COMMODITES UPDATE



November 5th, 2024

Burning Economic Issues

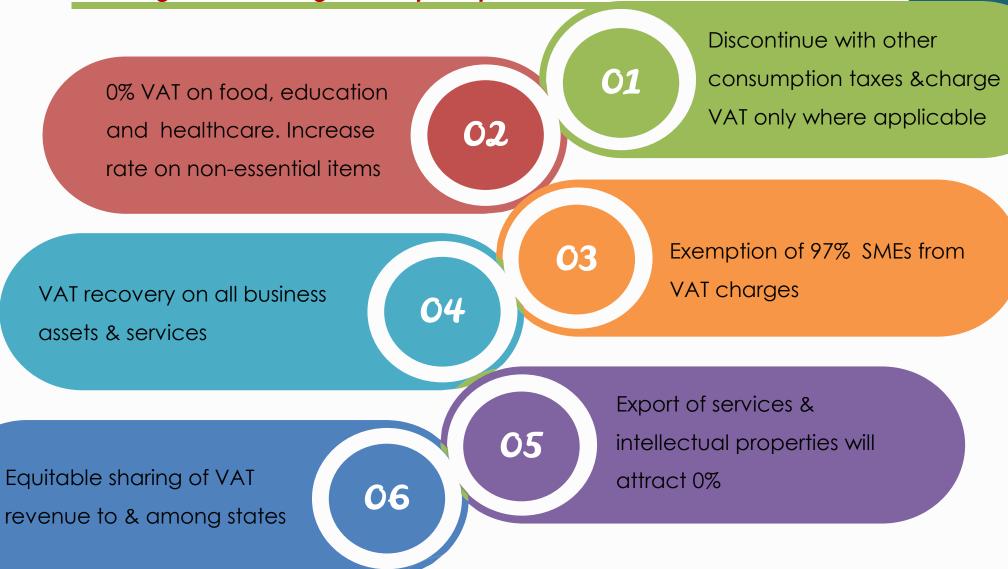
Proposed Tax reforms

Statutory	2024 (%)	2025 (%)	2026 -2029 (%)	2030 (%)
Value Added Tax (VAT)	7.5	10	12.5	15
Company Income Tax (CIT)	30	27.5	25	-

Nigeria Tax to GDP ratio is 10.86% , 4.24% lower than SSA average of 15.1%



Objectives of the proposed VAT





Controversies around VAT

	current	proposed
Federal Government	15%	10%
State Government	50%	55%
Local Government	35%	35%

- •Out of the 90% of subnational, 60% will be shared based on derivation where consumption too place
- •While 40% will be shared based on the FAAC sharing formula

The Northern
Governors forum
(NGF) considered
the sharing unfair &
unacceptable

The National Economic council (NEC) proposed the withdrawal of the bill



Impact

Government

- Generate more revenue for the government
- Fast refund of VAT without the need for extensive tax audits to help business cash flows

Corporate

- The reduction in CIT will contribute to the profit of firms and thereby increase investment
- Facilitate export growth through 0% VAT on export of services and intellectual properties
- Lower business overall costs through the recovery of VAT on assets and services

Consumer

Increase rate on non-essential items to partly offset reduction on essential items



Domestic Commodities Price Movement

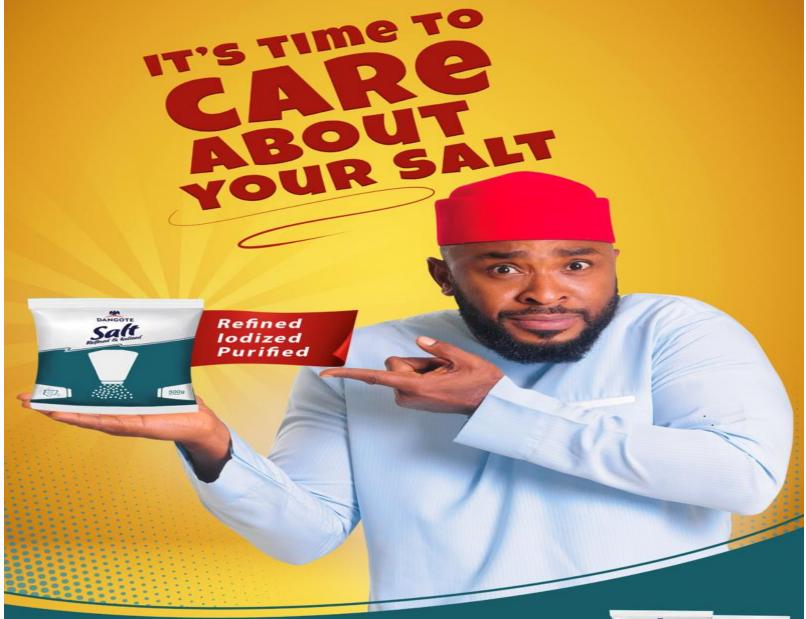
Commodities	Previous	Current	0/0	Directional	Year Low	Year High
	Month	Prices	change	Change		
	Prices					
Garri (50kg) Yellow	N40,000	N38,000	5.00	+	N16,000	N50,000
Rice (50kg) long grain	N130,000	N140,000	8.33	1	N33,000	N140,000
Flour (50kg)	N70,000	N65,000	7.14	•	N28,500	N70,000
Beans (Oloyin)(50kg)	N180,000	N160,000	20	1	N30,000	N180,000
Cement (50kg)	N9,500	N7,500	21.05	1	N4,200	N9,500
Tomatoes (Basket)	N27,000	N25,000	7.41	1	N15,000	N150,000
Pepper (big bag)	N50,000	N40,000	20.00	1	N15,000	N160,000
Onions (bag)	N115,000	N150,000	30.43	1	N25,000	N140,000
Plantain Bunch	N7,000	N5,500	21.43	•		

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities	Previo us Month Prices	Current Prices	% change	Directional Change	Year Low	Year High
Palm Oil (5l)	N7,000	N7,000	0.00		N22,000	N37,500
Semovita (10kg)	N16,500	N16,500	0.00		N6,700	N16,500
New Yam (3 tubers)	N10,500	N10,500	0.00		N3,000	N12,000
Sugar (50kg)	N83,000	N85,000	2.41	1	N31,000	N85,000
Wheat flour (10kg)	N12,500	N11,500	8.00	•	N4,800	N13,000
Eggs (1 crate)	N5,500	N6,000	9.09	1	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)	N7,600	N8,000	1.3%
Gala (big size)	N250	N250	0%







Stock Market

NSE ASI 0.54% to close at 96,907.73pts on November 4th, 2024.

	Share Price (N)	es	Daily % Change (November 4th)	YTD (% Change)
Nestle	885.00	1	1.72	19.55
Honeywell	4.65	1	1.09	40.06
Flour Mills	62.00	\Leftrightarrow	0.00	1 87.59
Cadbury	18.2	\Leftrightarrow	0.00	4.21
Dangote Sugar	34.00	•	3.00	40.35
Unilever	19.00	\Leftrightarrow	0.00	28.38
Ikeja Hotels	7.70	1	4.29	1 21.67



Oil Markets Today

COMMODITY

DAILY CHANGE

November 4th – November 5th

YTD

CURRENT PRICE

BRENT

WTI

NATURAL GAS

1.97%

2.32%

4.51%

7.53%

6.42%

6.35%

\$74.54pb

\$71.70pb

\$2.79/MMBtu







Oil Prices



- Brent rose by 1.97% to \$74.54pb
- WTI increased by 2.32% to \$71.10pb
- Oil prices gained as OPEC+ delayed output increase



Outlook — Oil Prices

Oil prices are likely to remain bullish in the near term due to concerns of an escalating conflict in the Middle East





Agricultural Commodities

Wheat



Up by 0.79% to \$572.50/bushel as Russia limit grain supplies

Corn



Rose 0.84% to \$418.00/bushel owing rising export demand for U.S. crop

Cocoa



Lost 0.54% to \$6,814.00/mt, due to ongoing expectations for improved supplies this season

Sugar



Lost 0.77% to \$21.87/pound due to improved outlook for next season



Outlook – Agricultural Prices



GRAINS

• Grain prices are expected to decline due to higher production in Canada

SOFTS

- Cocoa prices are likely to be bearish on improved crop yield in Ivory Coast
- The price of sugar will remain elevated in the coming weeks due to a stronger-thanexpected sugar production in Brazil in the first half of October



