

COMMODITIES UPDATE



August 22nd, 2024

Burning Economic Issues



- Naira fell to 0.43% (N1,610.00/\$) at the parallel market
- Fuel scarcity is easing up, and business activity is returning to normal
- Brent rose 0.12% (\$76.04pb) due to a lower-than-expected decline in US crude inventories- **Bloomberg**
- LNG lost 1.77% (\$2.16/MMBtu) supported by a rise in Europe's natural gas reserves- **Bloomberg**
- Cocoa climbed 1.27% (\$7,737/mt) as Ghana trims output forecast- **Bloomberg**
- Domestic commodity prices (staple foods) falling as fuel scarcity eased and harvest kicked in
 - Garri (50kg) ↓ 2.27% (N45,000), Yam (3 tubers) ↓ (N10,500), Beans (Bag) ↔ (N150,000), Pepper ↓ 33.33% (N60,000)



The Downers



Impact

The Goodies



Nigeria's oil production increased by 2.34% in July. A rise in the price of oil will improve oil revenue and FAAC allocation to the tiers of government.




- An increase in cocoa price will increase non-export revenue and foreign reserves.

Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	% change	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N46,000	N45,000	2.17	↓	N16,000	N50,000
Rice (50kg) long grain	N82,000	N85,000	3.66	↑	N33,000	N95,000
Flour (50kg)	N59,000	N62,000	5.08	↑	N28,500	N64,000
Beans (Oloyin)(50kg)	N150,000	N150,000	0.00	↔	N30,000	N100,000
Cement (50kg)	N9,500	N7,500	21.05	↓	N4,200	N9,500
Tomatoes (Basket)	N80,000	N50,000	37.5	↓	N15,000	N150,000
Pepper (big bag)	N90,000	N60,000	33.33	↓	N15,000	N160,000
Onions (bag)	N115,000	N100,000	13.04	↓	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) 	N6,000	N8,000	33.33	↑	N22,000	N37,500
Semovita (10kg)	N12,000	N16,500	37.5	↑	N6,700	N16,500
New Yam (3 tubers) 	N18,000	N10,500	41.67	↓	N3,000	N12,000
Sugar (50kg) 	N80,000	N83,000	3.75	↑	N31,000	N85,000
Wheat flour (10kg)	N13,000	N12,500	3.85	↓	N4,800	N13,000
Eggs (1 crate)	N5,000	N5,500	4.00	↑	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)	N7,500	N7,600	1.3%
Gala (big size)	N250	N250	0%



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Stock Market

NSE ASI  0.07% to close at 95,831.51pts on August 21st, 2024.

	Share Prices (₦)		Daily % Change (August 21st)		YTD (% Change)
Nestle	815.00		0.00		25.91
Honeywell	4.02		0.50		21.08
Flour Mills	44.80		1.36		35.55
Cadbury	20.10		0.00		5.79
Dangote Sugar	40.35		9.95		29.21
Unilever	19.40		0.00		31.08
Ikeja Hotels	7.00		2.94		16.67



Oil Markets Today

COMMODITY	DAILY CHANGE August 21st – August 22nd	YTD	CURRENT PRICE
BRENT	↑ 0.92%	↑ 1.75%	\$77.91pb
WTI	↑ 0.44%	↑ 1.07%	\$74.04pb
NATURAL GAS	↓ 1.77%	↓ 18.27%	\$2.16/MMBtu



Oil Prices



- Brent up by 0.12% to \$76.91pb
- WTI rose by 0.44% to \$74.04pb
- Oil prices gained due to a lower than expected decline in US crude inventories

Outlook – Oil Prices

- Oil prices are likely to be bullish in the near term on fears of escalating Middle East tensions



Agricultural Commodities

Wheat



↓
Lost by 0.09% to \$551.00/bushel due to ample supply from Black sea exporting region and a decline in Russia wheat export price

Corn



↑
Up 1.08% to \$396.75/bushel driven by favourable weather conditions

Cocoa



↑
Rose 4.61% to \$7,414.00/mt, as trader focus on crop prospects in West Africa

Sugar



↓
Down by 0.11% to \$18.01/pound on signs of ample global supply

Outlook – Agricultural Prices



GRAINS

- Grain prices is expected to be bearish in the near term due to forecasts of strong US spring wheat yield and cheap prices offered by Ukraine

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 favourable weather conditions in Brazil and India, supported by weak demand in India.

