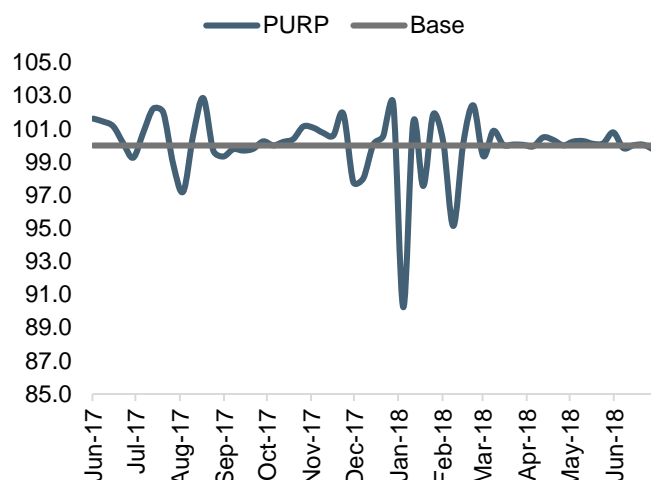


The PENTAD – Urban Retail Price Tracker

The PURP Index



Source: ARM Research

	Commodity	Consumer	Cement	Brewery	Gas
Weightings	30%	30%	10%	20%	10%
Price change (MoM)	1.1%	3.0%	1.3%	0.1%	1.4%
Standard deviation of prices	33	0	0	7	40
Broad sales volume direction	increasing	increasing	decreasing	flat to 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.

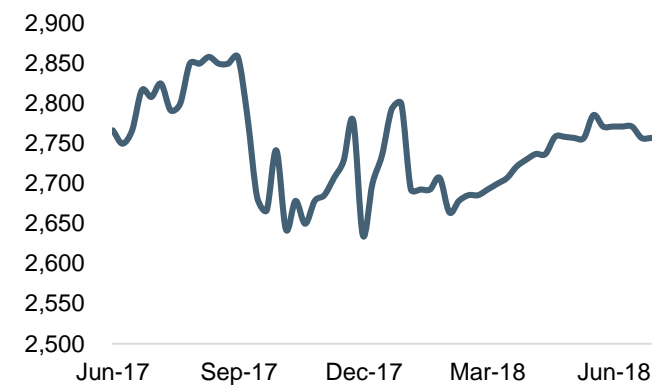
Across the sectors, price evolution is monitored on a weekly basis while we adopt 0.6%, 0.0%, and -0.6% as indicators for volume expansion from prior week, no change in volumes, and week on week output contraction (respectively) in a manner slightly akin to CBN's PMI methodology.

No respite, price pressure persists

- Our Urban Retail Price Tracker—the PURP index—logged an increase of 0.81% MoM to 105.7 pts in the month of June (vs 0.77% MoM in May). Despite declines in the consumer, brewery and cement space, price increases across the commodity and oil & gas basket, on the back of higher crude oil price and the Ramadan festival largely neutered the decline to cause an overall increase in average retail price. Across board, volumes were generally higher.
- Average prices in the **brewery sector** declined by **0.08% MoM** after three consecutive months of price increases. Notably, the price change reflected the intense competition for market share even as *Tiger beer*, *Castle Lite* and *Budweiser* began to gain momentum. *Star* (-0.77%) and *Gulder* (-0.77%) witnessed the largest price decline. On volumes, feedback from retailers revealed an increase in volumes during the month.
- The **commodities basket** increased **1.06% MoM** in June. Like previous months, *palm oil* -1.67% price was down reflecting increased supply of the commodity. Elsewhere, both *vegetable oil* and *rice* witnessed price increases of 1.62% MoM and 2.24% MoM respectively. Feedback from retailers linked the general increase in price of both vegetable oil and rice to the Ramadan festival which made it possible for retailers to raise prices.
- Retailers extended price discounts on products in the **consumer sector** on the back of the Ramadan festival. Overall prices declined 2.95% MoM. Amongst the products that witnessed decline in prices include *Golden Penny pasta* (-17.4%), *Milo* (-15.5%) and *Honeywell pasta* (-11.4%). Volumes were higher across board.
- Prices in the **oil & gas sector** expanded **1.36% MoM** with price of *lubricants* (+0.24%) and *cooking gas* (+4.0%) both tracking higher. Higher price across both products reflects higher crude oil price.
- The **cement sector** saw price declines (**-1.3% MoM**) in the month of June. On volumes, retailers noted lower sales volume on the back of higher rainfall in the month.

Retail price sub-index

Brewery Sector



Source: ARM Research

Consumer Sector



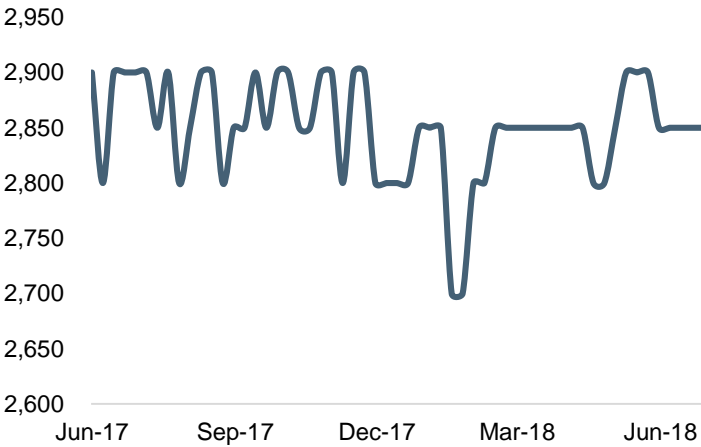
Source: ARM Research

Commodity Sector



Source: ARM Research

Cement Sector



Source: ARM Research

Oil & Gas Sector



Source: ARM Research

Retail price trends

Breweries

	Jun-18	May-18	Apr-18	Q4 17	Q1 18	Q2 18
Star (₹/crate)	2580	2600	2600	2515	2542	2592
<i>MoM/QoQ change</i>	-0.77%	0.78%	2.46%	2.67%	1.07%	1.97%
Gulder (₹/crate)	2580	2600	2550	2492	2500	2577
<i>MoM/QoQ change</i>	-0.77%	1.96%	0.79%	0.00%	0.31%	3.08%
Malta Guinness (₹/crate)	2800	2850	2837.5	2827	2804	2827
<i>MoM/QoQ change</i>	-1.75%	1.79%	1.34%	-0.06%	-0.82%	0.82%
Goldberg (₹/crate)	2300	2300	2275	2354	2269	2292
<i>MoM/QoQ change</i>	0.00%	0.00%	-1.09%	-0.74%	-3.59%	1.02%
Satzenbrau (₹/crate)	2400	2375	2363	2362	2338	2381
<i>MoM/QoQ change</i>	1.05%	-1.04%	-0.74%	-1.89%	-0.98%	1.81%
Guinness (₹/crate)	4400	4350	4360	4304	4320	4372
<i>MoM/QoQ change</i>	1.15%	-0.23%	1.11%	1.18%	0.38%	1.21%
Trophy (₹/crate)	2300	2300	2250	2108	2100	2279
<i>MoM/QoQ change</i>	0.00%	2.22%	4.17%		-0.36%	8.50%

Consumers

	Jun-18	May-18	Apr-18	Q4 17	Q1 18	Q2 18
Close up (₹/160g)	280	288	306	272	302	292
<i>MoM/QoQ change</i>	-2.61%	-6.05%	6.43%	-2.64%	10.99%	-3.41%
Maggi (₹/400g)	540	537.5	525	524	518	535
<i>MoM/QoQ change</i>	0.47%	2.38%	0.96%	0.00%	-1.03%	3.12%
Milo (₹/500g)	750	887.5	1070	1196	1109	858
<i>MoM/QoQ change</i>	-15.49%	-17.06%	-2.73%	8.06%	-7.30%	-22.67%
Blueband (₹/250g)	350	400	400	443	435	381
<i>MoM/QoQ change</i>	-12.50%	0.00%	-7.41%	0.00%	-1.99%	-12.39%
Omo (₹/400g)	400	400	400	416	410	400
<i>MoM/QoQ change</i>	0.0%	0.00%	0.00%	4.04%	-1.48%	-2.44%
Lipton (₹/100 tea bags)	230	195	230	239	232	219
<i>MoM/QoQ change</i>	17.95%	-15.22%	0.00%	-0.62%	-3.22%	-5.32%
Dangote Salt (₹/250g)	45	45	47.5	50	58	46
<i>MoM/QoQ change</i>	0.00%	-5.26%	-20.83%	0.00%	16.15%	-21.19%
Dangote Sugar (₹/500g)	240	250	250	260	253	246
<i>MoM/QoQ change</i>	-4.00%	0.00%	0.00%	0.00%	-2.80%	-2.60%
Dettol (₹/70g - pack of 6)	630	630	625	630	626	628
<i>MoM/QoQ change</i>	0.00%	0.80%	-0.16%	3.16%	-0.61%	0.37%
Goldenmorn (₹/500g)	750	740	700		674	732
<i>MoM/QoQ change</i>	1.35%	5.71%	2.94%			8.56%
Golden penny sugar (₹/500g)	240	240	300		299	245

	Jun-18	May-18	Apr-18	Q4 17	Q1 18	Q2 18
<i>MoM/QoQ change</i>	0.00%	-20.00%	0.00%			-17.89%
Knorr (₹/400g)	640	610	650		708	634
<i>MoM/QoQ change</i>	4.92%	-6.15%	-8.45%			-10.48%
Golden penny pasta (₹/500g)	190	220	199		258	245
<i>MoM/QoQ change</i>	-13.64%	10.55%	-23.46%			-4.78%
Honey well pasta (₹/500g)	195	220	195		213	203
<i>MoM/QoQ change</i>	-7.14%	12.82%	-11.36%			-5.05%
Dangote pasta (₹/500g)	220	205	180		219	203
<i>MoM/QoQ change</i>	7.32%	13.89%	-18.55%			-7.37%
Golden penny noodles (₹/70g)	45	45	45		50	45
<i>MoM/QoQ change</i>	0.00%	0.00%	-10.00%			-10.00%
Indomie noodles (₹/70g)	50	50	50		55	50
<i>MoM/QoQ change</i>	0.00%	0.00%	-9.09%			-9.09%
Honeywell noodles (₹/70g)	45	45	45		45	45
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%			0.00%

Commodities

	Jun-18	May-18	Apr-18	Q4 17	Q1 18	Q2 18
Crude palm oil (₹/25kg)	10620	10800	10900	12550	11573	10762
<i>MoM/QoQ change</i>	-1.67%	-0.92%	-2.68%	6.13%	-7.78%	-7.01%
Vegetable oil (₹/25kg)	17580	17300	17275	18895	17119	17400
<i>MoM/QoQ change</i>	1.62%	0.14%	1.62%	11.74%	-9.40%	1.64%
Rice (₹/50kg bag)	17400	17000	16650	18692	16008	17038
<i>MoM/QoQ change</i>	2.35%	2.10%	2.71%	-2.97%	-14.36%	6.44%

Cement (₹/50kg)

	Jun-18	May-18	Apr-18	Q4 17	Q1 18	Q2 18
	2850	2887.5	2825	2850	2819	2854
<i>MoM/QoQ change</i>	-1.30%	2.21%	-0.88%	-0.62%	-1.08%	1.23%

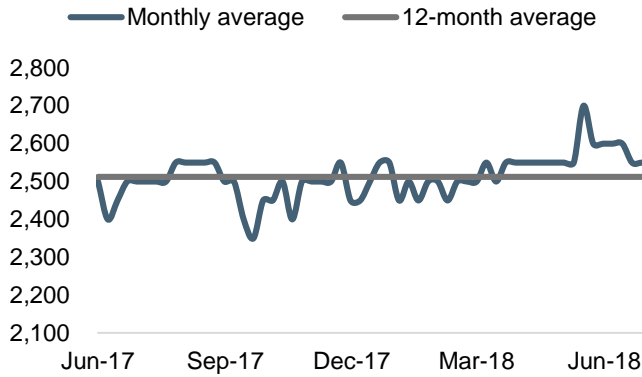
Oil & Gas

	Jun-18	May-18	Apr-18	Q4 17	Q1 18	Q2 18
Cooking gas (₹/12.5kg)	3640	3500	3500	4000	3623	3554
<i>MoM/QoQ change</i>	4.00%	0.00%	0.00%	-11.11%	-9.42%	-1.91%
Lubricants (₹/4L)	5980	5900	5800			
<i>MoM/QoQ change</i>	1.36%	1.72%	-28.22%			

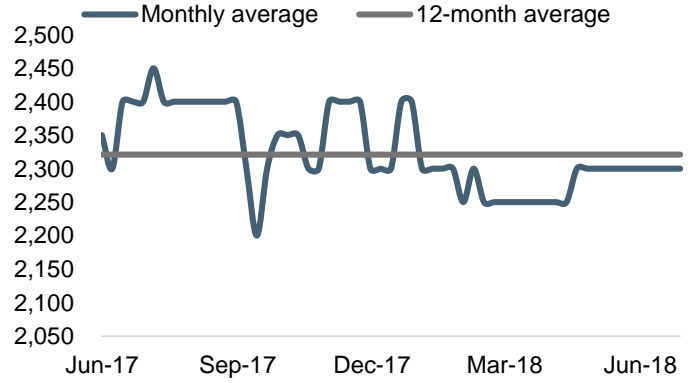
Retail price trends

Brewery products

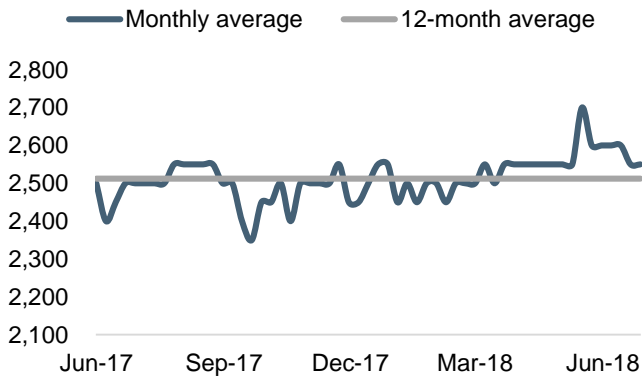
Star – ₦ per crate



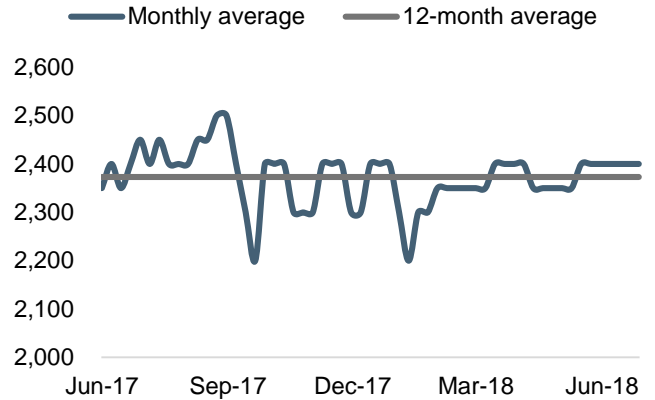
Goldberg – ₦ per crate



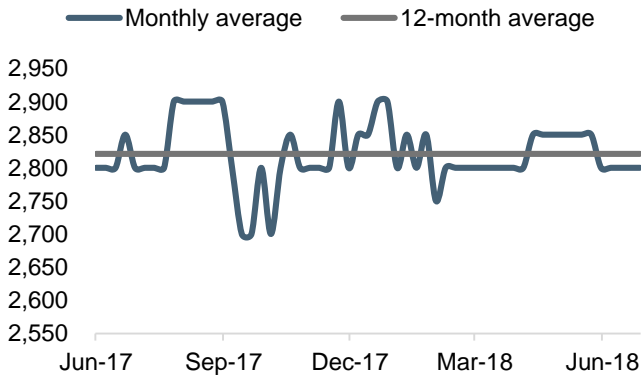
Gulder – ₦ per crate



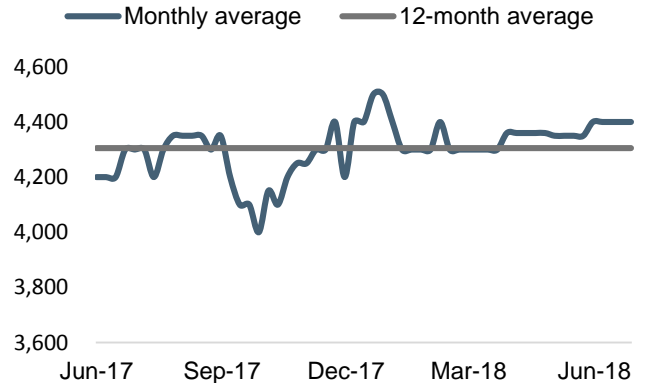
Satzenbrau – ₦ per crate



Malta Guinness – ₦ per crate

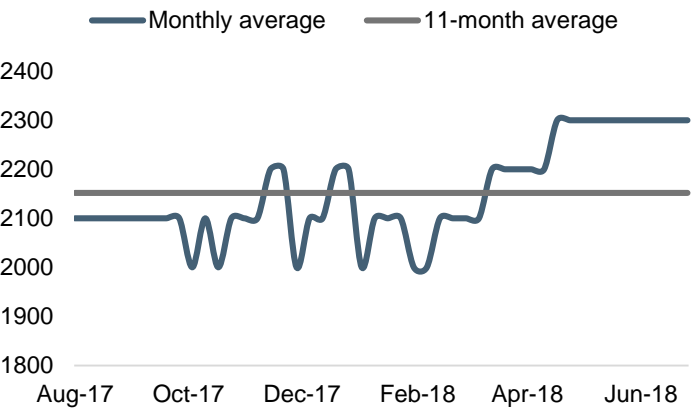


Guinness – ₦ per crate

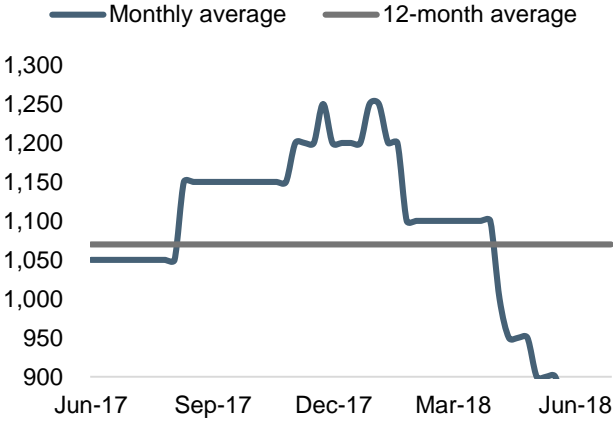


Retail price trends

Trophy – ₦ per crate

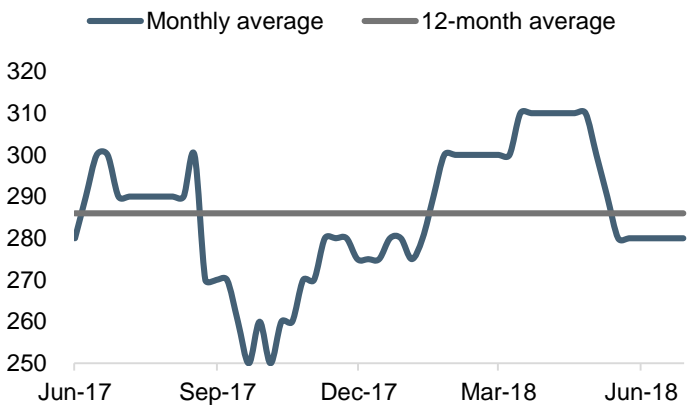


Milo – ₦ per 500g

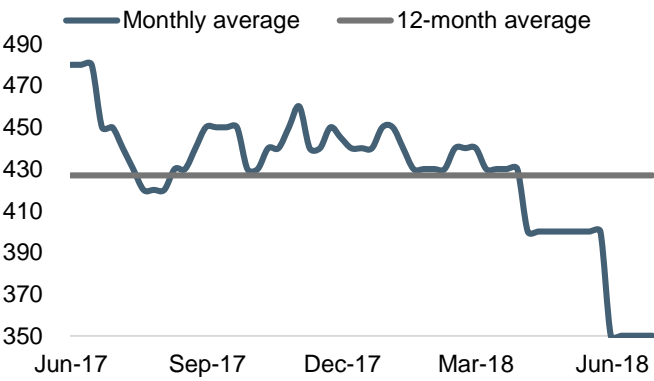


Consumer products

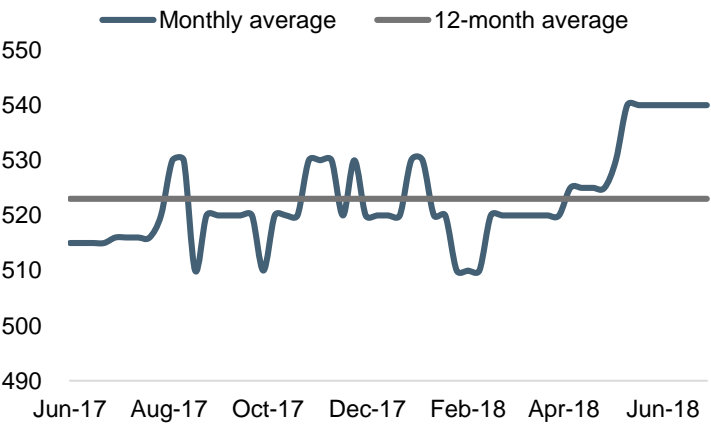
Close up – ₦ per 240g



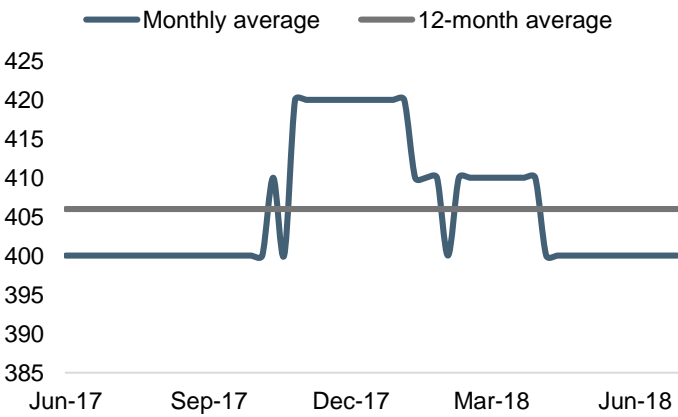
Blue band – ₦ per 250g



Maggi – ₦ per 100 cubes

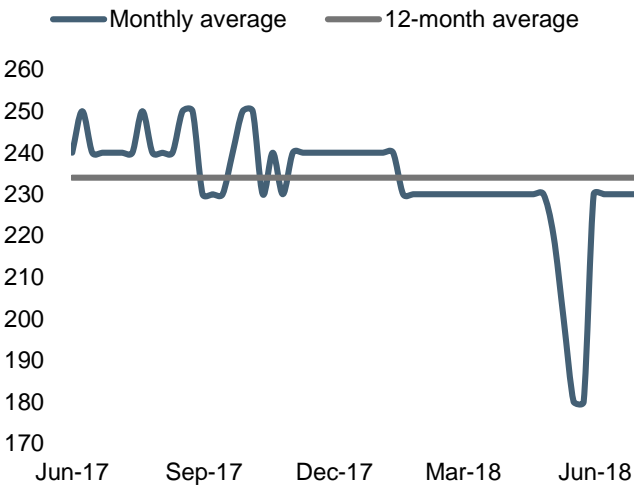


Omo – ₦ per 400g

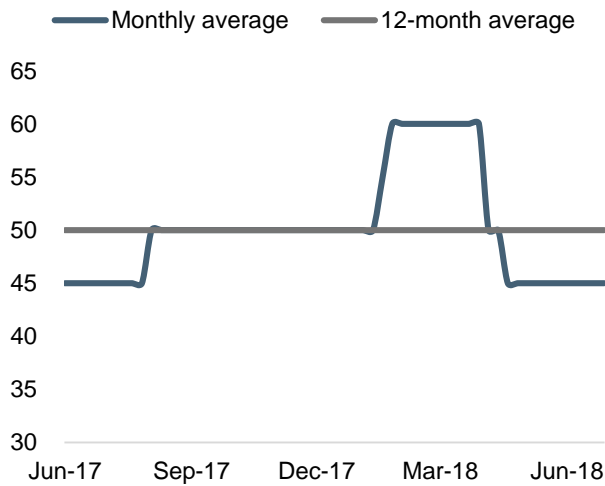


Retail price trends

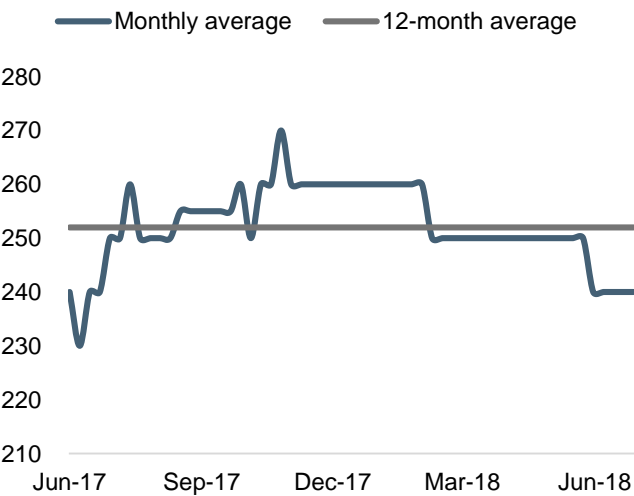
Lipton – ₦ per 25 tea bag



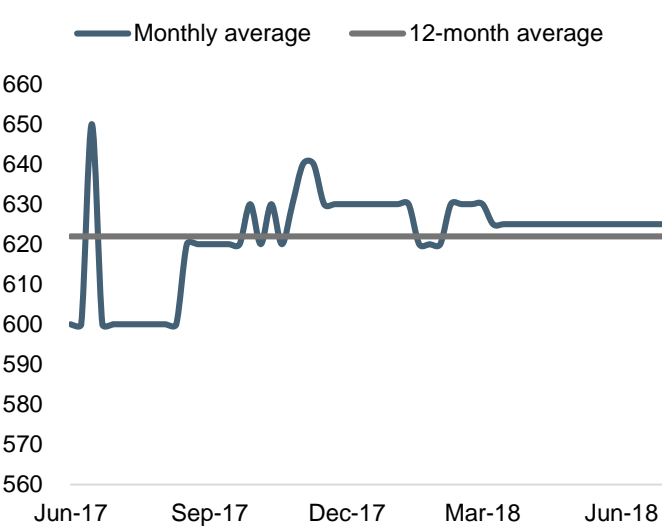
Dangote salt – ₦ per 250g



Dangote sugar – ₦ per 250g



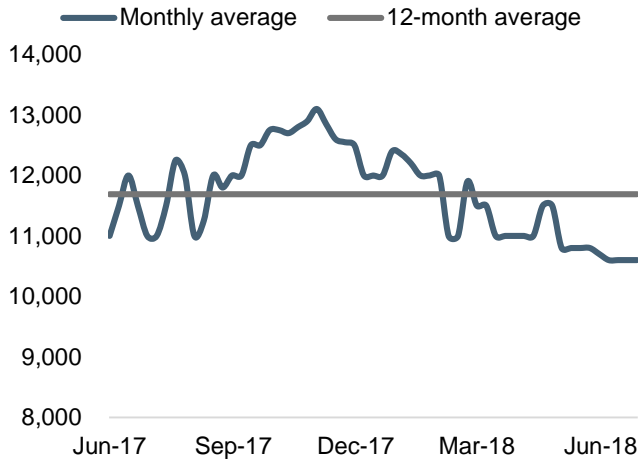
Dettol – ₦ per 70g



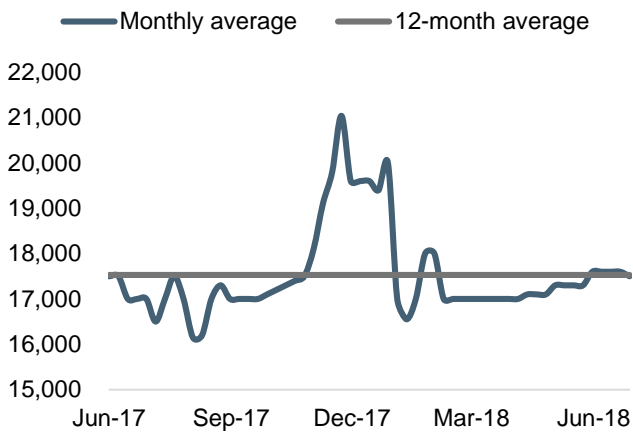
Retail price trends

Commodity products

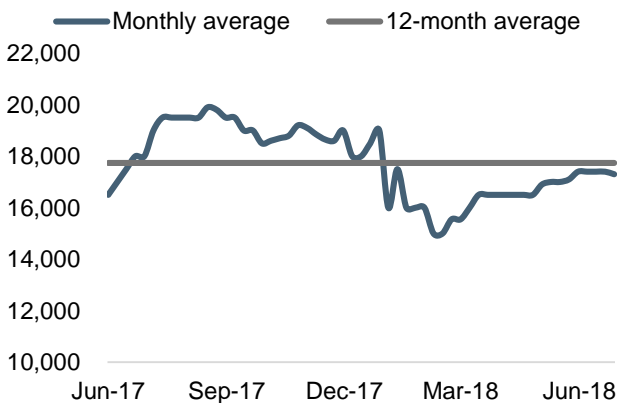
Crude palm oil – ₦ per 25kg gallon



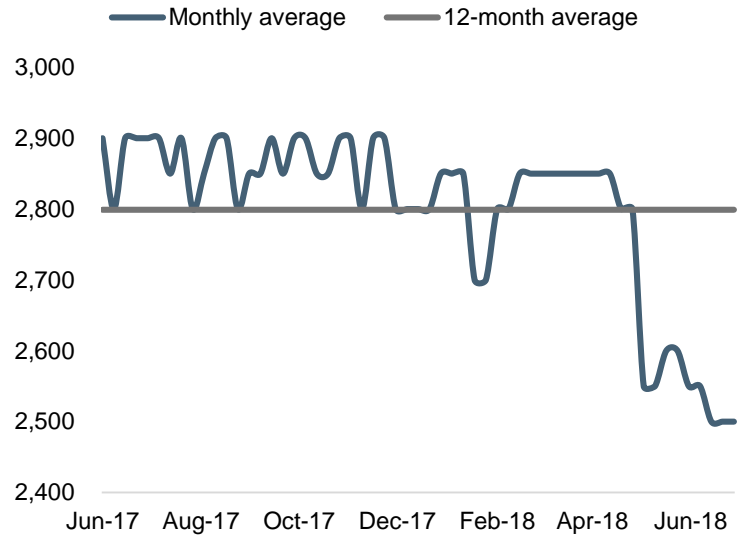
Vegetable oil – ₦ per 20kg gallon



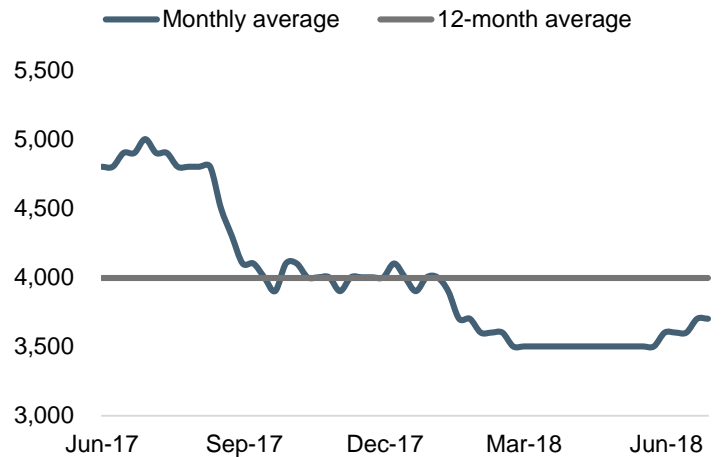
Rice – ₦ per 50kg



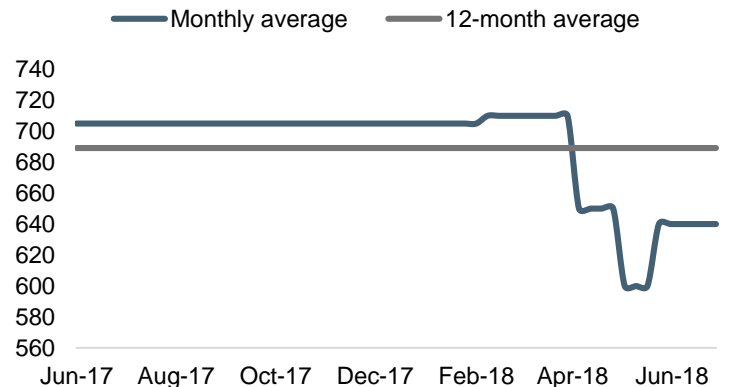
Cement – ₦ per 50kg bag



Cooking gas – ₦ per 12.5kg



Knorr – ₦ per 100 cubes



Valuation of Coverage companies

	FVE (₦)	Market Price (₦)	Upside (Downside)	Recommendation
Guinness	88.21	97.0	-9.06%	SELL
Nigeria Breweries	118.68	113.0	5.03%	NEUTRAL
Nestle	1008.97	1500.0	-32.74%	SELL
Flour mills	-	31.0	-	RESTRICTED
Cadbury*	-	12.3	-	-
Unilever	36.21	51.25	-29.35%	SELL
Dangote Sugar	20.23	19.0	6.47%	NEUTRAL
Dangote Cement	253.39	228.0	11.14%	OVERWEIGHT
Lafarge	26.09	39.0	-33.10%	SELL
CCNN	32.68	24.3	34.49%	BUY
Forte Oil	59.0	26.6	125.91%	BUY
Conoil	40.18	27.5	46.11%	BUY
MRS	38.07	28.55	33.35%	BUY
Total	206.67	210.0	-1.59%	SELL
Seplat	957.27	650.0	47.27%	STRONG BUY
Okomu	102.33	92.0	11.23%	NEUTRAL
Presco	70.44	75.1	-6.21%	SELL