

# COMMODITIES UPDATE



November 5<sup>th</sup>, 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

0% VAT on food, education and healthcare. Increase rate on non-essential items

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01

Discontinue with other consumption taxes & charge VAT only where applicable

VAT recovery on all business assets & services

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Exemption of 97% SMEs from VAT charges

Equitable sharing of VAT revenue to & among states

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05

Export of services & intellectual properties will attract 0%

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

# Domestic Commodities Price Movement

## Relatively Elastic Products

Commodities	Previous 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	↑	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	↑	N1,800	N5,500



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# 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 Prices (₦)		Daily % Change (November 4th)		YTD (% Change)
Nestle	885.00		1.72		19.55
Honeywell	4.65		1.09		40.06
Flour Mills	62.00		0.00		87.59
Cadbury	18.2		0.00		4.21
Dangote Sugar	34.00		3.00		40.35
Unilever	19.00		0.00		28.38
Ikeja Hotels	7.70		4.29		21.67



# Oil Markets Today

COMMODITY	DAILY CHANGE November 4th – November 5th	YTD	CURRENT PRICE
BRENT	↑ 1.97%	↓ 7.53%	\$74.54pb
WTI	↑ 2.32%	↓ 6.42%	\$71.70pb
NATURAL GAS	↑ 4.51%	↓ 6.35%	\$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-than-expected sugar production in Brazil in the first half of October

