



# Burning Economic Issues



- Brent ends its week-long rally, dipping 0.24% to \$74.60pb
- External debt service cost fell 10.15% to \$202 million in Q2
- Q2 value of national capital importation fell 12.53% to \$5.51 billion
- NNPC to collocate 100,000 bpd facilities with existing refineries
- On-grid power down 3.80% to 3,473 MW/hour
- Naira flat at N360/\$ at parallel market
- Diesel Price (depot) flat at N207/litre

# Impact



- Q2 debt service burden declining (\$202,000)
- NNPC's collocation initiative is expected to boost oil production and is underway with support of private investment



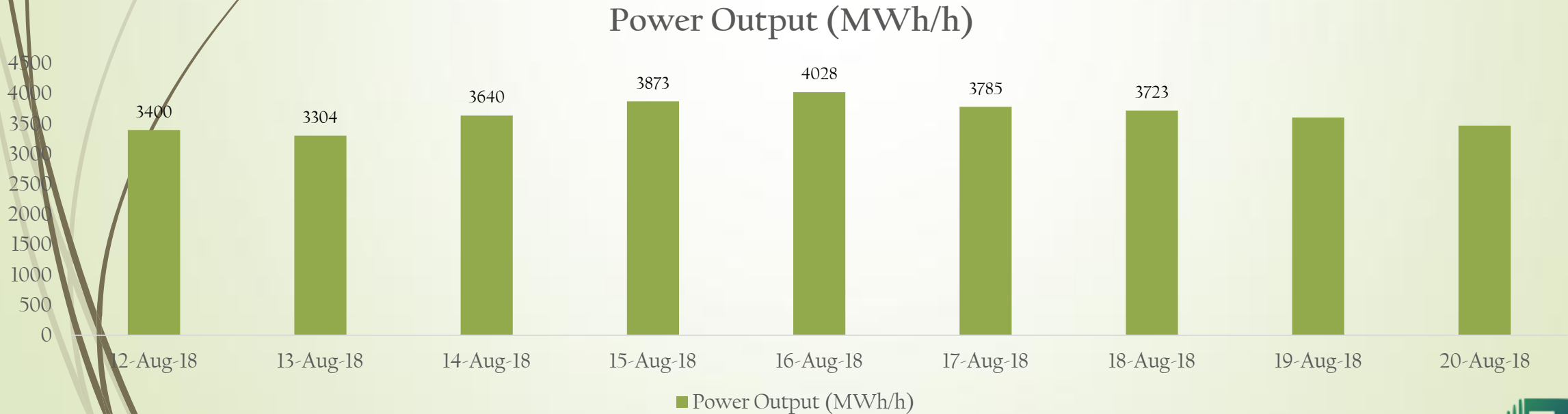
- Power output falls below 3500MW in spite of rainfall
- Capital importation decreases in Q2 2018

# Power Sector

August 20<sup>th</sup>






State	Temperature
Abuja	24°C
Kano	27°C
Lagos	26°C

- Average Power Output: 3,473 MWh/h (down by 132MWh/h)
- Gas constraint stood at 1,793MW while grid constraint was at 1923MW. There was no water constraint.
- Naira equivalent of Power Loss: N1.79 billion (annualized at N652 billion)








# Domestic Commodities Price Movement

## Elastic Goods

Commodities		Current Prices	Previous Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N12, 500	N12,500	↔	N6,000	N25,000
Semovita (10kg)		N2,900	N2,900	↔	N1,800	N3,500
Old Yam (large tuber)		N1,900	N1,900	↔	N400	N1,900
Tomatoes (50kg)		N20,000	N20,000	↔	N8,000	N20,000
Sugar (50kg)		N14,900	N14,900	↔	N8,000	N20,000

# Domestic Commodities Price Movement

## Inelastic Goods

Commodities		Current Prices	Previous Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow		N7,500	N7,500	↔	N7,000	N16,000
Rice (50kg)		N16,000	N16,000	↔	N13,000	N22,000
Flour (50kg)		N11,000	N11,000	↔	N8,500	N11,000
Beans (Oloyin)(50kg)		N27,000	N27,000	↔	N12,000	N34,000
Cement (50kg)		N2,550	N2,550	↔	N1,400	N2,700

# Consumer Goods – Current price

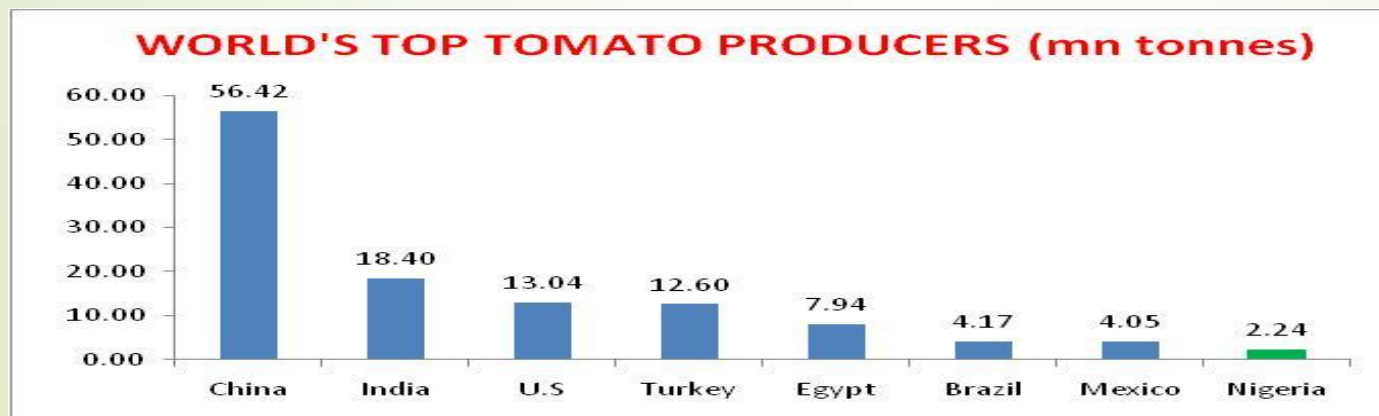
Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N120	N100	20%
Beer (60cl)	N260	N300	-15.30%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N1,900	N2,100	-15.5%
Gala (big size)	N100	N100	0%

Domestic food prices remain flat

# Commodity in Focus - TOMATO



- Total global production (2016): 177mn tonnes (\$121.93bn)
- Planting/Harvesting lag: 3 months
- Uses: stew, ketchup, salads, juice, cocktails, puree and paste
- World's top producers: China, India, U.S, Turkey
- World's top consumers: U.S, Russia, Germany
- World's top tomato paste exporters: Italy, China, U.S, Spain







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COUNTRY/LOCATION	PLANT TYPE	COUNTRY/LOCATION	PLANT TYPE	COUNTRY/LOCATION	PLANT TYPE
• Cameroon	(Integrated Plant)	• Kenya	(Integrated Plant)	• Senegal	(Integrated Plant)
• Cote d'Ivoire	(Grinding Plant)	• Liberia	(Import Terminal)	• Sierra Leone	(Import Terminal)
• Ethiopia	(Integrated Plant)	• Nigeria, Gboko	(Integrated Plant)	• South Africa	(Integrated Plant)
• Ghana, Takoradi	(Grinding Plant)	• Nigeria, Ibese	(Integrated Plant)	• Mali	(Grinding Plant)
• Ghana, Tema	(Import Terminal)	• Nigeria, Obajana	(Integrated Plant)	• Tanzania	(Integrated Plant)
		• Niger Republic	(Integrated Plant)	• Zambia	(Integrated Plant)
		• Rep. of Congo	(Integrated Plant)	• Nepal	(Integrated Plant)
		• Under Construction/Commissioning			
		• Planned			





















# Tomato Production in Nigeria

- Characteristics of tomato : highly perishable, high storage costs, high moisture content (40% water)
- Major producing states: Kano, Taraba, Gombe, Bauchi, Kaduna, Niger
- Companies that use tomatoes : Dangote, Olam, Unilever

Unilever			
Revenue:	↑	12.9%	N48.13bn
PBT:	↑	56.6%	N7.55bn
EPS:	↑	3.1%	N1.81
Share price:	N52.50		

# Stock Market

- NSE ASI  1.71% to 34,663.48 on August 20<sup>th</sup> .
- Consumer goods sub index  1.37% to 824.35pts







	Share Prices (₹)	Daily % Change ( August 17 – August 20)	YTD (% Change)
Nestle	1,500.00	 -	 0.26
Honeywell	1.46	 7.59	 16.29
Flour Mills	22.00	 2.27	 2.71
Cadbury	10.00	 1.00	 30.72
NB	100.00	 2.91	 24.15
Dangote Sugar	14.90	 -	 16.50
Unilever	52.40	 4.55	 20.17

# Oil Prices

- Brent crude dips marginally by 0.24% to \$74.60pb
- As prices stabilize after ending a week-long rally
- Rally driven by weaker US dollar
- Supported by proposed US sanctions on Iran
- Released report by American Petroleum Institute shows decline in US inventories
- Concerns of slowing global growth is subsiding



# Oil Markets Today

COMMODITY	DAILY CHANGE August 22 <sup>nd</sup> – 23 <sup>rd</sup>	YTD	CURRENT PRICE
BRENT	 0.24%	 11.6%	\$74.60pb
WTI	 0.03%	 12.3%	\$67.88pb
NATURAL GAS	 0.14%	 0%	\$2.95MBtu

# Agricultural Commodities

## Wheat



•Wheat prices dipped by 1.19% to \$5.41/bushel

•Over concerns about Russia limiting exports

## Corn



•Corn prices went down by 0.67% to \$3.79/bushel

•On idle demand and record yields for recent harvests

## Cocoa



•Cocoa prices increased by 0.4% to \$2,268/MT

• On Ivory Coast moving to eradicate illegal cocoa farming which would reduce production

## Sugar



•Sugar prices fell by 0.88% to 0.1008/pound

On reduced demand and increased popularity of sugar-free foods

# OUTLOOK – Oil Prices



- Oil prices to average \$72 pb in 2018 according to US EIA
- Economic concerns over global growth continue to weigh on prices
- Sanctions on Iran expected to provide a floor for prices
- Weakening currencies in Turkey and Brazil expected to stifle demand from these emerging markets



# OUTLOOK – Agricultural Prices

## GRAINS

- Russia's limit on its exports could push up prices

## SOFTS

### Sugar

- Rapidly decreasing demand expected to depress prices further

### Cocoa

- Reduced production from Ivory Coast expected to continue and have a bullish influence on prices