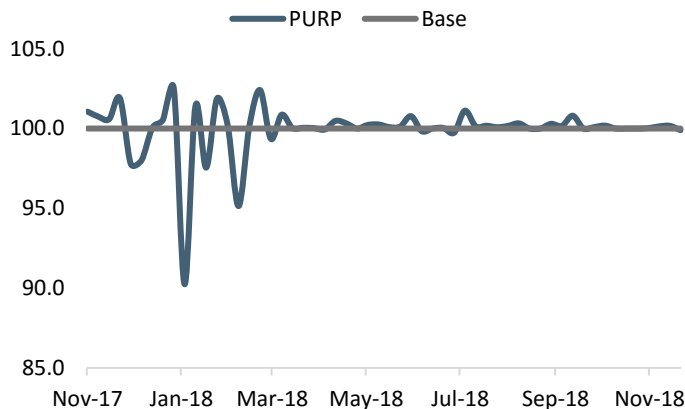


The PENTAD – Urban Retail Price Tracker

Price pressure softens

The PURP Index



Source: ARM Research

	Commodity	Consumer	Cement	Brewery	Oil
Weightings	30%	30%	10%	20%	10%
Price change (MoM)	0.2%	-0.2%	0.9%	0.1%	-
Standard deviation of prices	20	3	25	3	22
Broad sales volume direction	increasing	increasing	flat	increasing	flat

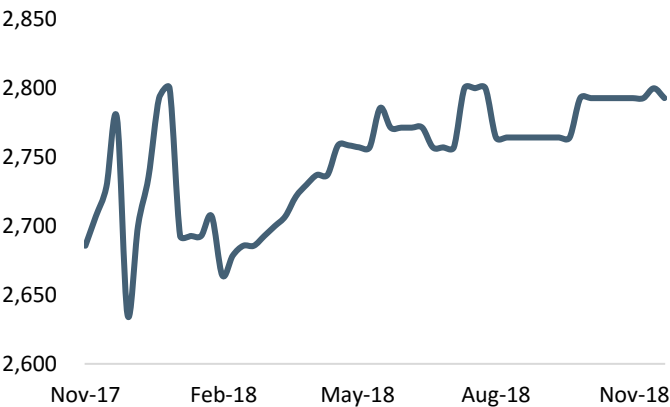
To determine how retail prices have moved on average, we fashioned out a Pentad Urban Retail Price Index (PURP) which adopts April 1st to April 8th as a base period. The PURP index accords 30% weightings apiece to consumer and commodities prices, 20% weighting to the brewery basket with a further 20% distributed evenly between cement and cooking gas prices.

Across the sectors, price evolution is monitored on a weekly basis while we adopt 0.6%, 0.0%, and -0.6% as indicators for volume expansion from prior week, no change in volumes, and week on week output contraction (respectively) in a manner slightly akin to CBN's PMI methodology.

- Our Urban Retail Price Tracker – the PURP index – recorded a modest pace of price increase of **0.18% MoM** to 110.4 pts in November (vs **0.61% MoM** in October). The slowdown reflects combination of price discounts in the black Friday sale, lower cooking gas price and adequate supply of commodity products in the month. Prices in the consumer and oil & gas baskets were lower while prices in the cement and commodities baskets were higher. Meanwhile, prices were flat in the brewery basket.
- In the **consumer basket**, average prices moderated by **0.24% MoM** largely due to price discounts during the Black Friday sales. However, the pace of decline was much lower than expected as prices of some products were adjusted slightly higher before the black Friday sales.
- Prices in the **brewery basket** stayed flat (**+0.06% MoM**) over the month as competition remained stiff in the sector. From our feedback across retailers, we observed *Spirits* are now adding to the pressure on demand for beers due to its cheaper price, readily availability and packaging.
- Price pressure in the **commodities basket** dissipated over November with prices rising slightly by **0.21% MoM**. Importantly, *palm oil* prices moderated 0.22% after staying flat for three consecutive months. This is in contrast with the previous period last year, where palm oil prices spiked ahead of the festive period. The lower prices continued to reflect robust supply in the market. Elsewhere, prices of *rice* were stable over the month due to adequate supply in the market. Meanwhile, prices of *vegetable oil* climbed higher by 0.27% MoM.
- Prices in the **oil & gas sector** witnessed a moderation over November with average prices down by **0.19% MoM**. We believe this is largely due to increased domestic and foreign supply. Elsewhere, *lubricant* prices tracked higher by 0.29% over the month.
- In the cement sector, prices increased by **0.94% MoM** after two consecutive quarters of decline. We saw lower demand during the month, as the rate of capex spend across levels of government dissipates ahead of the general election.

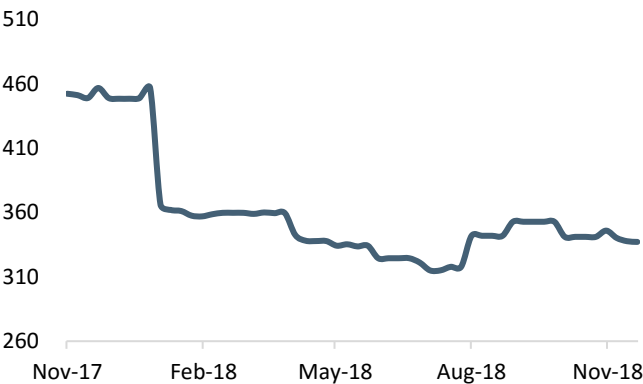
Retail price sub-index

Brewery Sector



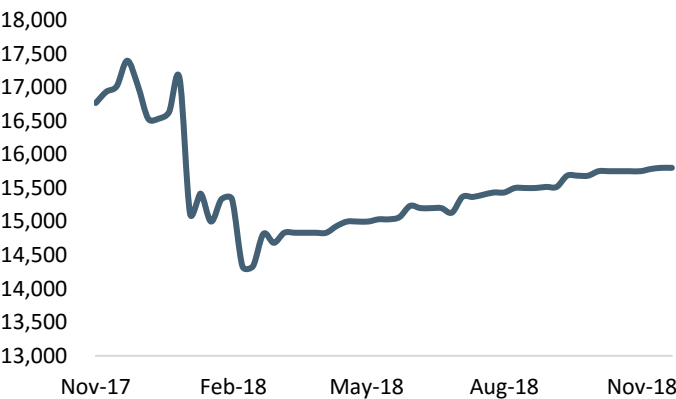
Source: ARM Research

Consumer Sector



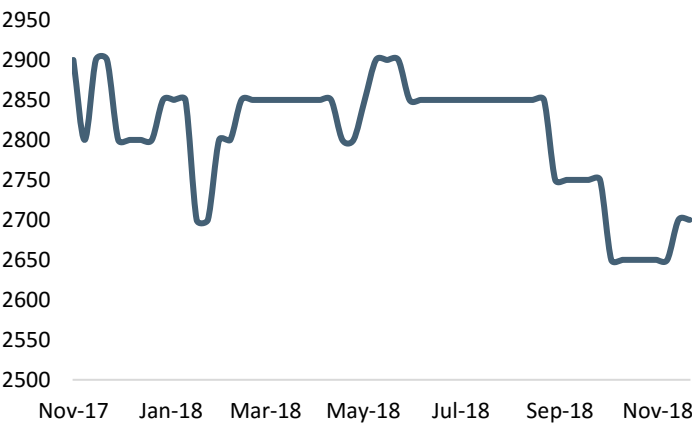
Source: ARM Research

Commodity Sector



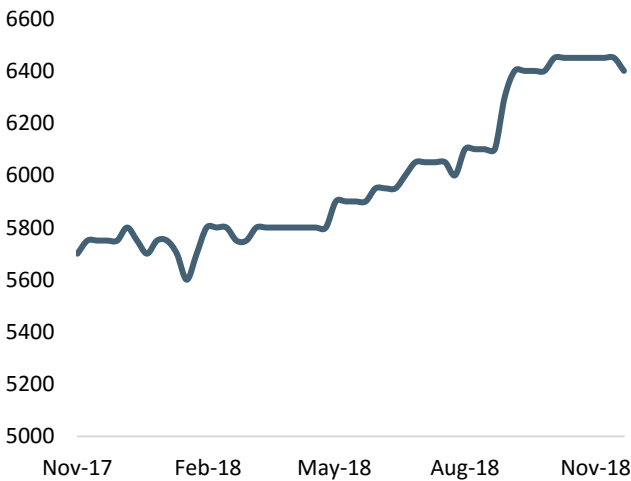
Source: ARM Research

Cement Sector



Source: ARM Research

Oil & Gas Sector



Source: ARM Research

Retail price trends

Breweries

	Nov-18	Oct-18	Sep-18	Q1 18	Q2 18	Q3 18
Star (N/crate)	2550	2550	2600	2542	2592	2531
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>-1.92%</i>	<i>4.00%</i>	<i>1.09%</i>	<i>1.97%</i>	<i>-2.36%</i>
Gulder (N/crate)	2600	2600	2850	2500	2579	2596
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>-8.77%</i>	<i>9.62%</i>	<i>0.32%</i>	<i>3.17%</i>	<i>0.65%</i>
Malta Guinness (N/crate)	2900	2850	2850	2825	2827	2846
<i>MoM/QoQ change</i>	<i>1.75%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>-0.07%</i>	<i>0.07%</i>	<i>0.67%</i>
Goldberg (N/crate)	2512	2500	2500	2269	2292	2439
<i>MoM/QoQ change</i>	<i>0.48%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>-3.61%</i>	<i>1.01%</i>	<i>6.41%</i>
Satzenbrau (N/crate)	2300	2200	2200	2338	2381	2269
<i>MoM/QoQ change</i>	<i>4.55%</i>	<i>-4.35%</i>	<i>0.00%</i>	<i>-1.02%</i>	<i>1.84%</i>	<i>-4.70%</i>
Guinness (N/crate)	4200	4200	4200	4320	4372	4285
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.37%</i>	<i>1.20%</i>	<i>-1.99%</i>
Trophy (N/crate)	2500	2500	2500	2100	2279	2454
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>-0.38%</i>	<i>8.52%</i>	<i>7.68%</i>

Consumers

	Nov-18	Oct-18	Sep-18	Q1 18	Q2 18	Q3 18
Close up (N/160g)	282	280	278	302	292	280
<i>MoM/QoQ change</i>	<i>0.71%</i>	<i>0.72%</i>	<i>-1.24%</i>	<i>11.03%</i>	<i>-3.31%</i>	<i>-4.11%</i>
Maggi (N/400g)	508	510	543	518	535	537
<i>MoM/QoQ change</i>	<i>-0.39%</i>	<i>-6.08%</i>	<i>2.84%</i>	<i>-1.15%</i>	<i>3.28%</i>	<i>0.37%</i>
Milo (N/500g)	985	989	998	1109	858	925
<i>MoM/QoQ change</i>	<i>-0.40%</i>	<i>-0.90%</i>	<i>1.53%</i>	<i>-7.27%</i>	<i>-22.63%</i>	<i>7.81%</i>
Blueband (N/250g)	283	285	285	435	381	291
<i>MoM/QoQ change</i>	<i>-0.70%</i>	<i>0.00%</i>	<i>-1.72%</i>	<i>-1.81%</i>	<i>-12.41%</i>	<i>-23.62%</i>
Omo (N/400g)	385	380	380	410	400	392
<i>MoM/QoQ change</i>	<i>1.3%</i>	<i>0.00%</i>	<i>-5.00%</i>	<i>-1.44%</i>	<i>-2.44%</i>	<i>-2.00%</i>
Lipton (N/100 tea bags)	216	215	230	232	215	204
<i>MoM/QoQ change</i>	<i>0.47%</i>	<i>-6.52%</i>	<i>11.11%</i>	<i>-3.62%</i>	<i>-7.33%</i>	<i>-5.12%</i>
Dangote Salt (N/250g)	45	45	45	58	46	45
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>16.00%</i>	<i>-20.69%</i>	<i>-2.17%</i>
Dangote Sugar (N/500g)	216	222	223	253	246	231
<i>MoM/QoQ change</i>	<i>-2.70%</i>	<i>-0.45%</i>	<i>-3.46%</i>	<i>-2.69%</i>	<i>-2.77%</i>	<i>-6.10%</i>
Dettol (N/70g - pack of 6)	813	815	821	626	628	752
<i>MoM/QoQ change</i>	<i>-0.25%</i>	<i>-0.73%</i>	<i>4.19%</i>	<i>2.50%</i>	<i>0.32%</i>	<i>19.75%</i>
Goldenmorn (N/500g)	807	803	932	674	732	844
<i>MoM/QoQ change</i>	<i>0.50%</i>	<i>-13.84%</i>	<i>12.56%</i>		<i>8.61%</i>	<i>15.30%</i>
Golden penny sugar (N/500g)	238	240	240	299	245	239

	Nov-18	Oct-18	Sep-18	Q1 18	Q2 18	Q3 18
<i>MoM/QoQ change</i>	-0.83%	0.00%	1.27%		2.73%	-2.65%
Knorr (N/400g)	662	670	690	708	634	662
<i>MoM/QoQ change</i>	-1.19%	-2.90%	6.15%		-4.23%	4.42%
Golden penny pasta (N/500g)	180	180	180	258	245	180
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-5.04%	-26.53%
Honey well pasta (N/500g)	195	195	195	213	203	195
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-4.69%	-3.94%
Dangote pasta (N/500g)	180	180	180	219	203	180
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-7.31%	-11.33%
Golden penny noodles (N/70g)	45	45	45	50	45	45
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-10.00%	0.00%
Indomie noodles (N/70g)	50	50	50	55	50	50
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-9.09%	0.00%
Honeywell noodles (N/70g)	45	45	45	45	45	45
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		0.00%	0.00%

Commodities

	Nov-18	Oct-18	Sep-18	Q1 18	Q2 18	Q3 18
Crude palm oil	11325	11350	11350	11573	10762	11329
<i>MoM/QoQ change</i>	-0.22%	0.00%	0.00%	-7.78%	-7.01%	5.27%
Vegetable oil	17775	17700	17700	17119	17400	17643
<i>MoM/QoQ change</i>	0.42%	0.00%	0.57%	-9.40%	1.64%	1.40%
Rice	18250	18200	17900	16008	17038	17586
<i>MoM/QoQ change</i>	0.27%	1.68%	2.29%	-14.36%	6.43%	3.22%

Cement (N/50kg)

	Nov-18	Oct-18	Sep-18	Q1 18	Q2 18	Q3 18
	2675	2650	2750	2819	2854	2812
<i>MoM/QoQ change</i>	0.94%	-3.64%	-3.51%	-1.09%	1.24%	-1.47%

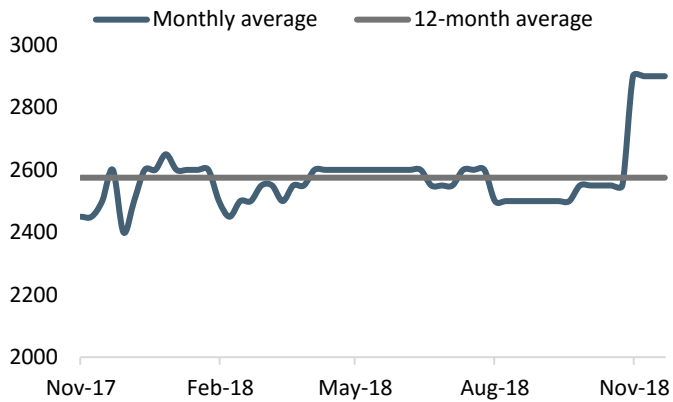
Oil & Gas

	Nov-18	Oct-18	Sep-18	Q1 18	Q2 18	Q3 18
Cooking gas (N/12.5kg)	4250	4300	4160	3623	3554	3877
<i>MoM/QoQ change</i>	-1.16%	3.37%	12.43%	-9.42%	-1.90%	9.09%
Lubricants (N/4L)	8625	8600	8600			
<i>MoM/QoQ change</i>	0.29%	0.00%	1.18%			

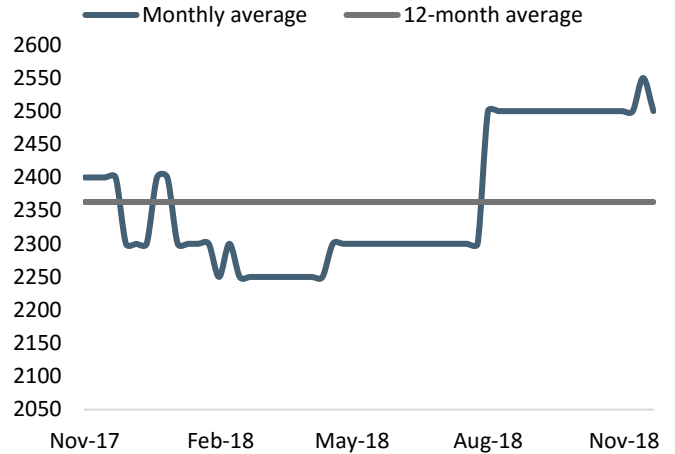
Retail price trends

Brewery products

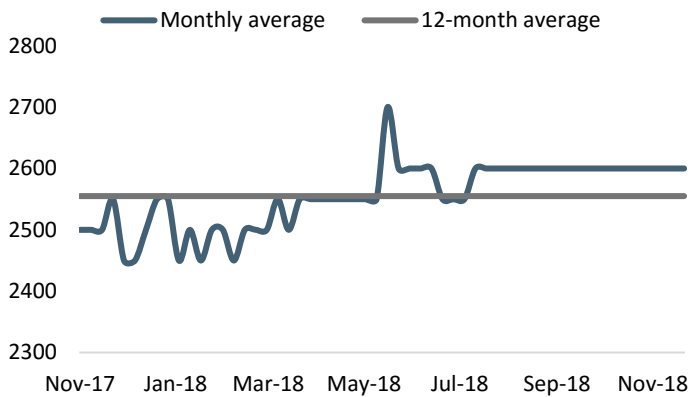
Star – ₦ per crate



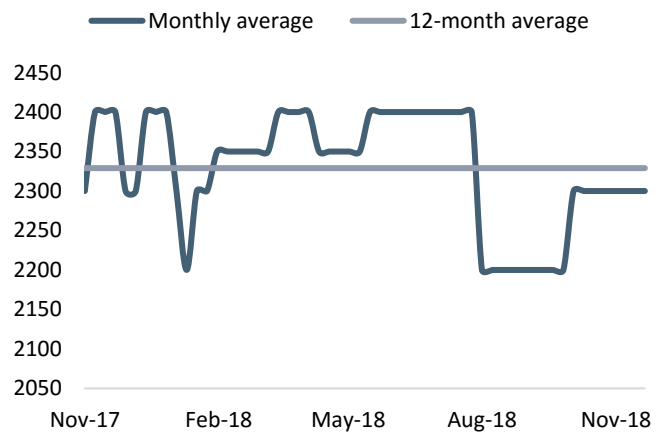
Goldberg – ₦ per crate



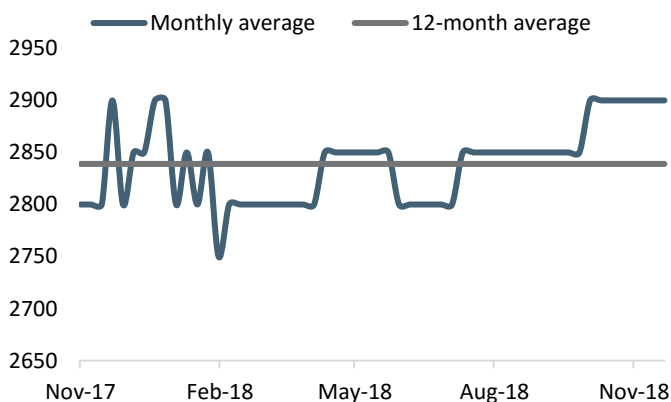
Gulder – ₦ per crate



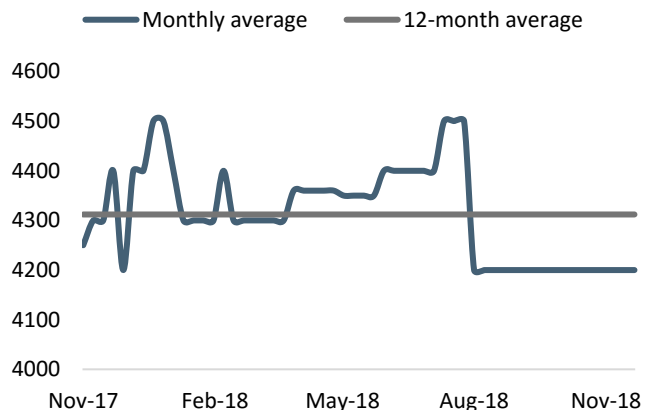
Satzenbrau – ₦ per crate



Malta Guinness – ₦ per crate

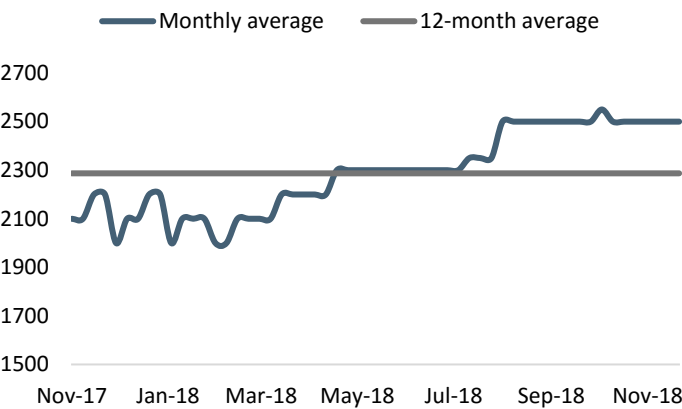


Guinness – ₦ per crate

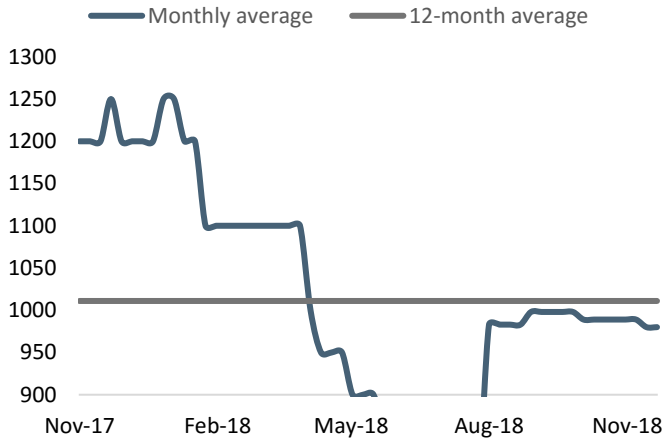


Retail price trends

Trophy – ₦ per crate

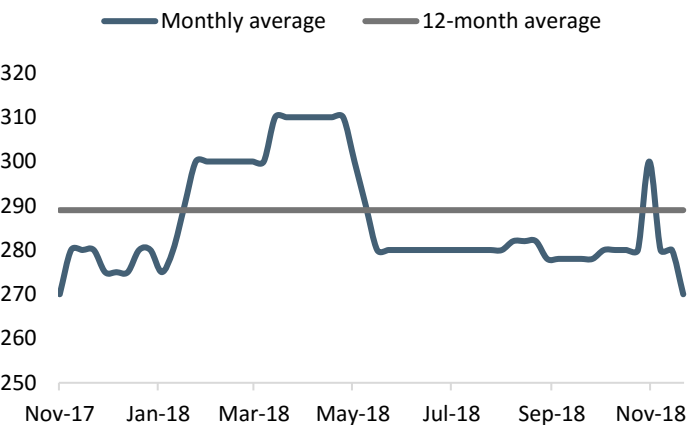


Milo – ₦ per 500g

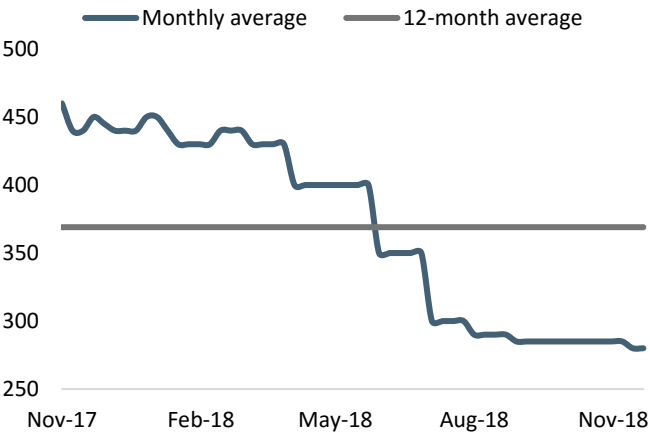


Consumer products

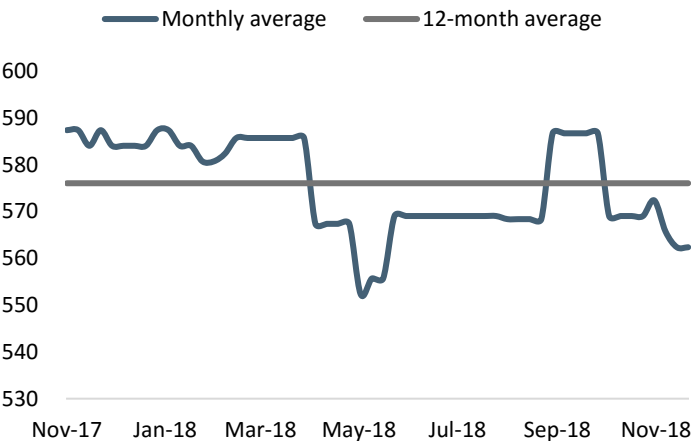
Close up – ₦ per 240g



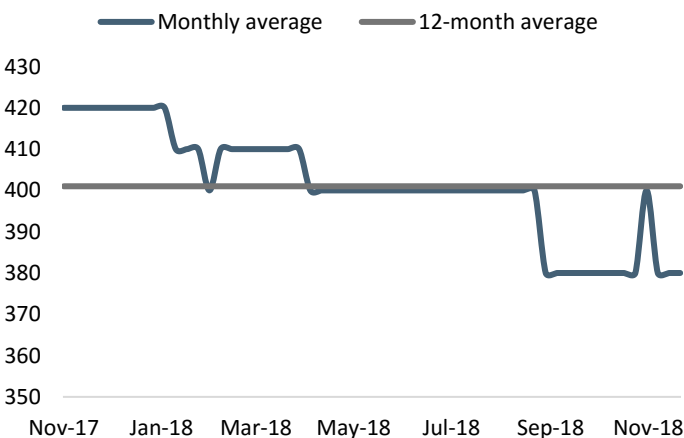
Blue band – ₦ per 250g



Maggi – ₦ per 100 cubes

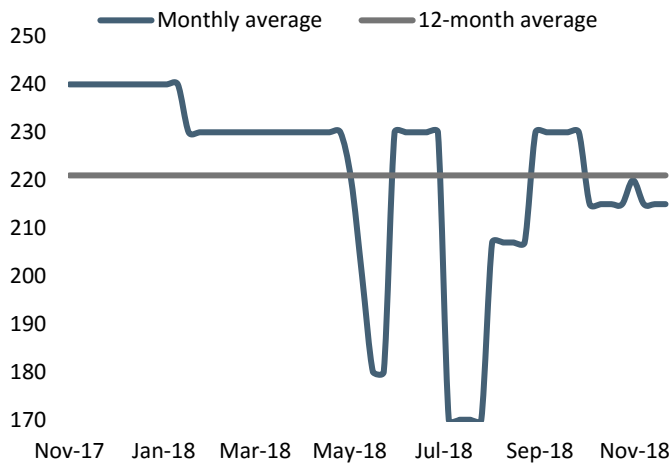


Omo – ₦ per 400g

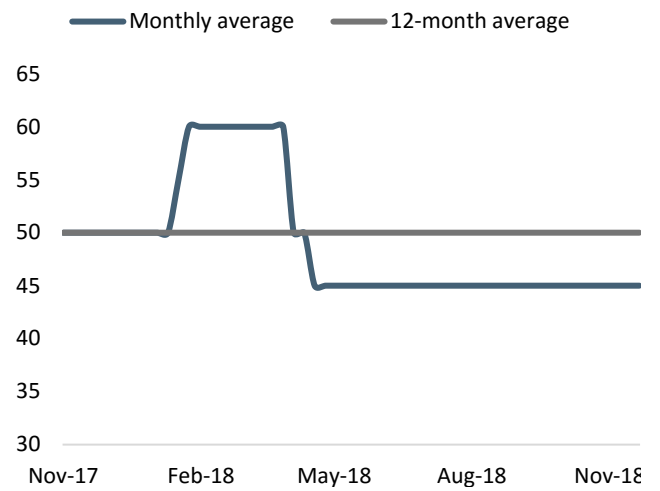


Retail price trends

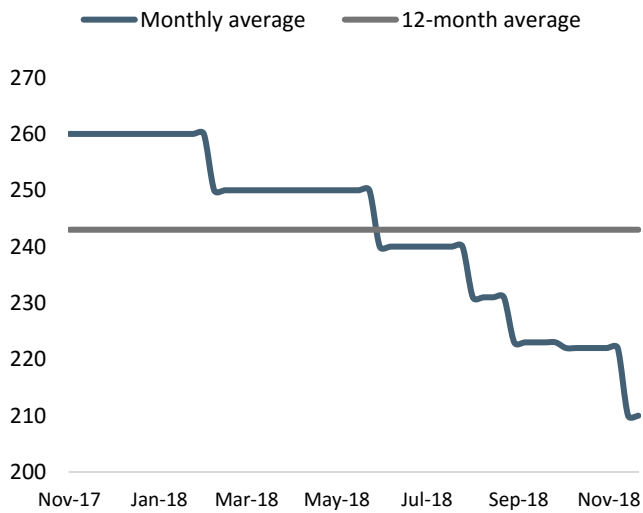
Lipton – ₦ per 25 tea bag



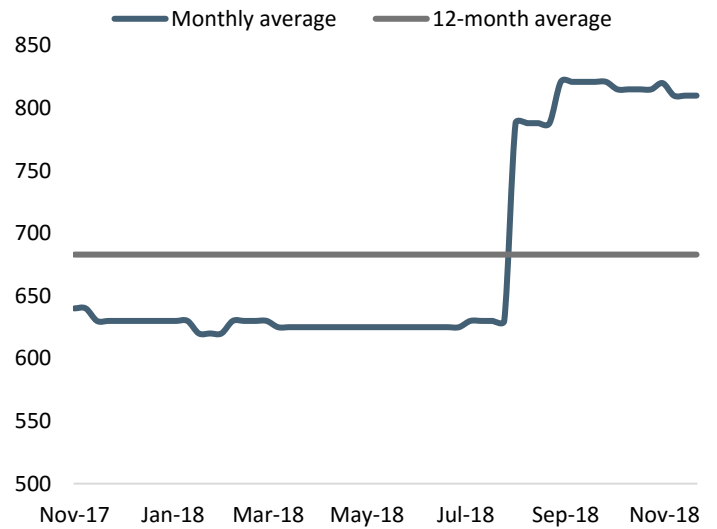
Dangote salt – ₦ per 250g



Dangote sugar – ₦ per 250g



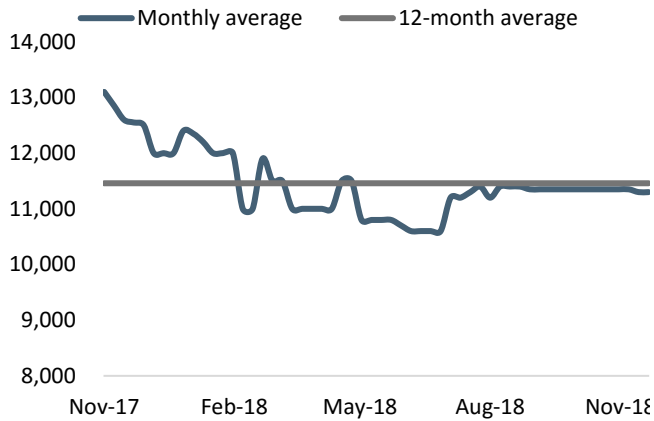
Dettol – ₦ per 70g



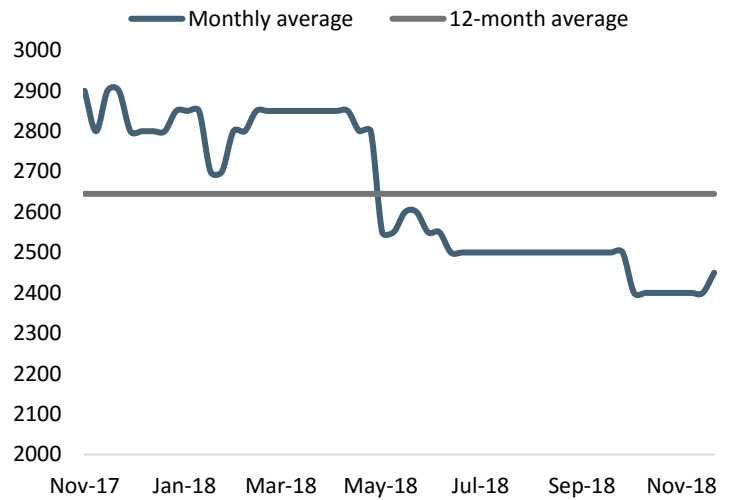
Retail price trends

Commodity products

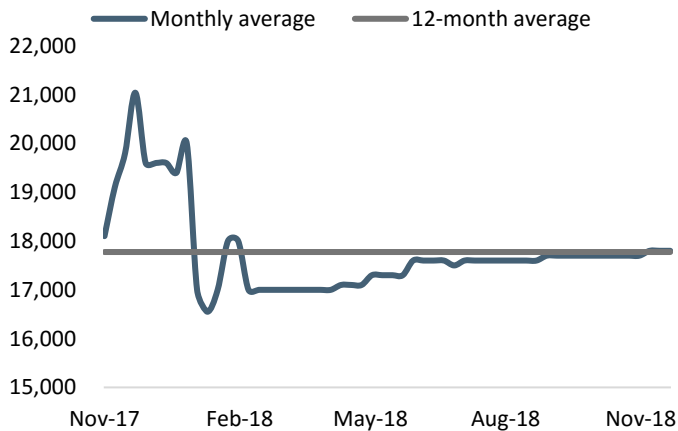
Crude palm oil – ₦ per 25kg gallon



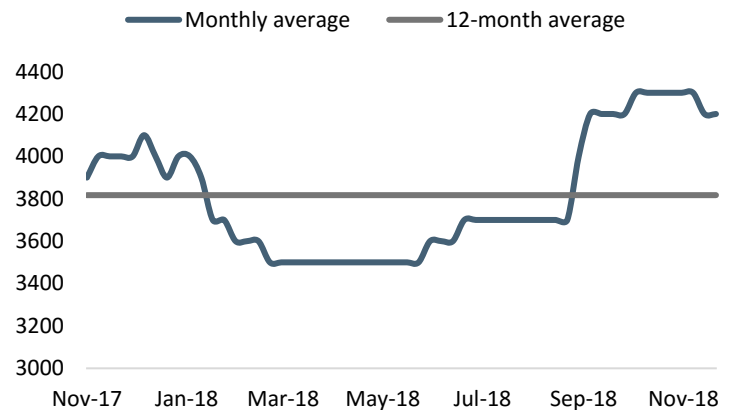
Cement – ₦ per 50kg bag



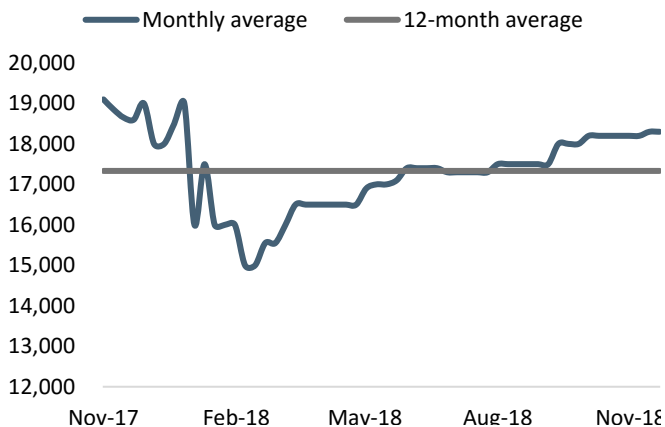
Vegetable oil – ₦ per 20kg gallon



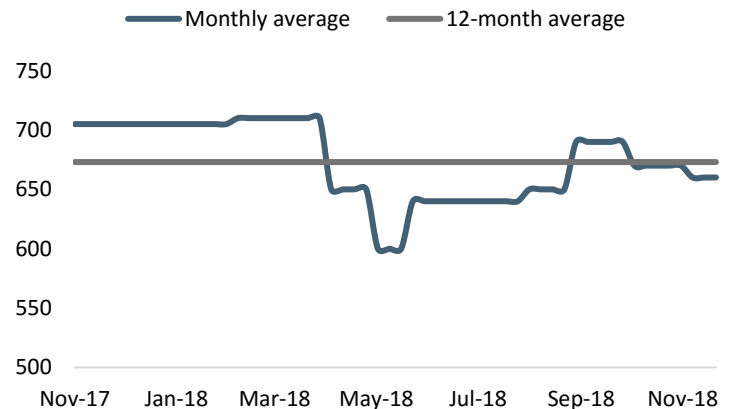
Cooking gas – ₦ per 12.5kg



Rice – ₦ per 50kg



Knorr – ₦ per 100 cubes



Valuation of Coverage companies

	FVE (₦)	Market Price (₦)	Upside (Downside)	Recommendation
Guinness	73.96	73	1.32%	NEUTRAL
Nigeria Breweries	76.58	80	-4.28%	SELL
Nestle	1287.54	1549	-16.88%	SELL
Flour mills	NA	20.2	NA	RESTRICTED
Unilever	50.98	38.9	31.05%	BUY
Dangote Sugar	17	13.5	25.93%	STRONG BUY
Dangote Cement	253.03	184	37.52%	STRONG BUY
Lafarge	18.07	12.5	44.56%	BUY
CCNN	16.96	16.5	2.79%	NEUTRAL
Forte Oil	34.35	18	90.83%	BUY
Conoil	40.18	22.5	78.58%	BUY
MRS	39.2	25.7	52.53%	BUY
Total	244.28	198	23.37%	STRONG BUY
Seplat	975.27	598.9	62.84%	STRONG BUY
Okomu	97.75	72	35.76%	STRONG BUY
Presco	67.47	62.15	8.56%	NEUTRAL

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