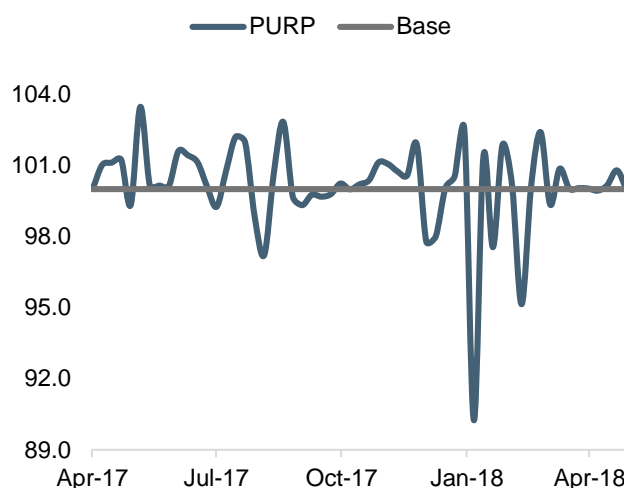


The PENTAD – Urban Retail Price Tracker

Price pressure brew up

The PURP Index



Source: ARM Research

	Commodity	Consumer	Cement	Brewery	Gas
Weightings	30%	30%	10%	20%	10%
Price change (MoM)	0.8%	-5.3%	-0.9%	1.4%	0.3%
Standard deviation of prices	68	3	25	11	0
Broad sales volume direction	increasing	flat	flat to increasing	flat to increasing	flat

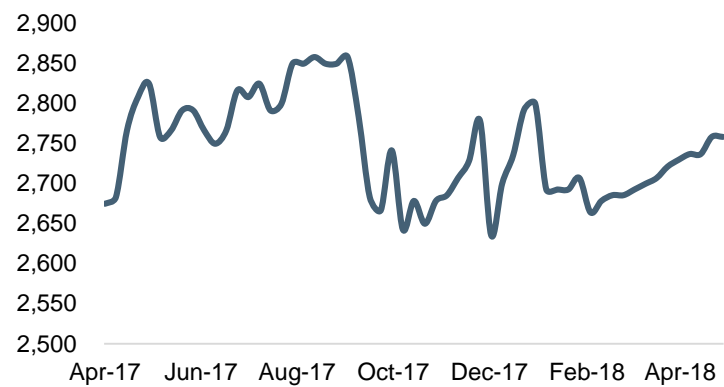
To determine how retail prices have moved on average, we fashioned out a Pentad Urban Retail Price Index (PURP) which adopts April 1st to April 8th as a base period. The PURP index accords 30% weightings apiece to consumer and commodities prices, 20% weighting to the brewery basket with a further 20%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

- Our Urban Retail Price Tracker—the PURP index—logged an increase of 0.70% MoM to 104.9 pts in the month of April (vs 0.66% MoM in March). Our survey indicates that most distributors of commodity and brewery products raised prices on expectations of higher transport cost. However, the consumer products recorded a relatively steep decline in prices.
- The **brewery sector** held on to its upward trend with prices up **1.39% MoM**. Notably, *Trophy* (4.17%) witnessed the largest increase in price for the second consecutive month. Feedback from retailers indicates solid demand for the product, and in our view, the company leveraged on this to increase margins. Likewise, prices of premium brands under our coverage expanded, albeit modestly. On volumes, feedback from retailers revealed a higher volume during the month.
- The **commodities basket** increased **0.77% MoM** in April. Prices were higher across board save for *palm oil* -2.68%. Over the period, both *vegetable oil* and *rice* witnessed price increases of **1.62% MoM** and **2.71% MoM** respectively. For *palm oil*, feedback pointed towards stability in prices around ₦10,500 to ₦11,000 per 25 liters from a high of ₦13,000 at the start of the year. Elsewhere, feedback from retailers linked the general increase in price of both vegetable oil and rice to expectations of higher transportation cost in the coming weeks.
- The **consumer sector** saw a sector wide decrease in prices with an overall decline of **5.31%**. Particularly, price of pastas witnessed the largest decline in price. On volumes, feedback from retailers revealed volumes were largely flat in the month.
- Prices in the **oil & gas sector** expanded moderately by **0.25% MoM** in April. Notably, prices of *lubricants* expanded 0.25% MoM while price of *cooking gas* was flat MoM.
- The **cement sector** reversed its upward trend with prices down by **0.88% MoM**. On volumes, retailers noted a higher sales volume compared to the previous month. Findings also revealed average retailers' margin was flat.

Retail price sub-index

Brewery Sector



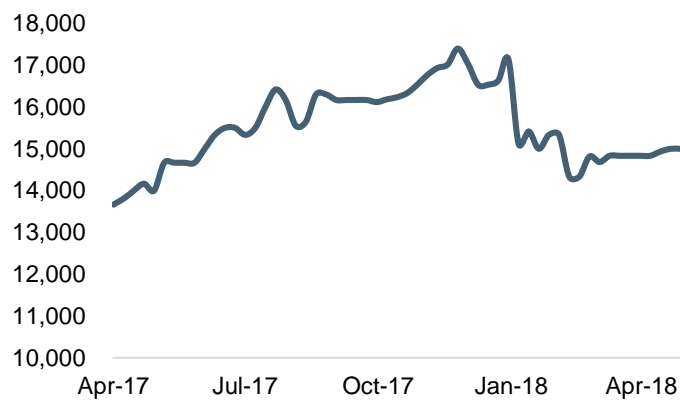
Source: ARM Research

Consumer Sector



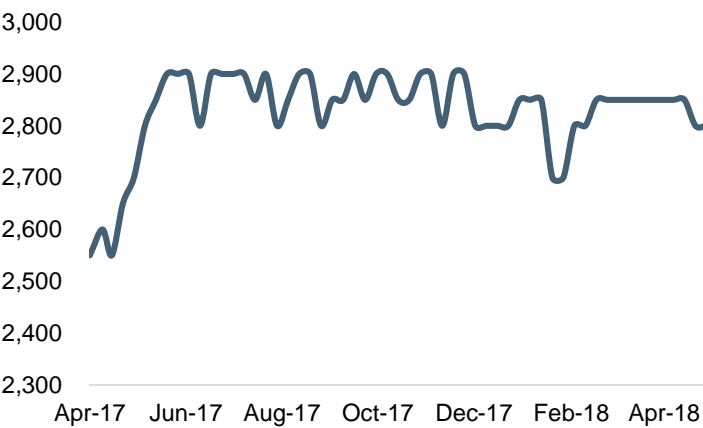
Source: ARM Research

Commodity Sector



Source: ARM Research

Cement Sector



Source: ARM Research

Oil & Gas Sector



Source: ARM Research

Retail prices trends

Breweries

	Feb-18	Mar-18	Apr-18	Q3 17	Q4 17	Q1 18
Star (₦/crate)	2488	2540	2600	2450	2515	2542
<i>MoM/QoQ change</i>	-4.31%	2.09%	2.36%		2.65%	1.07%
Gulder (₦/crate)	2488	2530	2550	2412	2496	2500
<i>MoM/QoQ change</i>	0.53%	1.69%	0.79%		3.48%	0.16%
Malta Guinness (₦/crate)	2788	2800	2838	2829	2827	2804
<i>MoM/QoQ change</i>	-1.31%	0.43%	1.36%		-0.07%	-0.81%
Goldberg (₦/crate)	2263	2250	2275	2371	2354	2269
<i>MoM/QoQ change</i>	-1.61%	-0.57%	1.11%		-0.72%	-3.61%
Satzenbrau (₦/crate)	2350	2380	2363	2407	2362	2338
<i>MoM/QoQ change</i>	3.30%	1.28%	-0.71%		-1.87%	-1.02%
Guinness (₦/crate)	4325	4312	4360	4254	4304	4320
<i>MoM/QoQ change</i>	0.00%	-0.30%	1.11%		1.18%	0.37%
Trophy (₦/crate)	2050	2160	2250		2107	2095
<i>MoM/QoQ change</i>	-1.20%	5.37%	4.17%			-0.57%

Consumers

	Feb-18	Mar-18	Apr-18	Q3 17	Q4 17	Q1 18
Close up (₦/160g)	300	306	310	279	272	298
<i>MoM/QoQ change</i>	4.90%	2.00%	1.31%		-2.51%	9.56%
Maggi (₦/400g)	515	520	525	519	524	518
<i>MoM/QoQ change</i>	-0.96%	0.97%	0.96%		0.96%	-1.15%
Milo (₦/500g)	1100	1100	963	1107	1192	1127
<i>MoM/QoQ change</i>	-7.41%	0.00%	-12.45%		7.68%	-5.45%
Blueband (₦/250g)	435	432	400	436	443	435
<i>MoM/QoQ change</i>	-0.68%	-0.69%	-7.41%		1.61%	-1.81%
Omo (₦/400g)	407.5	410	400	400	416	410
<i>MoM/QoQ change</i>	-1.2%	0.61%	-2.44%		4.00%	-1.44%
Lipton (₦/100 tea bags)	230	230	230	241	239	231.5
<i>MoM/QoQ change</i>	-2.13%	0.00%	0.00%		-0.83%	-3.14%
Dangote Salt (₦/250g)	60	60	47.5	48	50	58
<i>MoM/QoQ change</i>	11.63%	0.00%	-20.83%		4.17%	16.00%
Dangote Sugar (₦/500g)	252.5	250	250	254	260	254
<i>MoM/QoQ change</i>	-2.88%	-0.99%	0.00%		2.36%	-2.31%
Dettol (₦/70g - pack of 6)	627.5	626	625	611	630	626
<i>MoM/QoQ change</i>	0.40%	-0.24%	-0.16%		3.11%	-0.63%
Goldenmorn (₦/500g)	677.5	680	700			
<i>MoM/QoQ change</i>	2.26%	0.37%	2.94%			
Golden penny sugar (₦/500g)	300	300	257.5			

	Feb-18	Mar-18	Apr-18	Q3 17	Q4 17	Q1 18
<i>MoM/QoQ change</i>	1.27%	0.00%	-14.17%			
Knorr (₹/400g)	708.5	710	650			
<i>MoM/QoQ change</i>	0.50%	0.21%	-8.45%			
Golden penny pasta (₹/500g)	260	260	230			
<i>MoM/QoQ change</i>	2.97%	0.00%	-11.54%			
Honey well pasta (₹/500g)	213.75	216	220			
<i>MoM/QoQ change</i>	1.79%	1.05%	1.85%			
Dangote pasta (₹/500g)	220	221	180			
<i>MoM/QoQ change</i>	1.73%	0.45%	-18.55%			
Golden penny noodles (₹/70g)	50	50	45			
<i>MoM/QoQ change</i>	0.00%	0.00%	-10.00%			
Indomie noodles (₹/70g)	55	55	50			
<i>MoM/QoQ change</i>	0.00%	0.00%	-9.09%			
Honeywell noodles (₹/70g)	45	45	45			
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%			

	Feb-18	Mar-18	Apr-18	Q3 17	Q4 17	Q1 18
Commodities						
Crude palm oil (₹/25kg)	11475	11200	10900	11825	12550	11573
<i>MoM/QoQ change</i>	-5.46%	-2.40%	-2.68%		6.13%	-7.78%
Vegetable oil (₹/25kg)	17250	17000	17275	16911	18895	17119
<i>MoM/QoQ change</i>	0.65%	-1.45%	1.62%		11.73%	-9.40%
Rice (₹/50kg bag)	15388	16210	16650	16269	19264	16008
<i>MoM/QoQ change</i>	-6.03%	5.34%	2.71%		18.41%	-16.90%

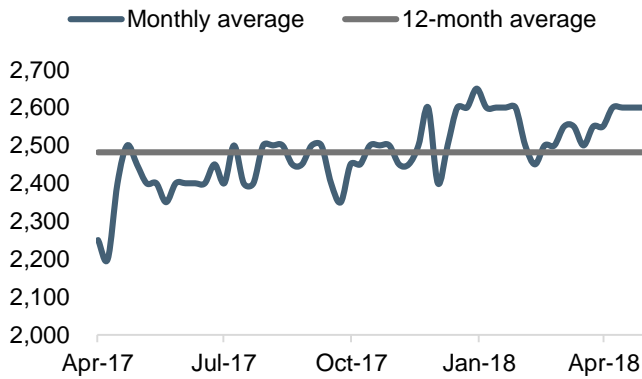
	Feb-18	Mar-18	Apr-18	Q3 17	Q4 17	Q1 18
Cement (₹/50kg)	2825	2850	2825	2868	2850	2819
<i>MoM/QoQ change</i>	1.80%	0.88%	-0.88%		-0.63%	-1.09%

	Feb-18	Mar-18	Apr-18	Q3 17	Q4 17	Q1 18
Cooking gas (₹/12.5kg)	3575	3500	3500	4500	4000	3623
<i>MoM/QoQ change</i>	-6.54%	-2.10%	0.00%		-11.11%	-9.42%
Lubricants (₹/4L)	8000	8080	8100			
<i>MoM/QoQ change</i>	5.96%	1.00%	0.25%			

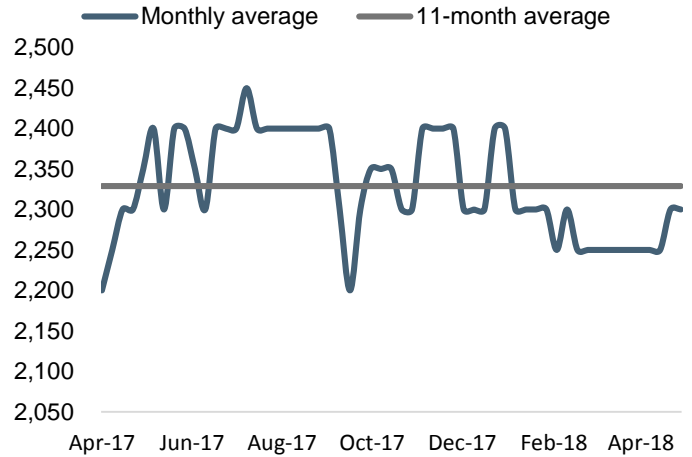
Retail prices trends

Brewery products

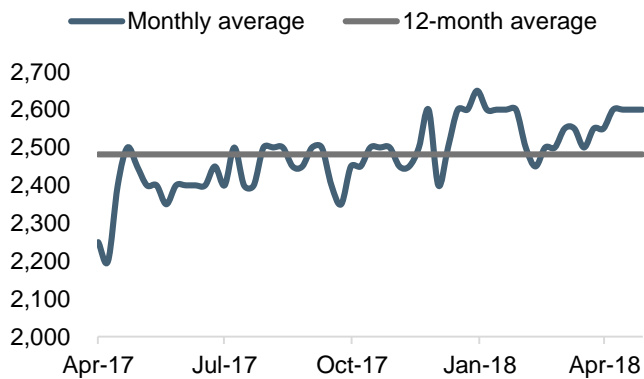
Star – ₦ per crate



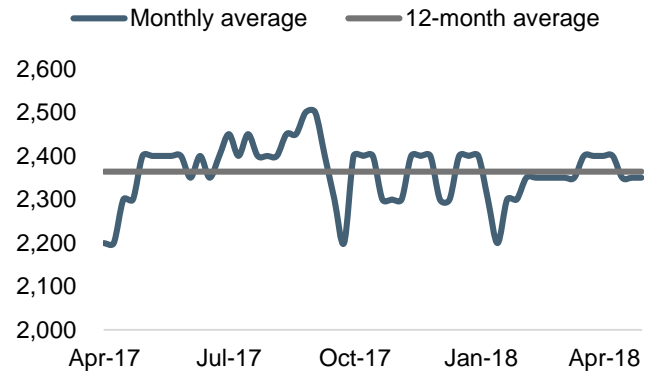
Goldberg – ₦ per crate



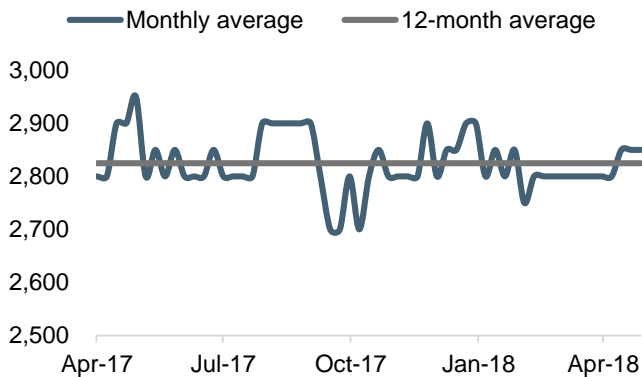
Gulder – ₦ per crate



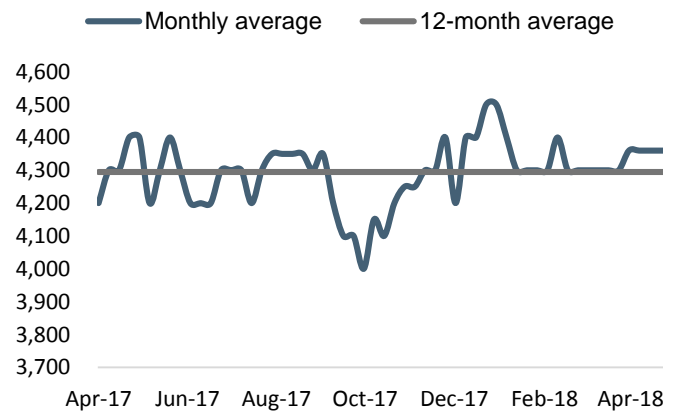
Satzenbrau – ₦ per crate



Malta Guinness – ₦ per crate

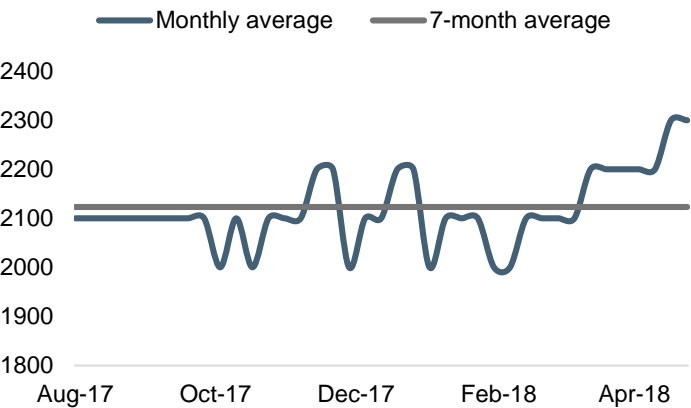


Guinness – ₦ per crate

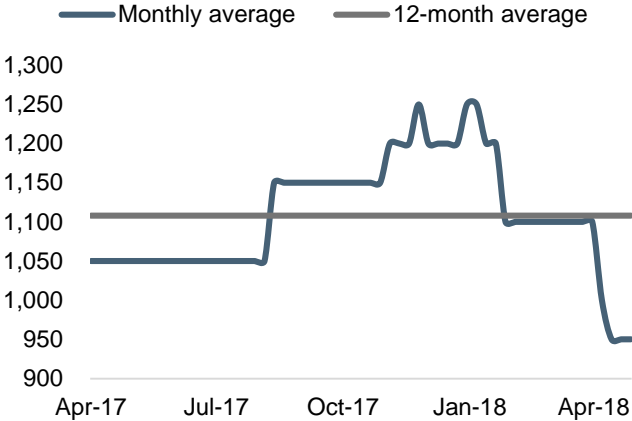


Retail prices trends

Trophy – ₦ per crate

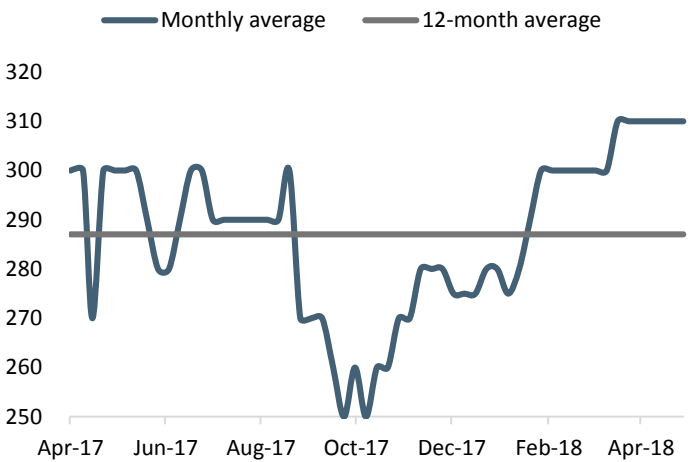


Milo – ₦ per 500g

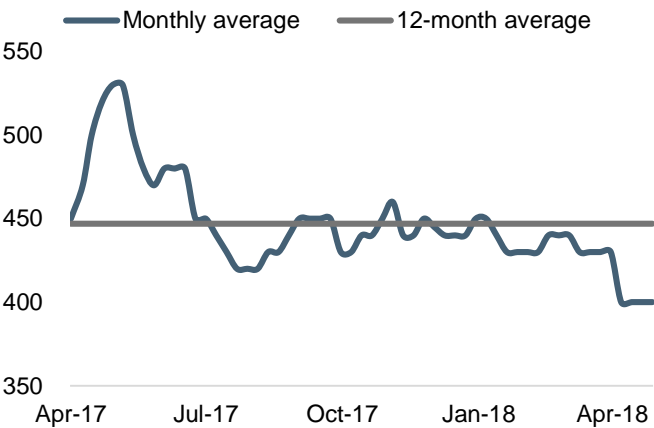


Consumer products

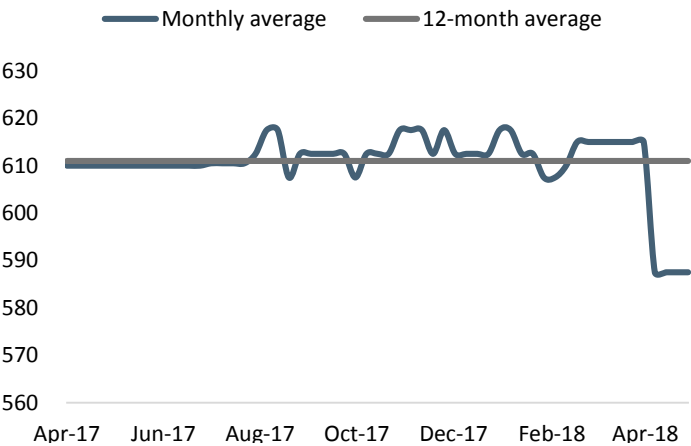
Close up – ₦ per 240g



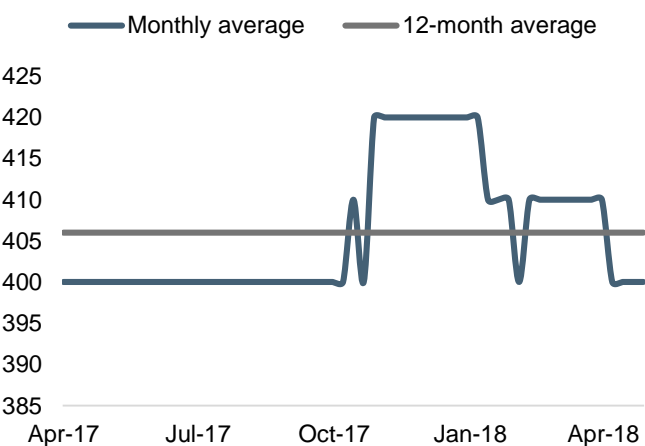
Blue band – ₦ per 250g



Seasonings – ₦ per 400g

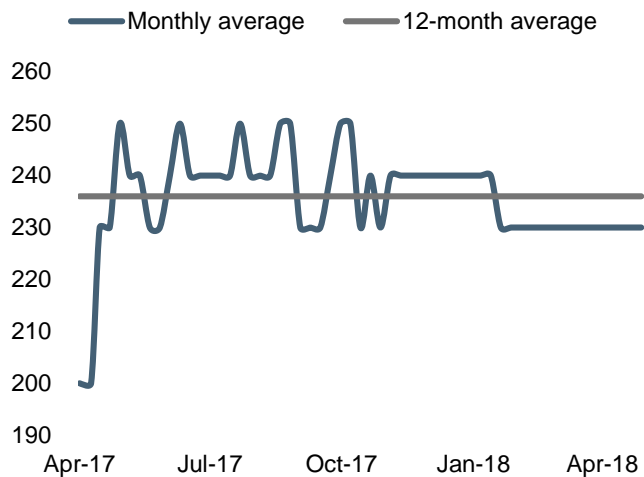


Omo – ₦ per 400g

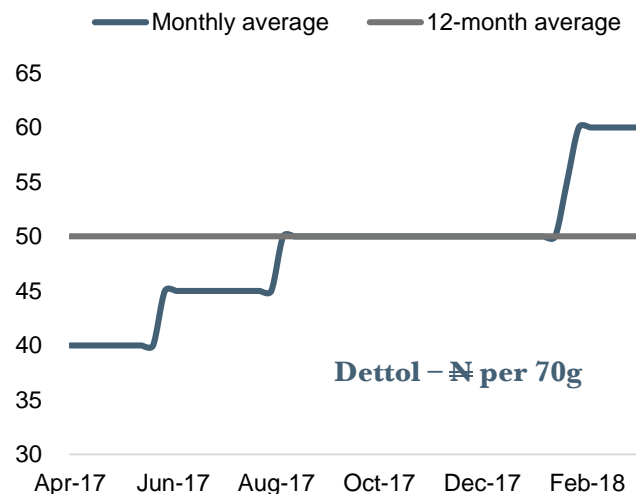


Retail prices trends

Lipton – ₦ per 25 tea bag

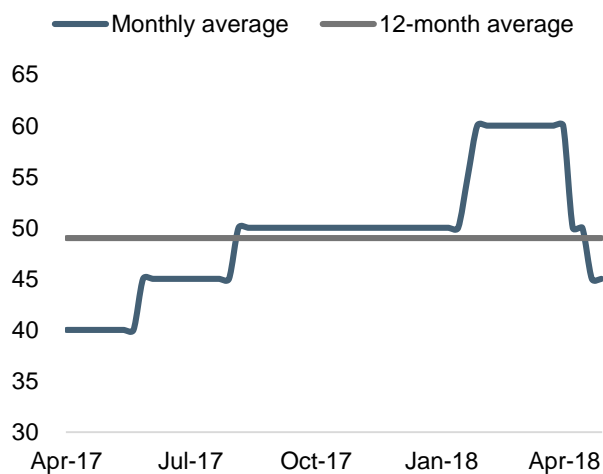


Dangote salt – ₦ per 250g

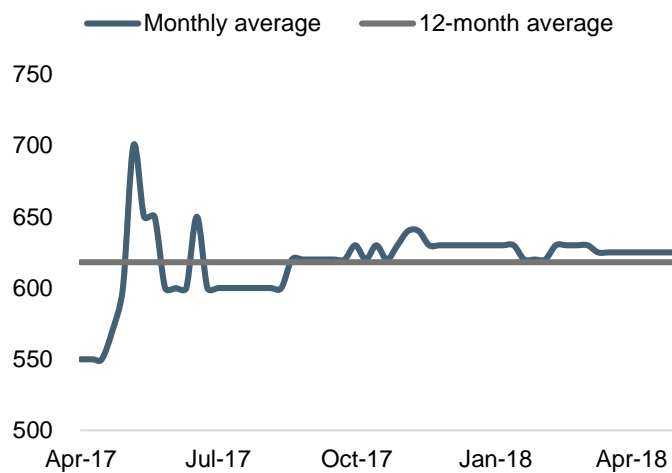


Dettol – ₦ per 70g

Dangote sugar – ₦ per 250g



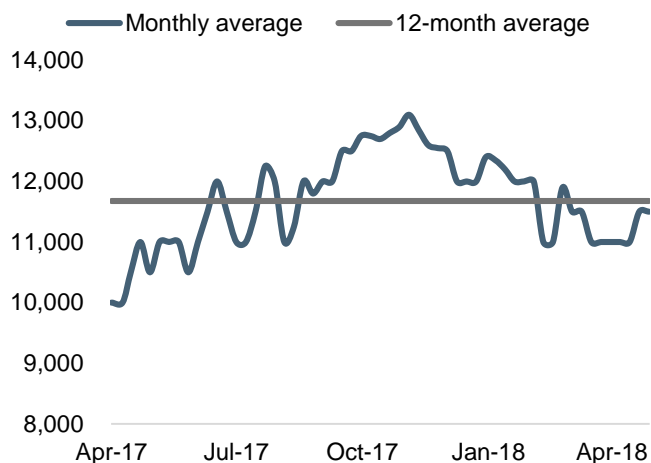
Dettol – ₦ per 70g



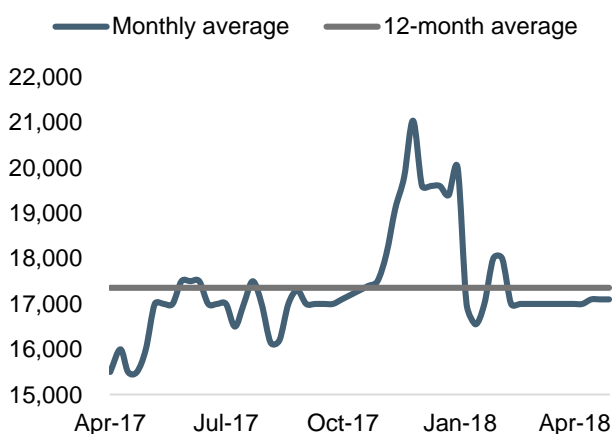
Retail prices trends

Commodity products

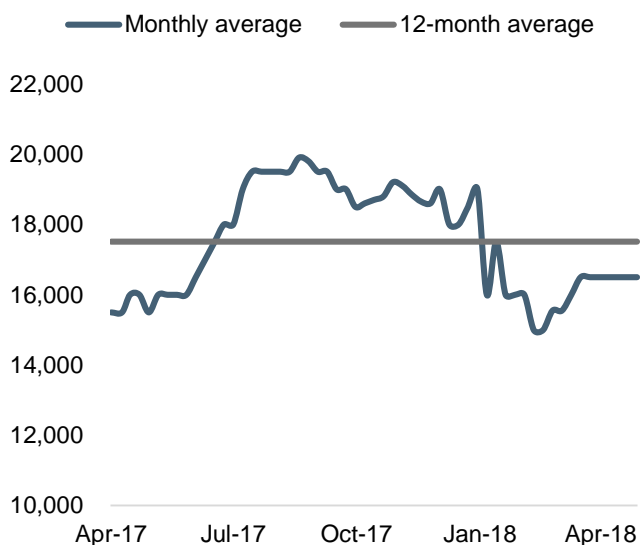
Crude palm oil – ₦ per 25kg gallon



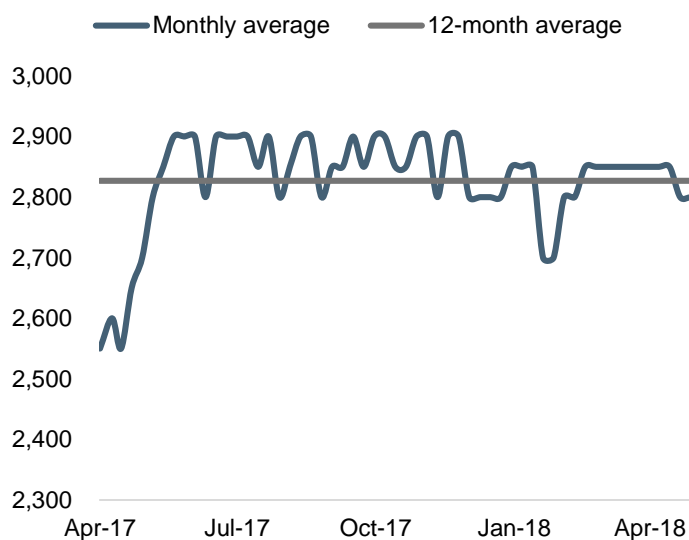
Vegetable oil – ₦ per 20kg gallons



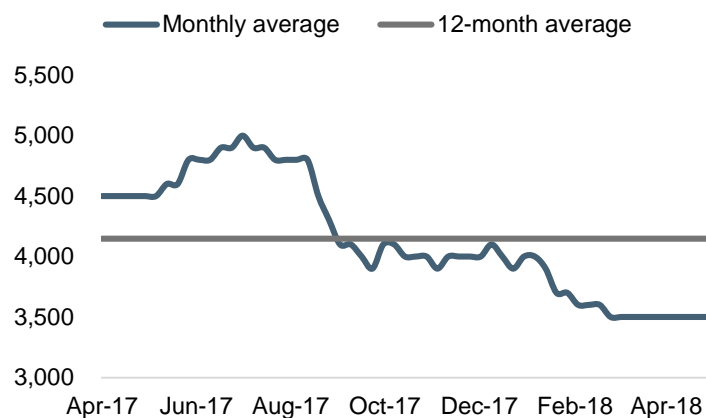
Rice – ₦ per 50kg



Cement – ₦ per 50kg bag



Cooking gas – ₦ per 12.5kg



Valuation of Coverage companies

	FVE (₦)	Market Price (₦)	Upside (Downside)	Recommendation
Guinness	80.67	103.5	-22.06%	SELL
Nigeria Breweries	121.3	129	-5.97%	SELL
Nestle	998.21	1595	-37.42%	SELL
Flour mills	38.33	35.5	7.97%	NEUTRAL
Cadbury*	-	13.15	-	-
Unilever	34.3	52.5	-34.67%	SELL
Dangote Sugar	24.16	19	27.16%	STRONG BUY
Dangote Cement	256.85	245.5	4.62%	NEUTRAL
Lafarge	33.16	42	-21.05%	SELL
CCNN	17.31	22.35	-22.55%	SELL
Forte Oil	59.18	43	37.63%	BUY
Conoil	40.18	31.8	26.35%	BUY
MRS	36.51	28.35	28.78%	BUY
Total	208.77	222.2	-6.04%	SELL
Seplat	952.81	750	27.04%	STRONG BUY
Okomu	81.55	81	0.68%	SELL
Presco	80.39	70	14.84%	NEUTRAL