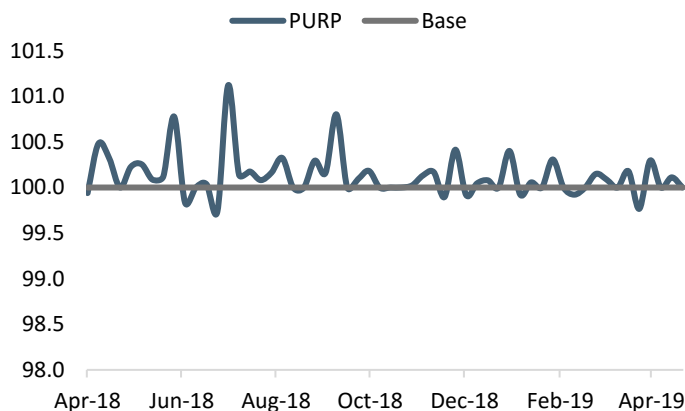


The PENTAD – Urban Retail Price Tracker

Price pressures push higher

The PURP Index



Source: ARM Research

| | Commodity | Consumer | Cement | Brewery | Oil |
|------------------------------|-----------|----------|--------|---------|-----|
| Weightings | 30% | 30% | 10% | 20% | 10% |
| Price change (MoM) | 0.21% | 0.37% | 2.0% | 0.18% | - |
| Standard deviation of prices | 0 | 0 | 0 | 18 | 0 |

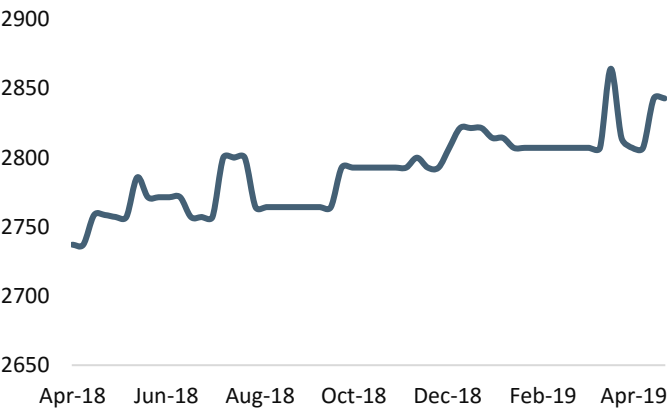
To determine how retail prices have moved on average, we fashioned out a Pentad Urban Retail Price Index (PURP) which adopts April 1st to April 8th as a base period. The PURP index accords 30% weightings apiece to consumer and commodities prices, 20% weighting to the brewery basket with a further 20%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

- Retail prices ended the month of April on a higher note with our Urban Retail Price Tracker – the PURP index – recording an increase of 0.29% **MoM** to 112.2 pts (vs **0.20% MoM** in March). Price increases were more evident in the consumers, commodities and cement baskets.
- In the **consumer basket**, average prices nudged higher by **0.37% MoM**, driven by increases in the price of *Maggi* (+2.36% MoM), *Lipton* (+9.76% MoM) and *Knorr* (+1.4% MoM). In this publication, as a means of improving our coverage, we have begun tracking prices of products sold by PZ Cussons, which include *premier soap*, *Imperial leather* and *Morning fresh*.
- Prices in the **brewery basket** inched slightly higher by **0.18% MoM** following increases in price of *Trophy* (+0.98% MoM), *Gulder* (+0.57% MoM) and *Star* (+0.19% MoM).
- The Easter festivity in the month of April saw average price in the **commodities basket** record a modest pace of increase over April with prices rising by **0.21% MoM (March: +0.16% MoM)**. Prices of *rice* was higher by 1.08% MoM while price of *vegetable oil* stayed flat. Elsewhere, *Palm Oil* prices continued to decline over the month (-0.88% MoM) following improved harvest and supply of imported oil all over the market.
- Also, new to the basket are the prices of packaged oil: *Banga oil* (Okomu oil palm plc), *Power oil* (Dufil), *Mamador* (PZ Cussons) and *Golden Penny oil* (Flourmills).
- Prices in the **oil & gas sector** reversed earlier increase with prices moderating **0.47% MoM** largely on the back of lower cooking gas price.
- Few weeks after the elections, prices in the **cement sector** (+2.0% MoM) jerked up in the month of April with retail prices printing at ₦2700/ bag while wholesale price averaged ₦2500/bag – implying a premium of 8% premium to retail prices.

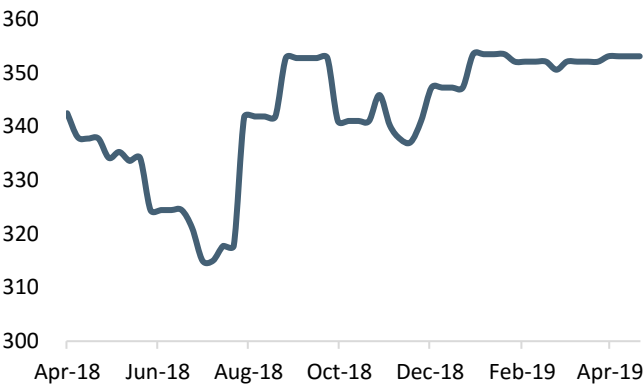
Retail price sub-index

Brewery Sector



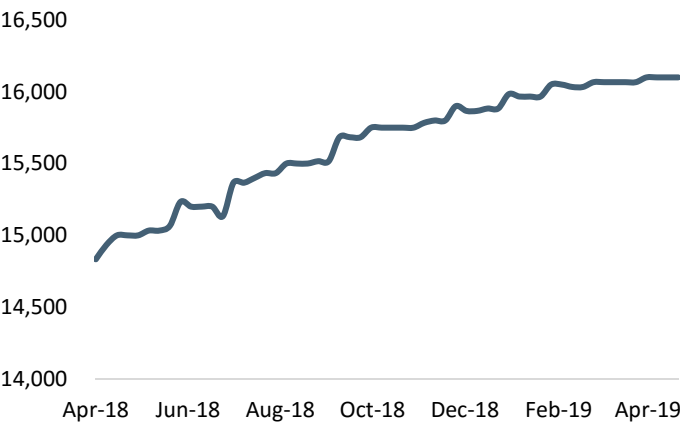
Source: ARM Research

Consumer Sector



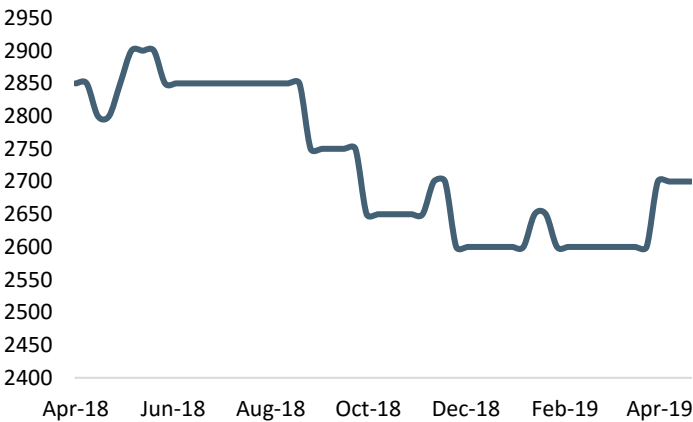
Source: ARM Research

Commodity Sector



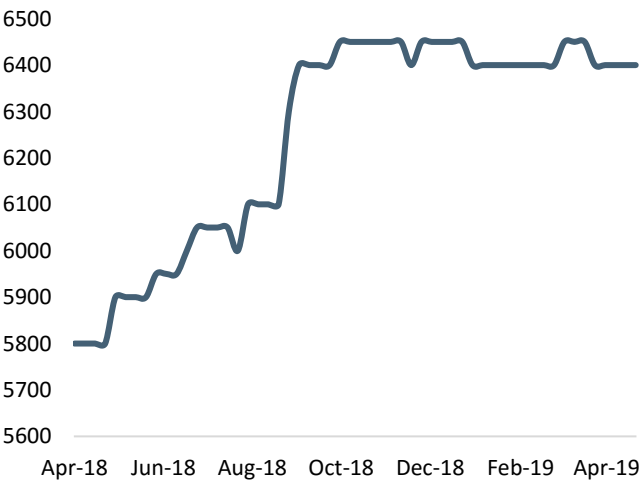
Source: ARM Research

Cement Sector



Source: ARM Research

Oil & Gas Sector



Source: ARM Research

Retail price trends

Breweries

| | Apr-19 | Mar-19 | Feb-19 | Q1 19 | Q4 18 | Q3 18 |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Star (N/crate) | 2625 | 2620 | 2600 | 2607 | 2563 | 2533 |
| <i>MoM/QoQ change</i> | <i>0.19%</i> | <i>0.77%</i> | <i>0.00%</i> | <i>1.69%</i> | <i>1.22%</i> | <i>-2.35%</i> |
| Gulder (N/crate) | 2625 | 2610 | 2600 | 2603 | 2600 | 2596 |
| <i>MoM/QoQ change</i> | <i>0.57%</i> | <i>0.38%</i> | <i>0.00%</i> | <i>0.13%</i> | <i>0.16%</i> | <i>0.74%</i> |
| Malta Guinness (N/crate) | 2900 | 2920 | 2900 | 2907 | 2900 | 2846 |
| <i>MoM/QoQ change</i> | <i>-0.68%</i> | <i>0.69%</i> | <i>0.00%</i> | <i>0.23%</i> | <i>1.90%</i> | <i>0.59%</i> |
| Goldberg (N/crate) | 2500 | 2510 | 2500 | 2503 | 2514 | 2433 |
| <i>MoM/QoQ change</i> | <i>-0.40%</i> | <i>0.40%</i> | <i>0.00%</i> | <i>-0.43%</i> | <i>3.32%</i> | <i>6.18%</i> |
| Satzenbrau (N/crate) | 2300 | 2310 | 2300 | 2312 | 2313 | 2273 |
| <i>MoM/QoQ change</i> | <i>-0.43%</i> | <i>0.43%</i> | <i>-1.08%</i> | <i>-0.07%</i> | <i>1.76%</i> | <i>-4.45%</i> |
| Guinness (N/crate) | 4250 | 4220 | 4200 | 4207 | 4200 | 4292 |
| <i>MoM/QoQ change</i> | <i>0.71%</i> | <i>0.48%</i> | <i>0.00%</i> | <i>0.16%</i> | <i>-2.14%</i> | <i>-1.79%</i> |
| Trophy (N/crate) | 2575 | 2550 | 2550 | 2550 | 2510 | 2449 |
| <i>MoM/QoQ change</i> | <i>0.98%</i> | <i>0.00%</i> | <i>0.00%</i> | <i>1.59%</i> | <i>2.48%</i> | <i>7.26%</i> |

Consumers

| | Apr-19 | Mar-19 | Feb-19 | Q1 19 | Q4 18 | Q3 18 |
|------------------------------------|---------------|--------------|----------------|----------------|----------------|----------------|
| Close up (N/160g) | 320 | 320 | 320 | 320 | 286 | 280 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>0.00%</i> | <i>7.59%</i> | <i>-10.57%</i> | <i>-2.21%</i> |
| Maggi (N/400g) | 520 | 508 | 508 | 507 | 509 | 537 |
| <i>MoM/QoQ change</i> | <i>2.36%</i> | <i>0.00%</i> | <i>0.40%</i> | <i>-2.12%</i> | <i>0.36%</i> | <i>5.47%</i> |
| Milo (N/500g) | 920 | 938 | 938 | 958 | 988 | 919 |
| <i>MoM/QoQ change</i> | <i>-1.92%</i> | <i>0.00%</i> | <i>-6.01%</i> | <i>-15.16%</i> | <i>3.08%</i> | <i>-6.97%</i> |
| Blueband (N/250g) | 300 | 300 | 300 | 298 | 285 | 292 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>2.39%</i> | <i>-31.54%</i> | <i>-4.18%</i> | <i>2.26%</i> |
| Omo (N/400g) | 380 | 380 | 380 | 380 | 382 | 393 |
| <i>MoM/QoQ change</i> | <i>0.0%</i> | <i>0.00%</i> | <i>0.00%</i> | <i>-7.32%</i> | <i>0.44%</i> | <i>3.06%</i> |
| Lipton (N/100 tea bags) | 225 | 205 | 205 | 216 | 217 | 202 |
| <i>MoM/QoQ change</i> | <i>9.76%</i> | <i>0.00%</i> | <i>-13.50%</i> | <i>-6.91%</i> | <i>0.50%</i> | <i>-6.65%</i> |
| Dangote Salt (N/250g) | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>0.00%</i> | <i>-22.30%</i> | <i>0.00%</i> | <i>0.00%</i> |
| Dangote Sugar (N/500g) | 237 | 237 | 237 | 237 | 221 | 231 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>0.00%</i> | <i>-6.75%</i> | <i>-6.84%</i> | <i>4.77%</i> |
| Dettol (N/70g - pack of 6) | 953 | 953 | 953 | 919 | 816 | 231 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>12.12%</i> | <i>46.71%</i> | <i>-11.23%</i> | <i>-71.63%</i> |
| Goldenmorn (N/500g) | 750 | 750 | 750 | 785 | 812 | 837 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>-12.18%</i> | <i>16.53%</i> | <i>3.43%</i> | <i>3.09%</i> |
| Golden penny sugar (N/500g) | 245 | 245 | 245 | 245 | 241 | 239 |
| <i>MoM/QoQ change</i> | <i>0.00%</i> | <i>0.00%</i> | <i>0.00%</i> | <i>-17.99%</i> | <i>0.63%</i> | <i>-0.62%</i> |
| Knorr (N/400g) | 681 | 671.6 | 677 | 669 | 664 | 660 |

| | Apr-19 | Mar-19 | Feb-19 | O1 19 | O4 18 | O3 18 |
|--------------------------------------|--------------|--------------|----------------|-----------------|--------------|--------------|
| <i>MoM/QoQ change</i> | 1.40% | -0.80% | 2.89% | -5.52% | 0.65% | -0.65% |
| Golden penny pasta (N/500g) | 230 | 230 | 230 | 213 | 180 | 180 |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | 27.78% | -17.15% | -15.63% | 0.00% |
| Honey well pasta (N/500g) | 220 | 220 | 220 | 213 | 196 | 195 |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | 10.00% | 0.04% | -7.97% | -0.68% |
| Dangote pasta (N/500g) | 200 | 200 | 200 | 210 | 193 | 180 |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | -13.04% | -4.15% | -7.94% | -6.90% |
| Golden penny noodles (N/70g) | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | 0.00% | -10.00% | 0.00% | 0.00% |
| Indomie noodles (N/70g) | 50 | 50 | 50 | 50 | 50 | 50 |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | 0.00% | -0.090909 | 0.00% | 0.00% |
| Honeywell noodles (N/70g) | 35 | 35 | 35 | 35 | 35 | 35 |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | 0.00% | -22.22% | 0.00% | 0.00% |
| Premier soap (N/70g) | 90 | 90 | 90 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| Supreme soap (N/65g) | 70 | 70 | 70 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| Imperial leather soap (N/75g) | 90 | 90 | 90 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| Morning fresh (N/1L) | 600 | 600 | 600 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| | Apr-19 | Mar-19 | Feb-19 | Q1 19 | Q4 18 | Q3 18 |
| Commodities | | | | | | |
| Crude palm oil | 11300 | 11500 | 11500 | 11433.33 | 11358 | 11325 |
| <i>MoM/QoQ change</i> | -1.74% | 0.00% | 0.88% | 0.66% | 0.29% | 5.12% |
| Vegetable oil | 18400 | 18225 | 18100 | 18241.67 | 17798 | 17633 |
| <i>MoM/QoQ change</i> | 0.96% | 0.69% | 1.00% | 2.49% | 0.94% | 1.43% |
| Rice | 18500 | 18400 | 18312.5 | 18404.17 | 18257 | 17533 |
| <i>MoM/QoQ change</i> | 0.54% | 0.48% | -0.04% | 0.81% | 4.13% | 3.08% |
| Banga oil - Okomu (N/2L) | 2900 | 2900 | 2900 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| Golden penny oil (N/2.75L) | 2130 | 2130 | 2130 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| Mamador oil (N/2.5L) | 2060 | 2060 | 2060 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |
| Power oil (2.5L) | 2390 | 2390 | 2390 | | | |
| <i>MoM/QoQ change</i> | 0.00% | 0.00% | | | | |

Cement (N/50kg)

MoM/QoQ change

| Apr-19 | Mar-19 | Feb-19 | Q1 19 | Q4 18 | Q3 18 |
|--------|--------|--------|----------|--------|--------|
| 2600 | 2600 | 2625 | 2607.692 | 2638 | 2812 |
| 0.00% | -0.95% | 0.96% | -1.17% | -6.16% | -1.48% |

Oil & Gas

Cooking gas (N/12.5kg)

MoM/QoQ change

| Apr-19 | Mar-19 | Feb-19 | Q1 19 | Q4 18 | Q3 18 |
|--------|--------|--------|--------|--------|-------|
| 4200 | 4200 | 4200 | 4200 | 4285 | 3877 |
| 0.00% | 0.00% | -2.33% | -1.97% | 10.52% | 9.09% |

Lubricants (N/4L)

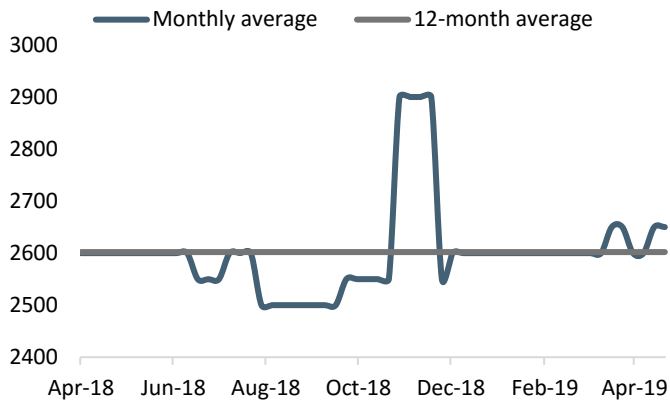
MoM/QoQ change

| | | |
|-------|-------|-------|
| 8675 | 8600 | 8600 |
| 0.87% | 0.00% | 0.00% |

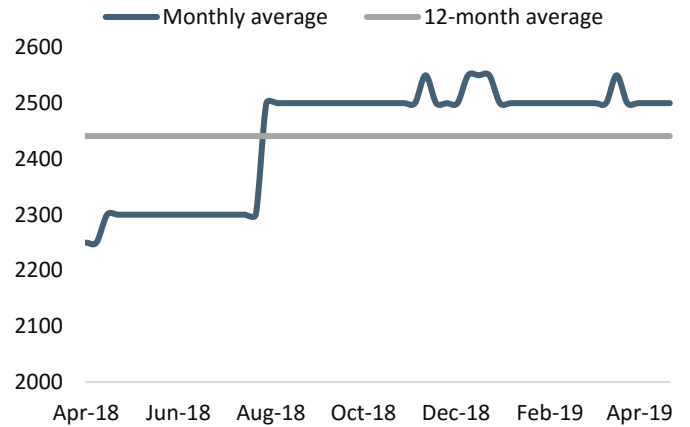
Retail price trends

Brewery products

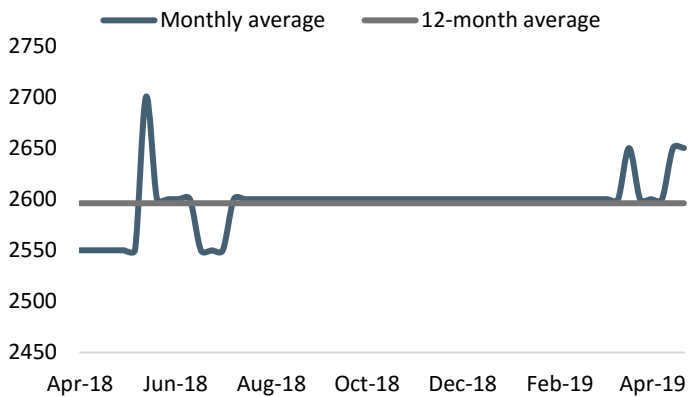
Star – ₦ per crate



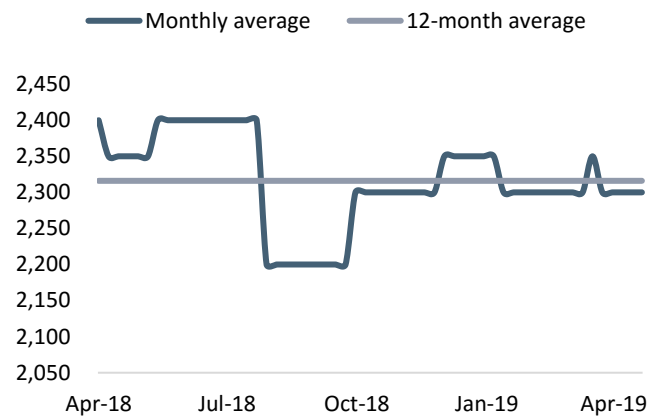
Goldberg – ₦ per crate



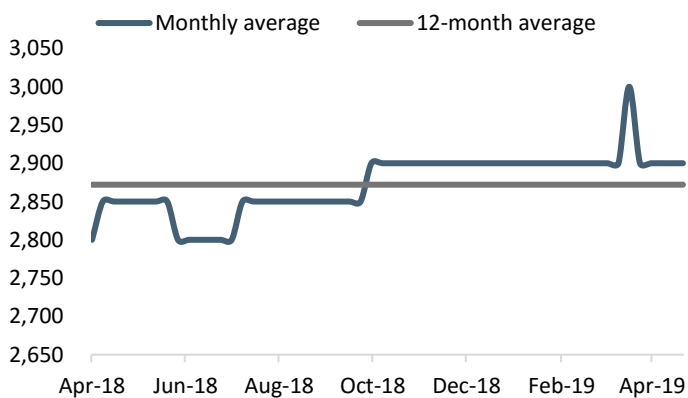
Gulder – ₦ per crate



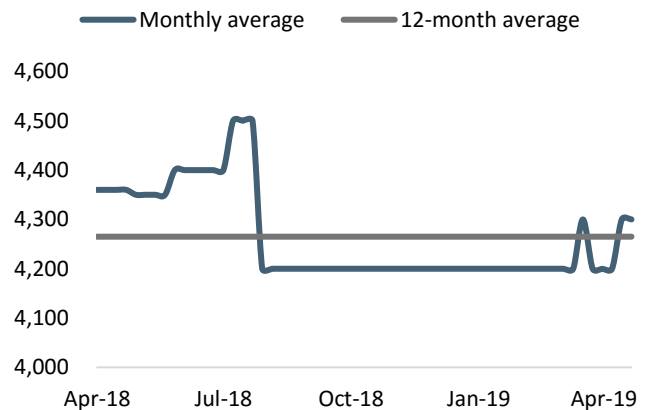
Satzenbrau – ₦ per crate



Malta Guinness – ₦ per crate

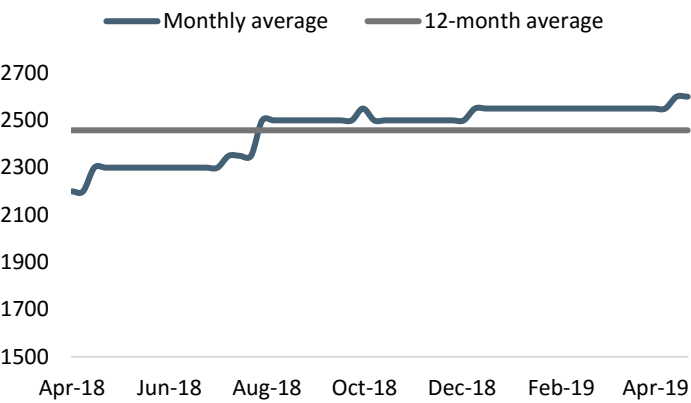


Guinness – ₦ per crate

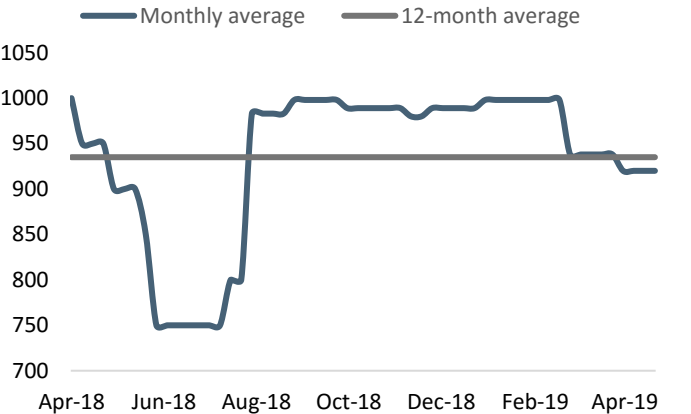


Retail price trends

Trophy – ₦ per crate

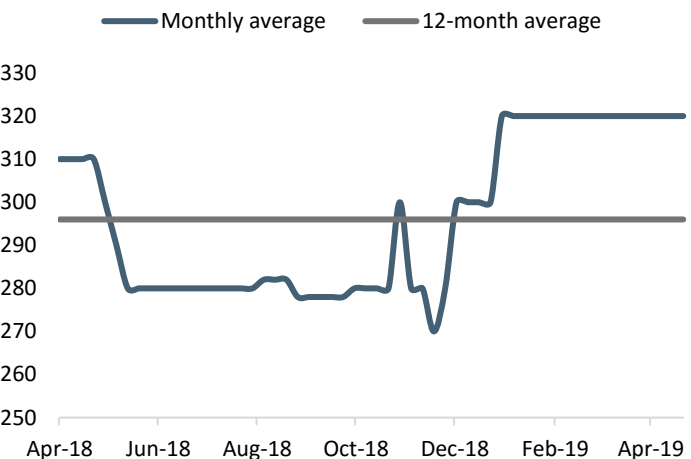


Milo – ₦ per 500g

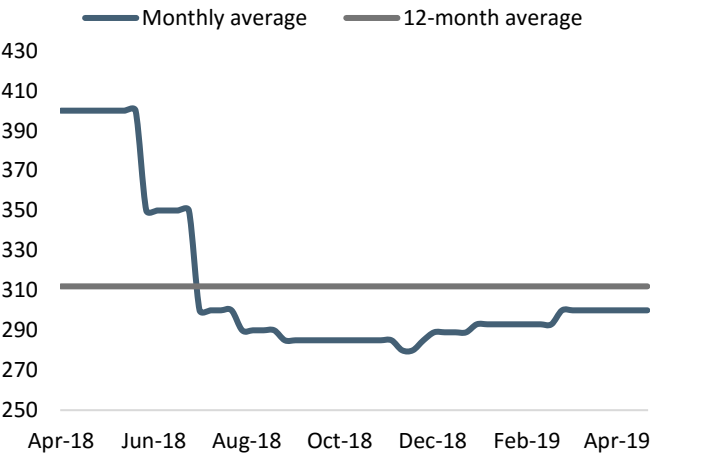


Consumer products

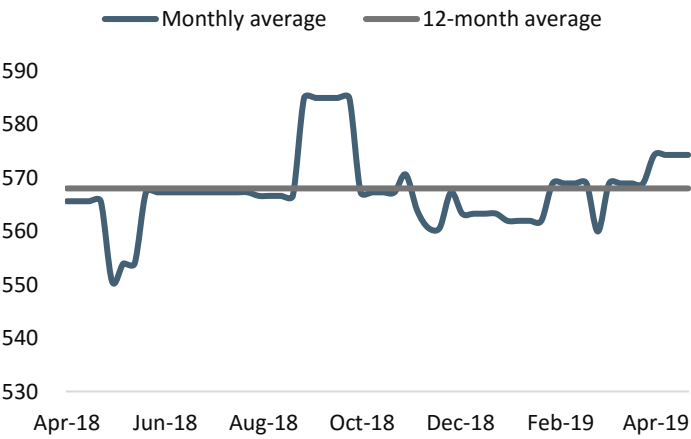
Close up – ₦ per 240g



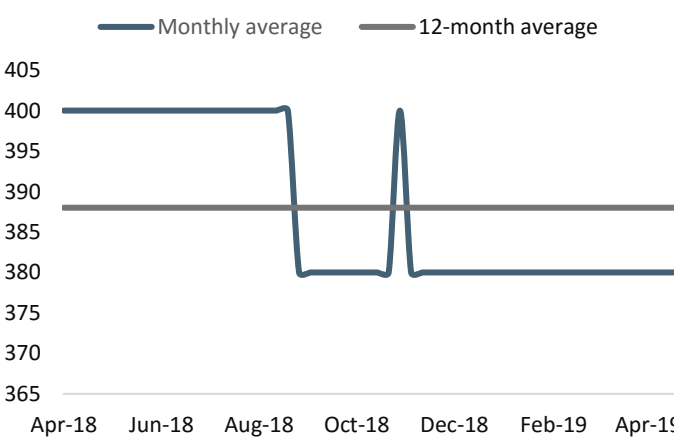
Blue band – ₦ per 250g



Maggi – ₦ per 100 cubes

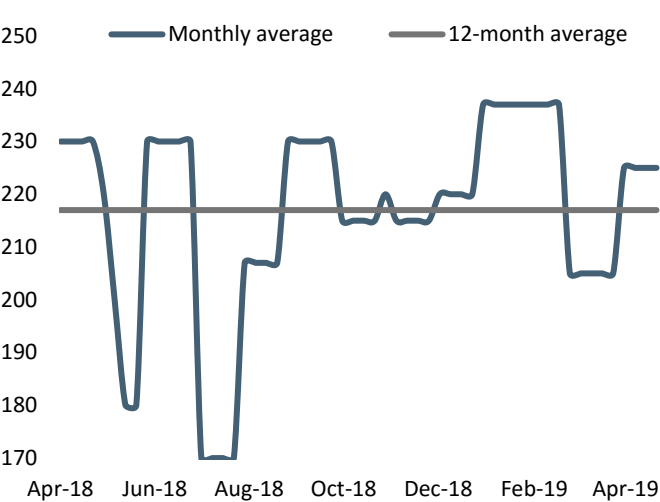


Omo – ₦ per 400g

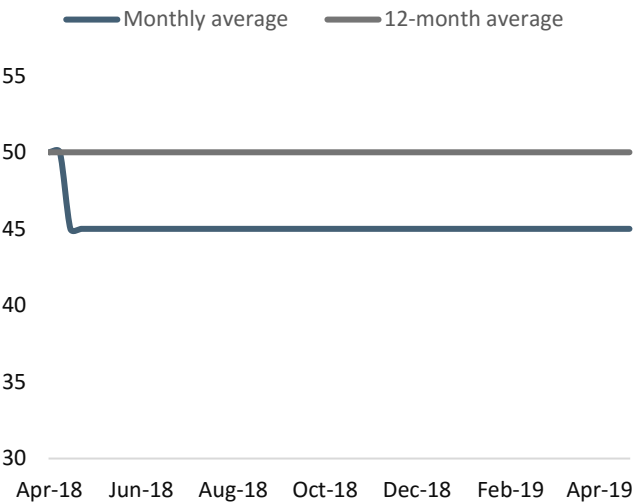


Retail price trends

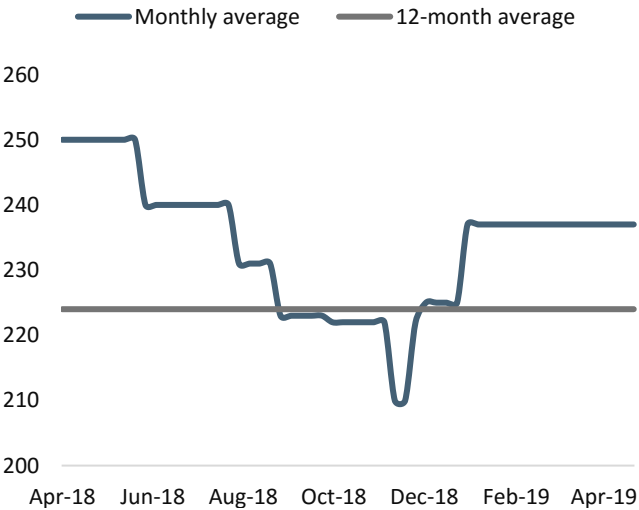
Lipton – ₦ per 25 tea bag



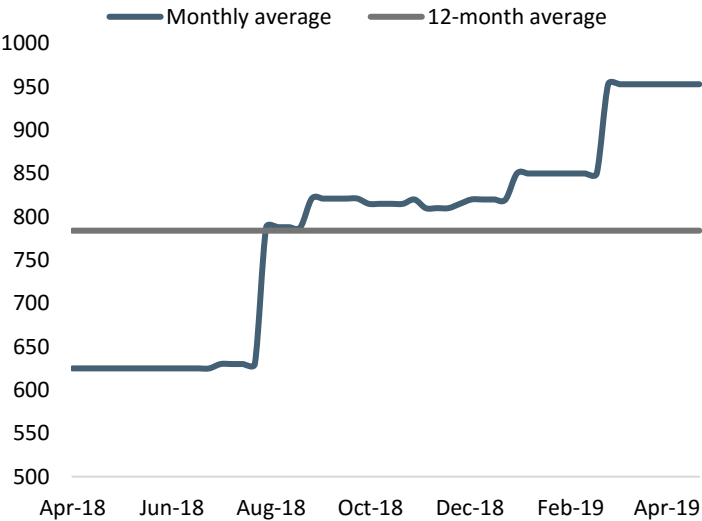
Dangote salt – ₦ per 250g



Dangote sugar – ₦ per 250g



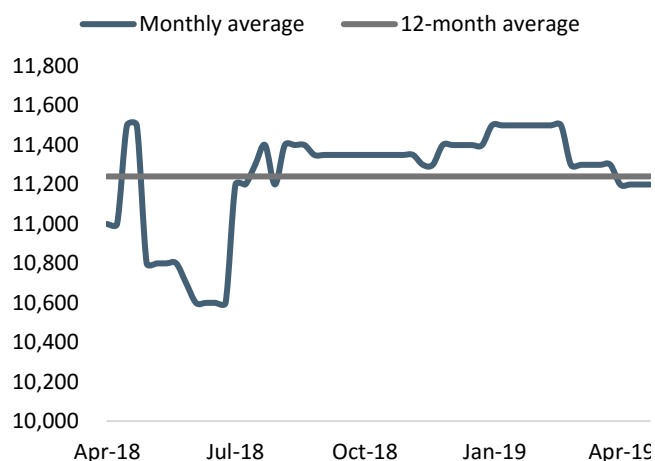
Dettol – ₦ per 70g



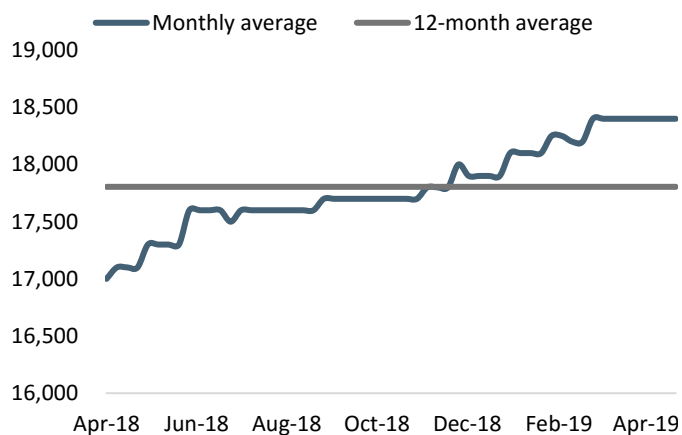
Retail price trends

Commodity products

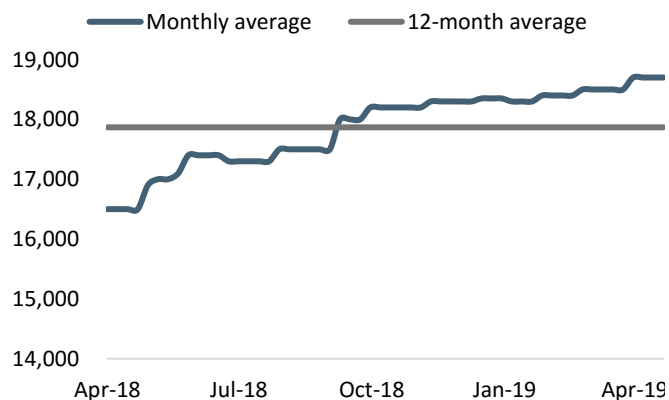
Crude palm oil – ₦ per 25kg gallon



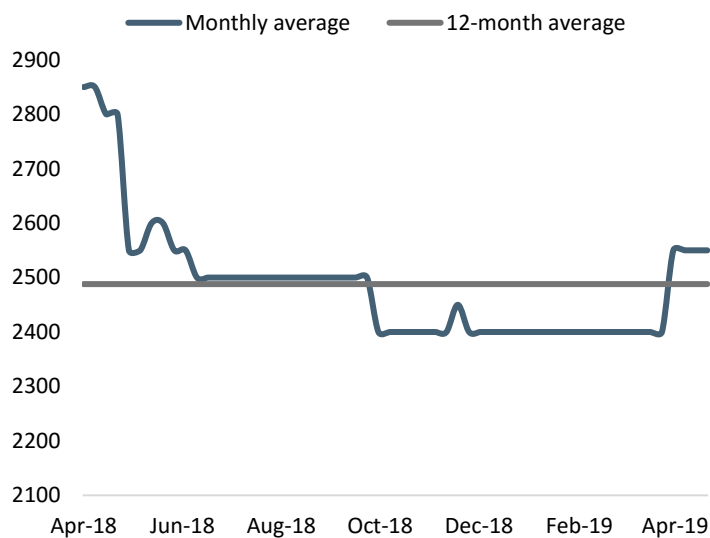
Vegetable oil – ₦ per 20kg gallon



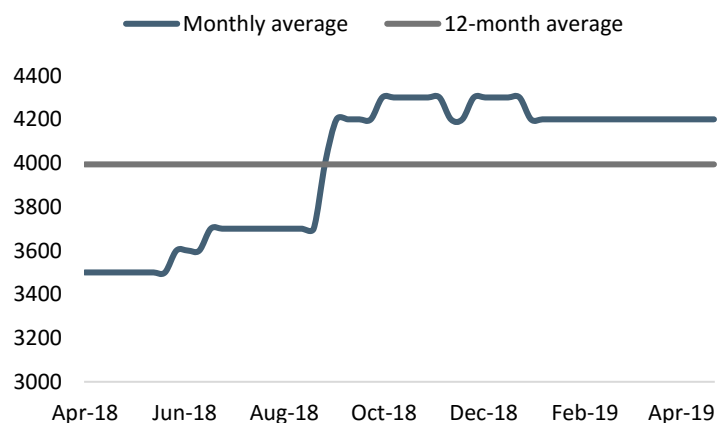
Rice – ₦ per 50kg



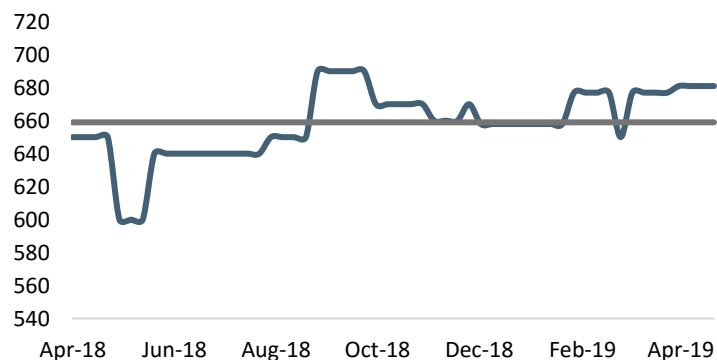
Cement – ₦ per 50kg bag



Cooking gas – ₦ per 12.5kg



Knorr – ₦ per 100 cubes



Valuation of Coverage companies

| | FVE (₦) | Market Price (₦) | Upside (Downside) | Recommendation |
|--------------------------|----------------|-------------------------|--------------------------|-----------------------|
| Guinness | 77.31 | 50 | 54.62% | STRONG BUY |
| Nigeria Breweries | 75.82 | 66.05 | 14.79% | OVERWEIGHT |
| Nestle | 1411.29 | 1520 | -7.15% | SELL |
| Unilever | 35.82 | 31 | 15.55% | OVERWEIGHT |
| Dangote Sugar | 14.44 | 14 | 3.14% | NEUTRAL |
| Dangote Cement | 248.14 | 181 | 37.09% | STRONG BUY |
| Lafarge | 18.07 | 11 | 64.27% | BUY |
| CCNN | 17.31 | 15.3 | 13.14% | NEUTRAL |
| Forte Oil | 34.35 | 34.95 | NA | UR |
| MRS | 39.2 | 20.85 | NA | UR |
| Total | 244.28 | 162 | NA | UR |
| Seplat | 975.27 | 579.9 | 68.18% | STRONG BUY |
| Okomu | 75.6 | 72 | 5.00% | NEUTRAL |
| Presco | 67.47 | 58 | 16.33% | NEUTRAL |

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