

BURNING ECONOMIC ISSUES



- Oil price rises 0.64% to \$47.18pb on mounting US rig count

- Nigeria and Libya invited to oil producers meeting - July 24

- NIBOR rises to an average of 26% p.a from 5% p.a last week

- Government approves National Gas Policy (NGP) to improve gas production

- Naira depreciates to N367/\$ (parallel), appreciates in NIFEX to N361.86/\$

- Diesel prices flat at N165/ltr





Good News



- Lower average temperatures (76-78°F) - reduces air-conditioning use
- NGP to build on Nigeria's gas reserves



Bad News

- OPEC may impose output cut on Nigeria
- Negative impact on exchange rate and fiscal revenues
- Forex intervention drains naira liquidity

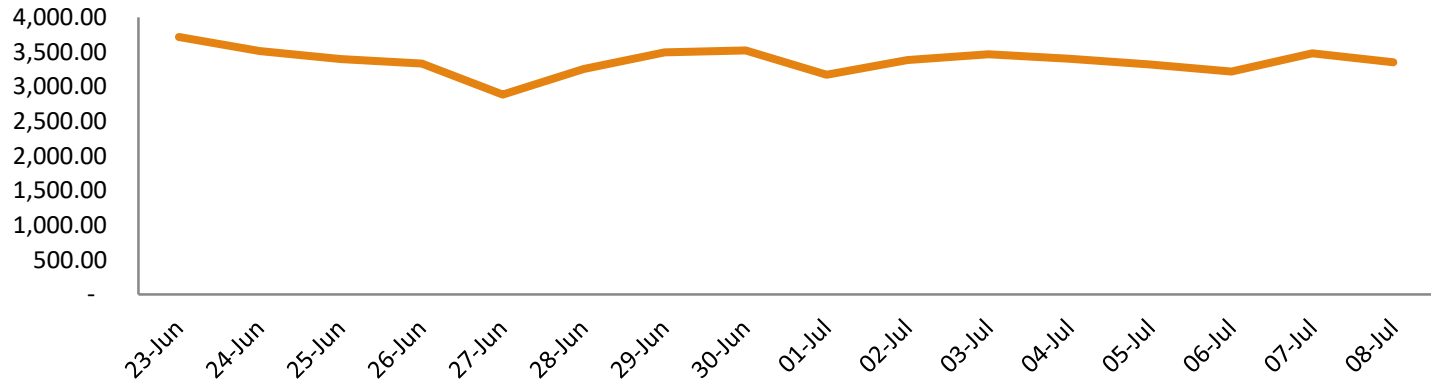


POWER GENERATION ANALYSIS & IMPACT



- July 8th: Average power output was 3,351MWh/hour (down 128MWh/h)
- Total generation of 2653MW was lost due to constraints in gas, line and high frequency
- Estimated loss: N1.27bn (annualised at N457.2bn /\$1.14m)
- High frequency due to loss of DisCo feeders remains a significant constraint to generation
- Increased line constraints at Ibom

Power Generated (on Grid) MW/h



DOMESTIC COMMODITY PRICE MOVEMENT

Price Elastic

Price Inelastic

Commodities	CURRENT PRICES (LAGOS)			Lagos Price	
	CURRENT PRICES	PREVIOUS PRICES	% CHANGE	1 year Low	1 year High
Palm Oil (25L) 	N12,500	N12,500	↔	N6,000	N25,000
Semolina (10kg) 	N3,500	N3,500	↔	N2,300	N3,500
Yam (large tuber) 	N1,500	N1,100	↔	N600	N1,500
Tomatoes (50kg) 	N28,000	N28,000	↔	N8,000	N25,000
Garri (50kg) 	N32,000	N32,000	↔	N8,000	N32,000
Rice (50kg) 	N18,500	N16,000	↔	N13,500	N22,000
Flour (50kg) 	N10,500	N10,500	↔	N8,500	N11,000
Sugar (50kg) 	N19,500	N18,500	↔	N8,000	N20,000
Beans (50kg) 	N24,000	N26,000	↔	N9,000	N26,000
Cement (50kg) 	N2,700	N2,700	↔	N1,400	N2,700

CONSUMER GOODS – CURRENT PRICE LAGOS

GOODS	Lagos price	Jumia price	% difference
Coke (50cl)	N150	N150	0%
Beer (60cl)	N250	N235	6%
Bread Loaf	N350	N400	12.5%
Semovita (10kg)	N3,700	N3,650	1.35%
Indomie (1 carton)	N1,900	N2,500	-24%
Gala (75g)	N50	N50	0%

Prices remain sticky downwards

STOCK MARKET

- NSE ASI  0.48% to 32,614.60pts - Flour mills positive results
- Consumer goods sub index  0.08% to 762.70pts

	Share Prices (₹)	Daily Change (July 6– July 10)	YTD (%)
Nestle	910.00	-	 11.2%
Honeywell	1.90	 4.52%	 46.1%
Flourmill	25	 13.64%	 35.2%
Cadbury	11.99	 5.14%	 16.52%
NB	154	 0.65%	 4.06%
Dangote Sugar	8.70	 4.07%	 22.3%
Unilever	34	 2.94%	 2.87%



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OIL PRICES



- Brent crude  0.64% to \$47.18pb
- US oil rigs climbed by 7 to 763 – Baker Hughes
- Combined with weekly rise in US oil production to 9.338mbpd
- World inventories currently above 5-year average
- Offsetting the effects from the OPEC production cuts

OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 6 July – 10 July	YTD	CURRENT PRICE
O I L			
BRENT	 0.64%	 17.21%	\$47.18pb
WTI	 0.36%	 17.22%	\$44.56pb
NATURAL GAS	 2.89%	 22.31%	\$2.89MMBtu

AGRIC COMMODITIES

Wheat



↑ •Wheat futures up 1.62% to \$5.48/bushel

•Dry weather conditions in Dakotas and Montana push prices up

Corn



↑ •Corn futures up 2.18% to \$3.99/bushel

•Drought in the US affecting yields negatively

Cocoa



↓ •Cocoa prices down 2.08% to \$1887/mt

•Due to concerns over a cocoa glut along with sluggish growth in demand

Sugar



↑ •Sugar prices up 2.51% to \$0.1427/pound

•Robust demand from soft-drink and ice-cream makers drives bullish trend

OUTLOOK – OIL PRICES



- Oil price may recover if Nigeria and Libya output is curbed
- US shale producers remain a threat to stable oil prices

OUTLOOK – AGRIC PRICES

Grains

- Price movement is expected to be driven by weather conditions

SUGAR

Softs

- Expectation of import duty hike in India likely to increase prices further

COCOA

- ICCO raised forecast for the 2016/17 season by 18.1% to a record high of 4.69million tons

