

# COMMODITIES UPDATE



July 25<sup>th</sup>, 2024

# Burning Economic Issues

- Naira regains 6.10% in forex market from N1,685/\$ to N1,590/\$ in one day
  - As carrying costs of dollar inventory are higher than speculative gains
  - Aggregate banking interest expense after asymmetric adjustment will increase by N80bn/month (960bn annualized)
- Brent slipped 0.62% (\$81.20pb) on weak China demand concerns and middle-east ceasefire talks - **Reuters**
- LNG lost 1.46% (\$2.16/MMBtu) as export shipment resumed at the key LNG export plant in the U.S.- **NGI**
- Cocoa lost 0.59% (\$8,237/mt) on weaker demand concerns- **Nasdaq**
- Domestic commodity prices are mainly stable in anticipation of imported products under the duty and levy waiver programme
  - Flour(50kg) ↔ (N59,000), Sugar (50kg) ↓ 2.5% (N78,000), Palm oil (5 litres) ↑ 20% (N6,000), Egg (crate) ↑ (N6,000)



## The Downers



- A fall in cocoa prices will reduce non-export reserve and profits of cocoa farmers

## Impact

## The Goodies






- An increase in oil prices will increase oil revenue and improve the external reserves
- An appreciation of the naira will reduce inflationary pressure and lower the cost of imported commodities

# Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	% change	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N47,000	N45,000	4.26	↓	N16,000	N50,000
Rice (50kg) long grain	N85,000	N82,000	3.53	↓	N33,000	N95,000
Flour (50kg)	N59,000	N59,000	0.00	↔	N28,500	N64,000
Beans (Oloyin)(50kg)	N95,000	N150,000	57.89	↑	N30,000	N100,000
Cement (50kg)	N9,500	N7,500	21.05	↓	N4,200	N9,500
Tomatoes (Basket)	N110,000	N140,000	27.27	↑	N15,000	N150,000
Pepper (big bag)	N140,000	N160,000	12.5	↑	N15,000	N140,000
Onions (bag)	N90,000	N100,000	11.11	↑	N25,000	N140,000
Plantain Bunch	N6,500	N7,000	7.69	↑		

# 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	N6,000	20.00	↑	N22,000	N37,500
Semovita (10kg)	N12,800	N12,000	6.25	↓	N6,700	N12,700
New Yam (3 tubers) 	N10,500	N18,000	40.00	↑	N3,000	N12,000
Sugar (50kg) 	N80,000	N78,000	2.5	↓	N31,000	N85,000
Wheat flour (10kg)	N15,000	N13,000	13.33	↓	N4,800	N12,700
Eggs (1 crate)	N4,500	N5,500	22.22	↑	N1,800	N5,500

# Consumer Goods – Current price



Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N350	N350	0%
Heineken beer (60cl)	N1000	N1200	-3.17%
Bread Loaf	N1600	N1200	-20%
Indomie (1 carton)	N7,800	N7,500	3.85%
Gala (big size)	N250	N250	0%





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# Stock Market

NSE ASI  0.12% to close at 100,365.17pts on July 24th, 2024.

	Share Prices (₦)		Daily % Change (July 24th)		YTD (% Change)
Nestle	920.00		0.00		16.36
Honeywell	3.45		3.21		3.92
Flour Mills	43.75		0.00		32.38
Cadbury	16.60		0.00		12.63
Dangote Sugar	40.20		0.00		28.95
Unilever	17.45		0.00		17.91
Ikeja Hotels	6.25		9.42		4.17





# Oil Markets Today

COMMODITY	DAILY CHANGE July 24th – July 25th	YTD	CURRENT PRICE
BRENT	↑ 0.64%	↑ 5.89%	\$81.53pb
WTI	↑ 0.79%	↑ 0.35%	\$77.57pb
NATURAL GAS	↓ 2.47%	↓ 11.51%	\$2.13/MMBtu



# Oil Prices



- Brent rose by 0.64% to \$81.53pb
- WTI edged up by 0.79% to \$77.57pb
- Oil prices gained on signs of improved summer demand and decline in U.S. stockpile

# Outlook – Oil Prices

- Oil prices are likely to remain bullish in the near term on summer demand



# Agricultural Commodities

## Wheat



Rose 0.74% to \$546.75/bushel driven by lower production as farmers reduce acreage

## Corn



Gained 0.54% to \$419.50/bushel driven by unfavourable weather conditions, impacting corn production

## Cocoa



Lost 0.59% to \$8,237.00/mt, due to weak demand concerns

## Sugar



Down by 1.16% to \$17.95/pound on forecast of surplus global supply

# Outlook – Agricultural Prices



## GRAINS

- Grain prices is expected to be bearish in the near term driven by ample supplies in the U.S., Russia and India

## SOFTS

- Cocoa prices is expected to remain bullish in the near term, owing to lower production in top growing production, Ivory Coast and Ghana
- In the near term, the price of sugar will be bearish due to unfavourable weather conditions in Brazil and India

