

Burning Economic Issues



- Qatar announces its exit from OPEC – effective Jan. 2019
- Brent rallies 1.38% to \$62.54pb
- Oil marketers give FG 7-day ultimatum to pay outstanding debt
- PMI increases 4% to 58.9 in November - FBN
- US and China declare truce on trade war
- Naira flat at N370/\$ at the parallel market



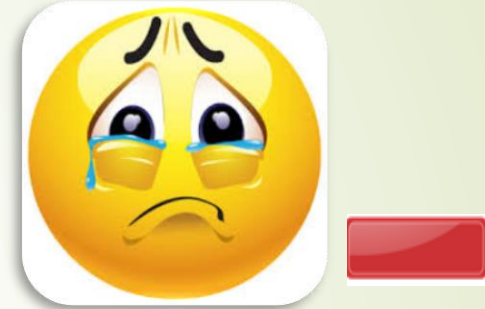
Impact

The Goodies



- Manufacturing activity growth at 11-month high

The Downers



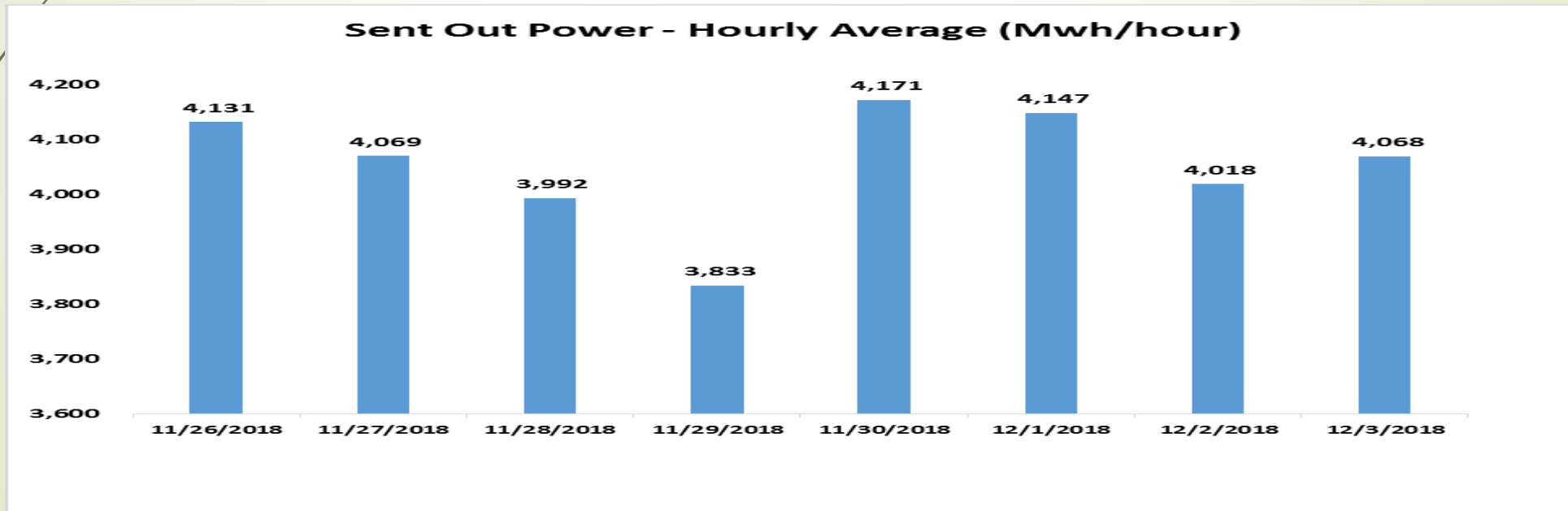
- NSE on the cusp of bear market territory
 - YTD Loss -18.92%
- Weaker naira is negative for imported inflation
- Increase in reserves mainly due to drawdown on Eurobond proceeds

Power Sector

December 3rd





State	Temperature
Abuja	33°C
Kano	29°C
Lagos	32°C

- Average power output: 4,068MW/h (up by 50MW/h)
- Grid constraint stood at 202MW while water constraint was at 100MW. There was no gas constraint
- Naira equivalent of power loss: N140million (annualized at N51.10billion)










Domestic Commodities Price Movement

Relatively Elastic Goods

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Palm Oil (25l)		N10,000	N10,000	↔	N6,000	N25,000
Semovita (10kg)		N2,800	N2,850	↓	N1,800	N3,500
New Yam (medium size)		N400	N400	↔	N400	N1,900
Sugar (50kg)		N14,900	N14,900	↔	N8,000	N20,000

Domestic Commodities Price Movement

Relatively Inelastic Goods

Commodities		Current Prices	Previous Month Prices	Directional Change	1-Year Low	1-Year High
Garri (50kg) Yellow		N6,500	N6,500	↔	N7,000	N16,000
Rice (50kg)		N16,000	N15,500	↑	N13,000	N22,000
Flour (50kg)		N11,100	N11,100	↔	N8,500	N11,100
Beans (Oloyin)(50kg)		N26,500	N26,000	↑	N12,000	N34,000
Cement (50kg)		N2,550	N2,550	↔	N1,400	N2,700
Tomatoes (50kg)		N8,000	N12,000	↓	N8,000	N20,000
Pepper (bag)		N8,000	N13,000	↓	N8,000	N15,000

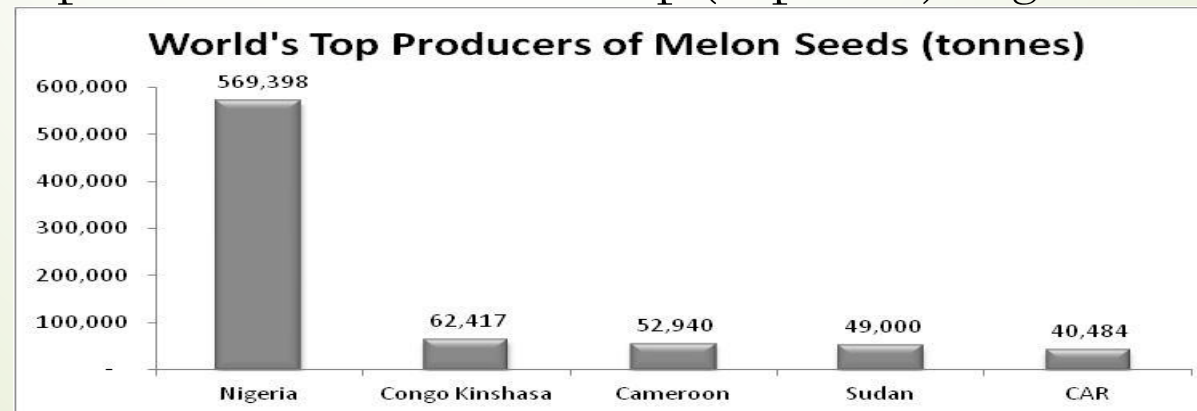
Consumer Goods – Current price

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 - Melon Seeds (Egusi)

- Planting/harvesting lag: 3-4 months
- Melon gourds are typically harvested in Q4 (Oct-Dec.)
- Rich in protein and vitamin
- Total global production: Estimated at 921,400 tonnes (\$1.1bn)
- World's largest producers: Nigeria, Congo Kinshasa, Cameroon
- World's top consumers: Nigeria, Sudan, Congo Kinshasa
- Uses: egusi soup, condiment for ewedu soup (in parties), vegetable oil, confectionery



Source: FAOSTAT, FDC Think Tank

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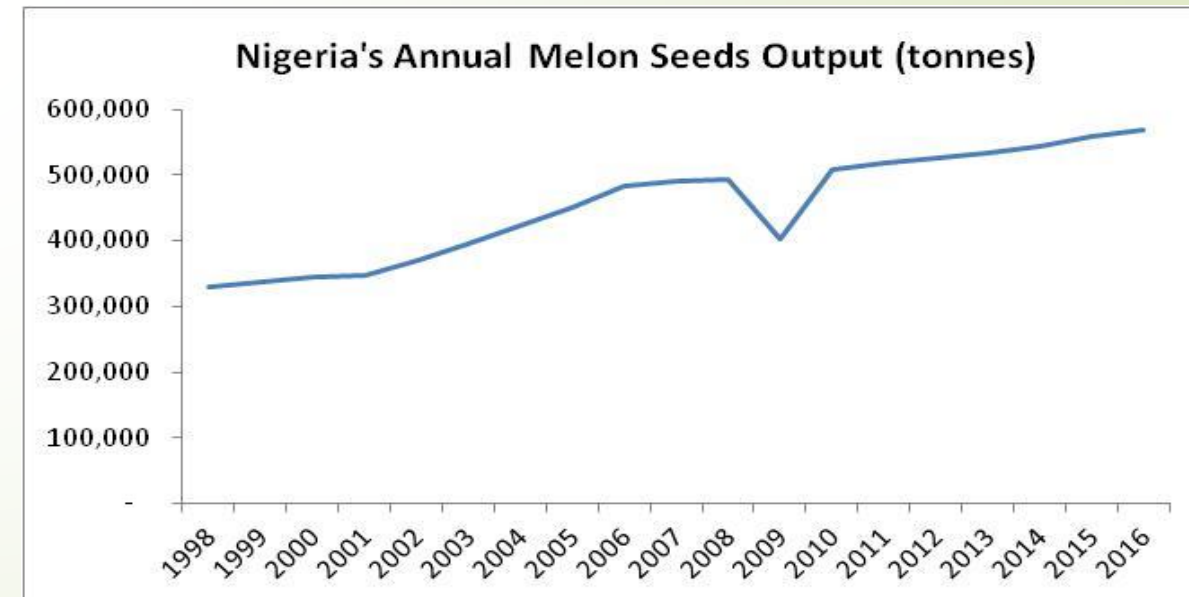


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Egusi Production in Nigeria















- Nigeria's output: 569,400 (\$683mn)
- Approximately 62% of global production
- Rank: 1st globally
- Nigeria's output remains suboptimal in spite of its market dominance
- Potential: 1mn tonnes
- Production areas: Benue, Enugu, Nasarawa
- Users: households, restaurants
- Domestic price = N3,200 per paint bucket
- Price has fallen by 11.1% in the last one month



Source: FAOSTAT, FDC Think Tank

Stock Market

- NSE ASI  0.68% to 31,007.25 on December 04th
- Consumer goods sub index  0.13% to 728.80pts







	Share Prices (₹)	Daily % Change (December 03 rd –December 04 th)	YTD (% Change)
Nestle	1,485	 -	 4.56
Honeywell	1.10	 1.85	 45.62
Flour Mills	20.15	 0.50	 30.53
Cadbury	9.40	 2.16	 36.18
NB	80.00	 0.50	 41.44
Dangote Sugar	13.10	 0.35	 33.95
Unilever	39.50	 1.00	 4.66

Oil Prices

- Brent crude up 1.38% to \$62.54pb
- Driven by Russia and Saudi Arabia's informal agreement to extend the production cut agreement
- Canada also announced a 7% output cut in one of its major oil fields
- Qatar's exit from OPEC will have a minimal impact on prices as it is a fringe oil producer



Oil Markets Today

COMMODITY	DAILY CHANGE December 03 rd – December 4 th	YTD	CURRENT PRICE
BRENT	 1.38%	 9.25%	\$62.54pb
WTI	 0.89%	 16.63%	\$53.42pb
NATURAL GAS	 5.27%	 59.66%	\$4.63MBtu

Agricultural Commodities

Wheat



- Wheat prices up 1.41% to \$5.12/bushel
- Amid robust speculative demand

Corn



- Corn prices increased by 0.14% to \$3.69/bushel
- On projections of strong demand for US corn

Cocoa



- Cocoa prices up by 1.76% to \$2,203/MT
- On forecasts of a steady increase in global demand

Sugar




- Sugar prices fell by 0.23% to 0.1284/pound
- On weak global demand

OUTLOOK – Oil Prices



- Brent is likely remain at \$60-\$65pb range this week
- Easing of global trade tensions would support oil demand
- Speculation about the outcome of OPEC's meeting this week would influence prices in the market

OUTLOOK – Agricultural Prices

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- GRAINS** • Improved demand on the back of the US and China's move to suspend imposition of tariffs on new products

SOFTS



Sugar

- Weak global demand to depress prices this week

Cocoa

- Increased global demand would push prices up and boost Nigeria's export earnings