

BURNING ECONOMIC ISSUES



- Increased oil output from Libya and Nigeria putting pressure on prices



- US Fed hikes interest rates to decade high



- CBN increases inflation target to 11% (double digit) in 2017

- CBN to issue N1.02trn of NTB between June & August



- Naira depreciates to N370/\$, IEFX at N373.68/\$

- Diesel flat at N175/ltr



Good News



- 2017 budget is signed and implementation commences
- CBN accepts that prices are higher than reported



Bad News



- Nigeria and Libya output exemption could be reviewed
- External reserves slip to \$30.28bn

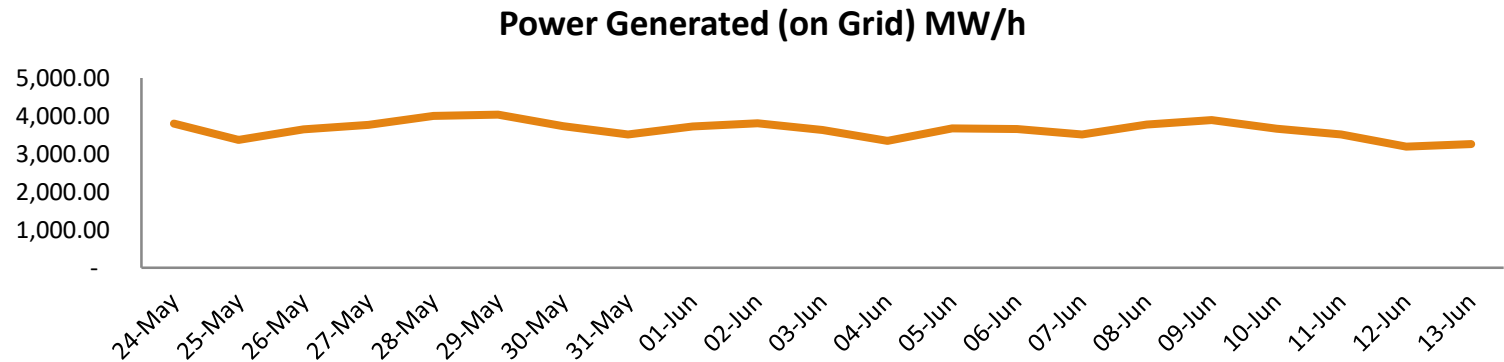


- Capital flow reversal due to attractive yield on US investments
- Stronger dollar will discourage demand for dollar denominated commodities

POWER GENERATION ANALYSIS & IMPACT













- June 13th: Average power output was 3,246MWh/hour (up 72MWh/h)
- A total of 2451.5MW lost from gas, line and high frequency constraints
- Estimated loss: N1.17bn (annualised at 429.6bn /\$1.16m)
- Extreme high frequency constraints affecting output in Shiroro, Transcorp Ughelli (Delta), Jebba & Odukpani
- Ihovbor NIPP lost functionality in one turbine due to an undisclosed fault



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
Maize (50kg) 	N13,250	N13,250	↔	N9,000	N13,250
Tomatoes (50kg) 	N25,000	N18,000	↑	N8,000	N25,000
Garri (50kg) 	N32,000	N32,000	↔	N8,000	N32,000
Rice (50kg) 	N17,500	N17,500	↔	N13,500	N22,000
Flour (50kg) 	N10,500	N10,500	↔	N8,500	N11,000
Sugar (50kg) 	N18,500	N18,500	↔	N8,000	N20,000
Beans (50kg) 	N26,000	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%

- Average online prices is 4.67% higher than market stalls
- Prices remain sticky downwards

STOCK MARKET

- NSE ASI  0.59% to 33,797.84pts
- Traders optimistic about economic recovery

	Share Prices (₹)	W-O-W (June 13 – June 14)		YTD (%)	
Nestle	900				11.10%
Honeywell	2.27				66.9%
Flourmill	27.00		3.70%		46.0%
Cadbury	14.78		2.64%		43.60%
NB	160.00		1.85%		8.10%
Dangote Sugar	9.61		0.10%		35.2%
Unilever	37.00		8.11%		5.70%



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OIL PRICES



- Brent crude  0.23% to \$46.89pb
- US Fed raised interest rates further by 0.25%
- OPECs production in May up 32.14mbpd
- Markets question compliance of oil cut deal
- U.S crude stocks rose by 2.8mb to 511.4mb - API
- Higher than expected shale oil output offsetting OPEC supply curb

OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 14 June– 15 June	YTD	CURRENT PRICE
O I L			
BRENT	 0.23%	 17.48%	\$46.89pb
WTI	 0.56%	 17.20%	\$44.48pb
NATURAL GAS	 1.01%	 21.24%	\$2.93MMBtu

AGRIC COMMODITIES

Wheat



↑ •Wheat futures up 0.45% to \$4.47/bushel

•Supported by concerns of potential output losses due to recent adverse weather

Corn



↑ •Corn futures up 0.20% to \$3.81/bushel

•Up on the back of gains in wheat prices

Cocoa



↓ •Cocoa prices down 0.49% to \$2,046/mt

•Due to oversupply forecasts in major growing regions

Sugar



↓ •Sugar prices down 1.64% to \$0.1379/pound

•Forecasts of good monsoons in India paving way for a rebound in sugar cane output

OUTLOOK – OIL PRICES



- US production to remain resilient as oil floats above \$45pb
- Higher shale supplies will weigh on prices
- With ample supplies, strong demand is needed to support the market

OUTLOOK – AGRIC PRICES

Grains

- Weather conditions will be a bullish factor for grains



SUGAR

- Output in Maharashtra – India expected to increase by 74% in the upcoming sugar season

COCOA

- Prices will be determined by supply/demand dynamics

Softs

