.10		0.00		2.03
Ikeja Hotels	6.75		10.00		12.50



Oil Markets Today

COMMODITY	DAILY CHANGE March 6th – March 7th	YTD	CURRENT PRICE
BRENT	↑ 0.87%	↑ 9.47%	\$82.75pb
WTI	↑ 1.19%	↑ 6.47%	\$79.08pb
NATURAL GAS	↓ 0.56%	↓ 22.62%	\$1.95/MMBtu



Oil Prices



- Brent rose by 0.87% to \$82.75pb
- WTI up by 1.19% to \$79.08pb
- Oil prices gained on smaller-than-expected U.S. crude inventories, supported by the U.S. Federal stance on interest rate cut.

Outlook – Oil Prices

- Oil prices are likely to remain bullish in near term driven by OPEC+ extending supply cuts to second quarter.



Agricultural Commodities

Wheat



Dropped 1.13% to \$544.75/bushel, driven by a fall in Russia's export duty on wheat and Improve weather conditions in Australia, boosting supply

Corn



Fell 0.12% to \$425.75/bushel, attributed to high demand in China and Ukraine's low export.

Cocoa



Lost 1.15% to \$6,376.00/mt, on forecast of rain in West Africa, raising prospects for a favorable mid-crop in the Ivory Coast.

Sugar



Increased by 1.15% to \$21.11/pound, due to low sugar production in India and Thailand

Outlook – Agricultural Prices



GRAINS

- Grain prices are expected to decrease on improved weather conditions in Australia boosting supply and buoyed by a fall on Russia's export duty on wheat.

SOFTS

- Cocoa prices is expected to remain elevated on tight supply from Ivory Coast and Ghana
- In the near term, the price of sugar is expected to increase as indications suggest that India will maintain its ban on sugar exports and supported by low sugar production in Thailand

