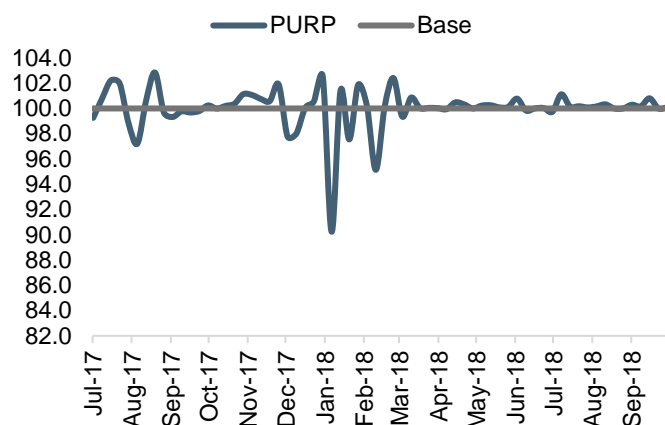


The PENTAD – Urban Retail Price Tracker

Price pressure builds up

The PURP Index



Source: ARM Research

	Commodity	Consumer	Cement	Brewery	Gas
Weightings	30%	30%	10%	20%	10%
Price change (MoM)	0.9%	3.2%	3.5%	0.2%	4.6%
Standard deviation of prices	82	0	0	11	40
Broad sales volume direction	increasing	increasing	decreasing	flat	flat

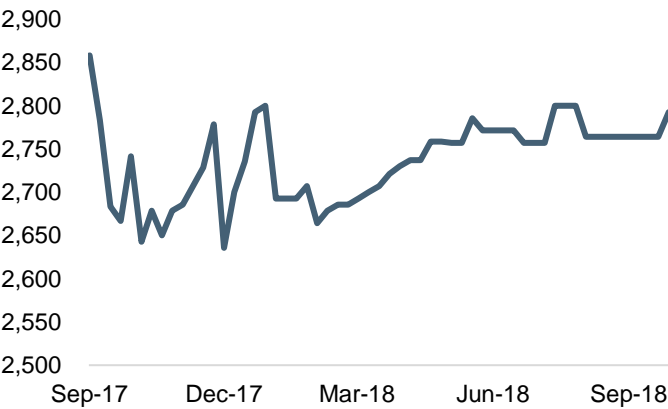
To determine how retail prices have moved on average, we fashioned out a Pentad Urban Retail Price Index (PURP) which adopts April 1st to April 8th as a base period. The PURP index accords 30% weightings apiece to consumer and commodities prices, 20% weighting to the brewery basket with a further 20% 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 an increase of **1.01% MoM** to 109.5 pts in the month of September (vs 0.60% MoM in August). Higher prices in the month reflected elevated prices across the Consumer, commodities, brewery and oil & gas baskets. On other fronts, prices in the cement sector moderated over the month.
- Average prices in the **consumer sector** advanced higher by **3.2% MoM** for the second consecutive month. Most of the increase reflected higher price of *Lipton* (+11.1%), *Goldenmorn* (+12.6%) and *Knorr* (+6.2%).
- The **commodities basket** increased **0.86% MoM** in September for the seventh consecutive month. Price increase under this basket reflected a jump in prices of *rice* (+1.7% MoM) which retailers attributed to tensed restriction on importation of foreign rice. Contrary, there was no scarcity of rice due to smuggling activities but retailers took this as an advantage to increase price. Prices of *vegetable oil* also advanced higher by 0.57% MoM. *Palm oil* price, on the other hand stayed flat over the month following a slight uptick in August. However, based on our findings, we have begun to see slight increase across some markets in the early weeks of October.
- The **brewery basket** reversed last month's decline by expanding **0.21% MoM**. The increase was more evident in prices of *Satzenbrau* (0.91% MoM) and *Star* (0.40% MoM). Feedback from retailers showed that prices of Value beers continued to put pressure on volumes of Premium brands.
- Prices in the **oil & gas sector** witnessed a dramatic increase with average prices up by **4.59% MoM** largely due to higher prices of cooking gas (+12.43%). We believe this is largely due to higher oil price (+7% MoM to \$79) over the month. Similarly, lubricants prices expanded at a moderate pace of 1.2% MoM.
- Prices in the **cement sector** moderated lower by **3.5% MoM**. On volumes, retailers noted lower sales volume on the back of higher rainfall in the month. Update on the cement sector over the month saw Dangote Cement launched a new product named *BlocMaster cement*.

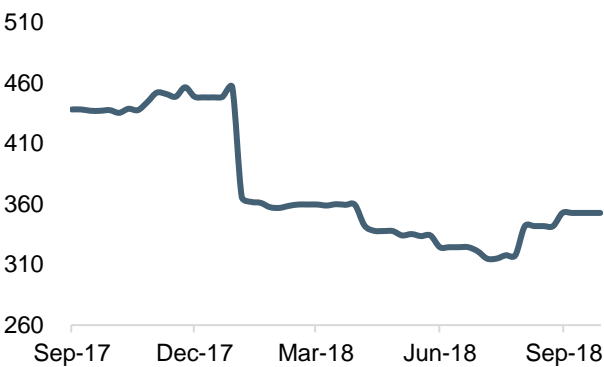
Retail price sub-index

Brewery Sector



Source: ARM Research

Consumer Sector



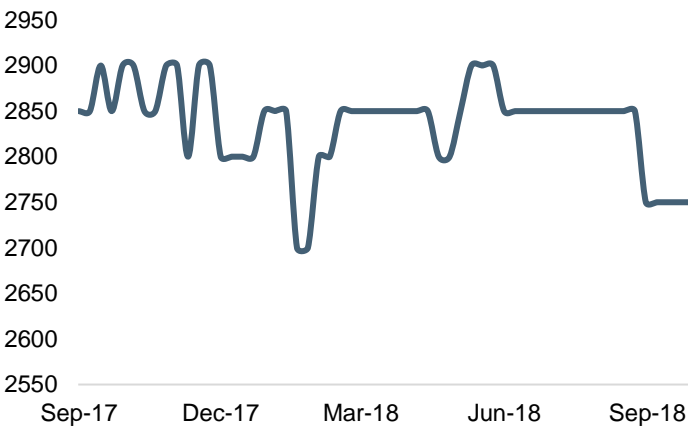
Source: ARM Research

Commodity Sector



Source: ARM Research

Cement Sector



Source: ARM Research

Oil & Gas Sector



Source: ARM Research

Retail price trends

Breweries

	Sep-18	Aug-18	Jul-18	Q1 18	Q2 18	Q3 18
Star (₹/crate)	2510	2500	2587.5	2542	2592	2531
<i>MoM/QoQ change</i>	<i>0.40%</i>	<i>-3.38%</i>	<i>0.29%</i>	<i>1.09%</i>	<i>1.97%</i>	<i>-2.36%</i>
Gulder (₹/crate)	2600	2600	2587.5	2500	2579	2596
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.48%</i>	<i>0.29%</i>	<i>0.32%</i>	<i>3.17%</i>	<i>0.65%</i>
Malta Guinness (₹/crate)	2850	2850	2837.5	2825	2827	2846
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.44%</i>	<i>1.34%</i>	<i>-0.07%</i>	<i>0.07%</i>	<i>0.67%</i>
Goldberg (₹/crate)	2500	2500	2300	2269	2292	2439
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>8.70%</i>	<i>0.00%</i>	<i>-3.61%</i>	<i>1.01%</i>	<i>6.41%</i>
Satzenbrau (₹/crate)	2200	2200	2400	2338	2381	2269
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>-1.02%</i>	<i>1.84%</i>	<i>-4.70%</i>
Guinness (₹/crate)	4200	4200	4400	4320	4372	4285
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>-4.55%</i>	<i>0.00%</i>	<i>0.37%</i>	<i>1.20%</i>	<i>-1.99%</i>
Trophy (₹/crate)	2510	2500	2300	2100	2279	2454
<i>MoM/QoQ change</i>	<i>0.40%</i>	<i>8.70%</i>	<i>0.00%</i>	<i>-0.38%</i>	<i>8.52%</i>	<i>7.68%</i>

Consumers

	Sep-18	Aug-18	Jul-18	Q1 18	Q2 18	Q3 18
Close up (₹/160g)	278	282	280	302	292	280
<i>MoM/QoQ change</i>	<i>-1.24%</i>	<i>0.54%</i>	<i>0.00%</i>	<i>11.03%</i>	<i>-3.31%</i>	<i>-4.11%</i>
Maggi (₹/400g)	543	528	540	518	535	537
<i>MoM/QoQ change</i>	<i>2.84%</i>	<i>-2.22%</i>	<i>0.00%</i>	<i>-1.15%</i>	<i>3.28%</i>	<i>0.37%</i>
Milo (₹/500g)	998	983	750	1109	858	925
<i>MoM/QoQ change</i>	<i>1.53%</i>	<i>31.07%</i>	<i>0.00%</i>	<i>-7.27%</i>	<i>-22.63%</i>	<i>7.81%</i>
Blueband (₹/250g)	285	290	300	435	381	291
<i>MoM/QoQ change</i>	<i>-1.72%</i>	<i>-3.33%</i>	<i>-14.29%</i>	<i>-1.81%</i>	<i>-12.41%</i>	<i>-23.62%</i>
Omo (₹/400g)	380	400	400	410	400	392
<i>MoM/QoQ change</i>	<i>-5.0%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>-1.44%</i>	<i>-2.44%</i>	<i>-2.00%</i>
Lipton (₹/100 tea bags)	230	207	218	232	215	204
<i>MoM/QoQ change</i>	<i>11.11%</i>	<i>-5.05%</i>	<i>0.00%</i>	<i>-3.62%</i>	<i>-7.33%</i>	<i>-5.12%</i>
Dangote Salt (₹/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 (₹/500g)	223	231	240	253	246	231
<i>MoM/QoQ change</i>	<i>-3.46%</i>	<i>-3.75%</i>	<i>0.00%</i>	<i>-2.69%</i>	<i>-2.77%</i>	<i>-6.10%</i>
Dettol (₹/70g - pack of 6)	821	788	630	626	628	752
<i>MoM/QoQ change</i>	<i>4.19%</i>	<i>25.08%</i>	<i>0.00%</i>	<i>2.50%</i>	<i>0.32%</i>	<i>19.75%</i>
Goldenmorn (₹/500g)	932	828	750	674	732	844
<i>MoM/QoQ change</i>	<i>12.56%</i>	<i>10.40%</i>	<i>0.00%</i>		<i>8.61%</i>	<i>15.30%</i>
Golden penny sugar (₹/500g)	240	237	240	299	245	239

	Sep-18	Aug-18	Jul-18	Q1 18	Q2 18	Q3 18
<i>MoM/QoQ change</i>	1.27%	-1.25%	0.00%		2.73%	-2.65%
Knorr (₹/400g)	690	650	640	708	634	662
<i>MoM/QoQ change</i>	6.15%	1.56%	0.00%		-4.23%	4.42%
Golden penny pasta (₹/500g)	180	180	190	258	245	180
<i>MoM/QoQ change</i>	0.00%	-5.26%	-20.83%		-5.04%	-26.53%
Honey well pasta (₹/500g)	195	195	195	213	203	195
<i>MoM/QoQ change</i>	-7.14%	0.00%	0.00%		-4.69%	-3.94%
Dangote pasta (₹/500g)	180	180	220	219	203	180
<i>MoM/QoQ change</i>	0.00%	-18.18%	0.00%		-7.31%	-11.33%
Golden penny noodles (₹/70g)	45	45	45	50	45	45
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-10.00%	0.00%
Indomie noodles (₹/70g)	50	50	50	55	50	50
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		-9.09%	0.00%
Honeywell noodles (₹/70g)	45	45	45	45	45	45
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%		0.00%	0.00%

Commodities

	Sep-18	Aug-18	Jul-18	Q1 18	Q2 18	Q3 18
Crude palm oil	11350	11350	11275	11573	10762	11329
<i>MoM/QoQ change</i>	0.00%	0.67%	6.17%	-7.78%	-7.01%	5.27%
Vegetable oil	17700	17600	17600	17119	17400	17643
<i>MoM/QoQ change</i>	0.57%	0.00%	0.11%	-9.40%	1.64%	1.40%
Rice	17900	17500	17300	16008	17038	17586
<i>MoM/QoQ change</i>	2.29%	1.16%	-0.57%	-14.36%	6.43%	3.22%

Cement (₹/50kg)

	Sep-18	Aug-18	Jul-18	Q1 18	Q2 18	Q3 18
	2750	2850	2850	2819	2854	2812
<i>MoM/QoQ change</i>	-3.51%	0.00%	0.00%	-1.09%	1.24%	-1.47%

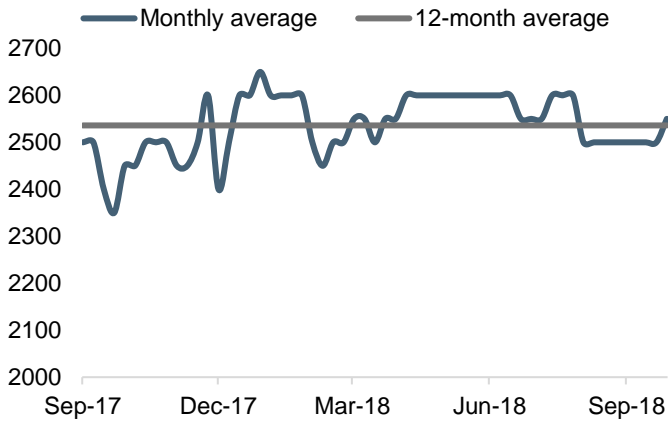
Oil & Gas

	Sep-18	Aug-18	Jul-18	Q1 18	Q2 18	Q3 18
Cooking gas (₹/12.5kg)	4160	3700	3700	3623	3554	3877
<i>MoM/QoQ change</i>	12.43%	0.00%	1.65%	-9.42%	-1.90%	9.09%

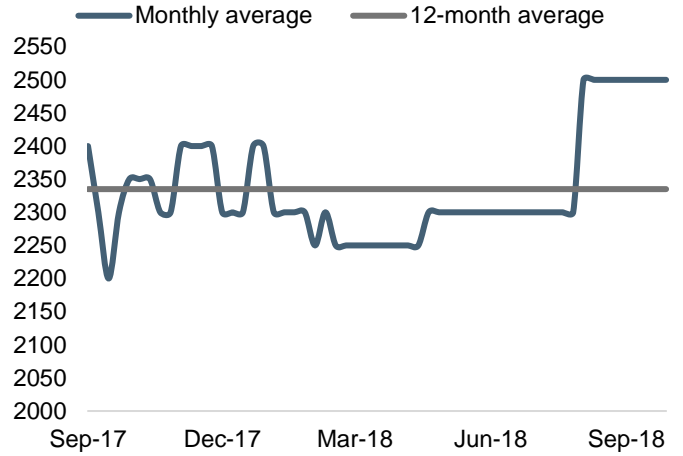
Retail price trends

Brewery products

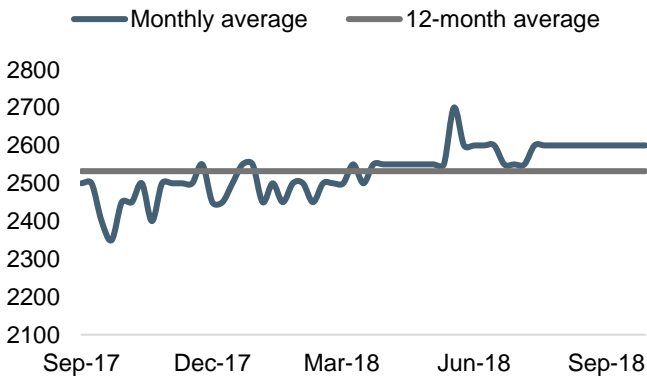
Star – ₦ per crate



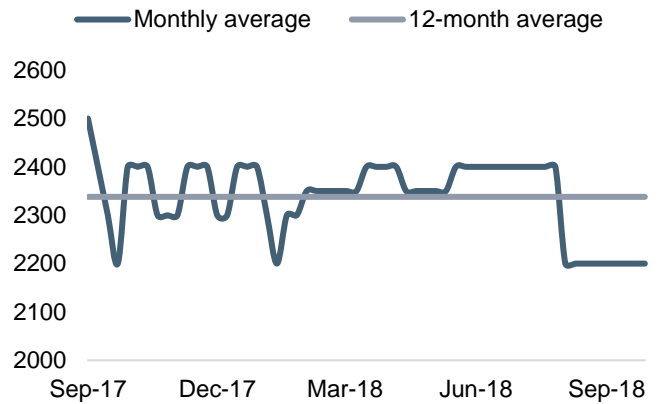
Goldberg – ₦ per crate



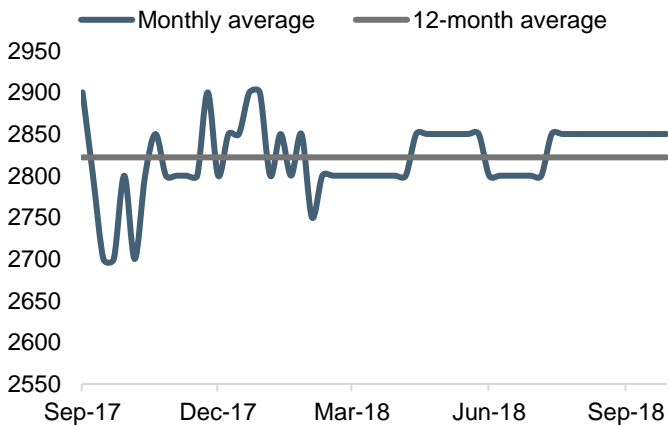
Gulder – ₦ per crate



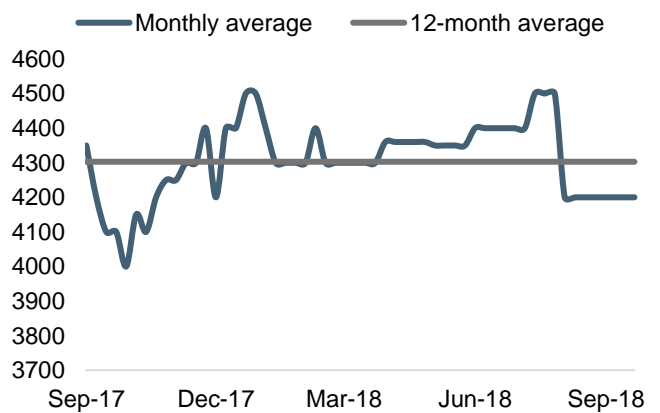
Satzenbrau – ₦ per crate



Malta Guinness – ₦ per crate

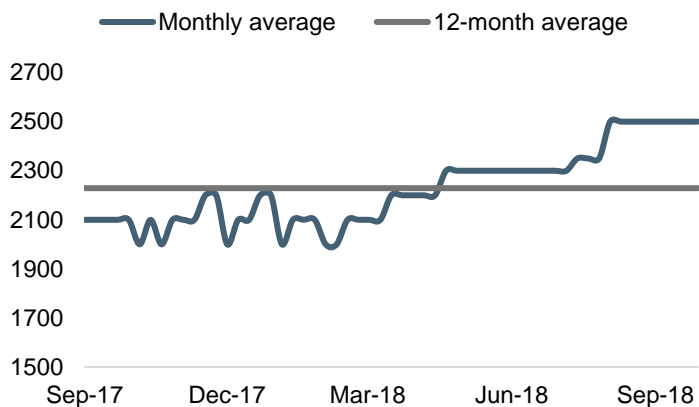


Guinness – ₦ per crate

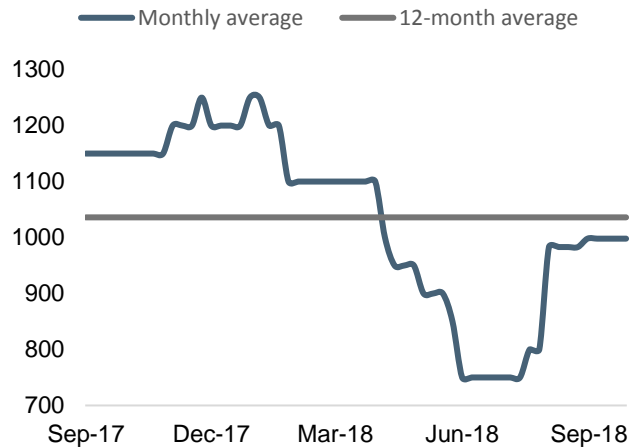


Retail price trends

Trophy – ₦ per crate

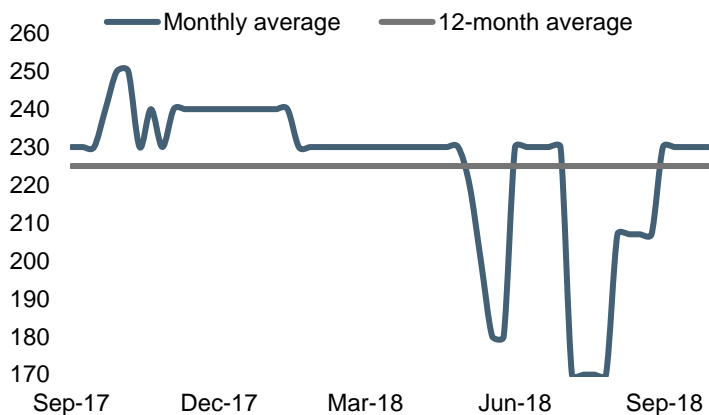


Milo – ₦ per 500g

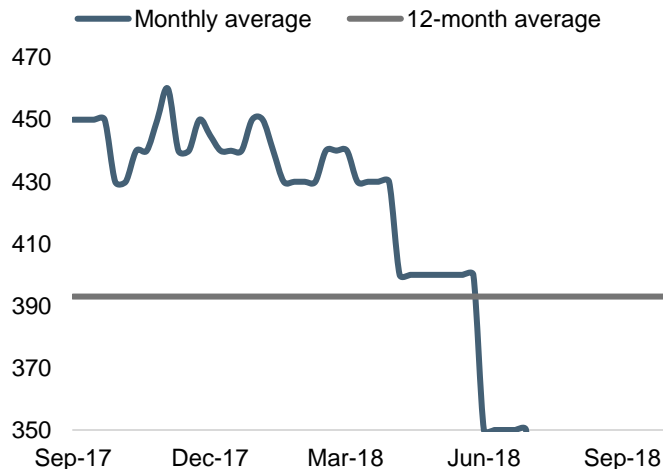


Consumer products

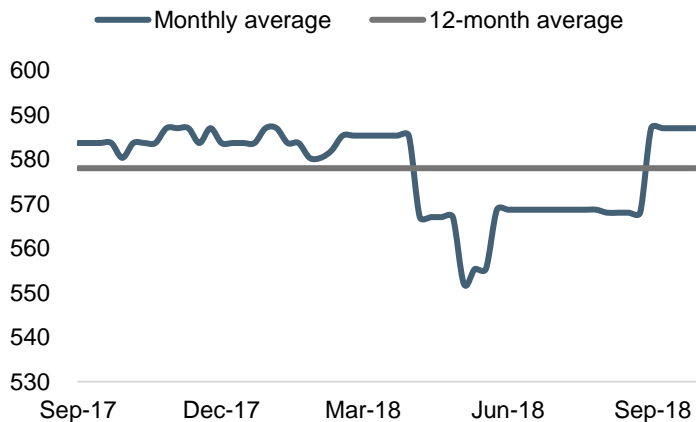
Close up – ₦ per 240g



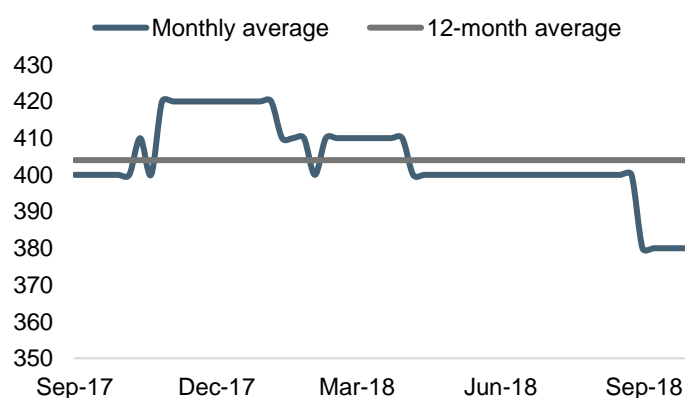
Blue band – ₦ per 250g



Maggi – ₦ per 100 cubes

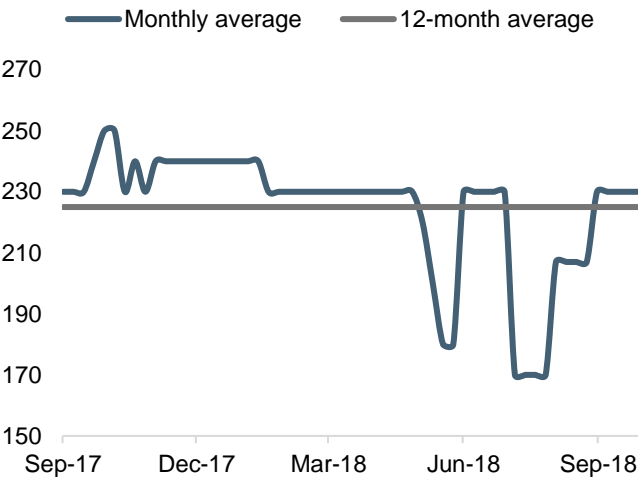


Omo – ₦ per 400g

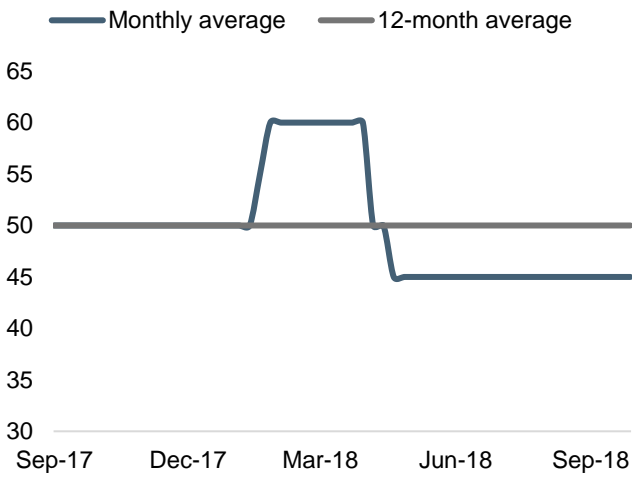


Retail price trends

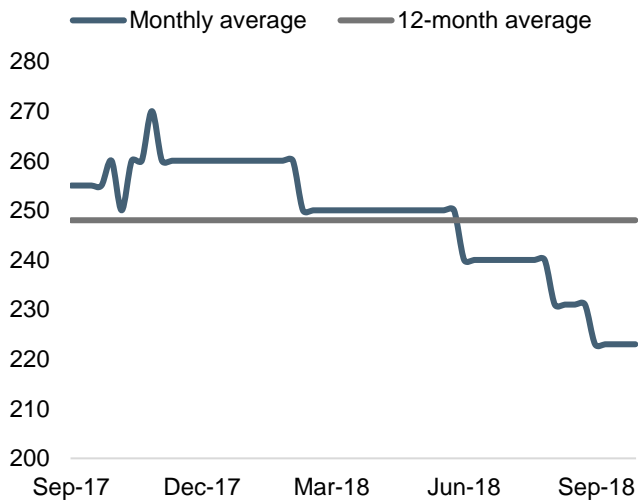
Lipton – ₦ per 25 tea bag



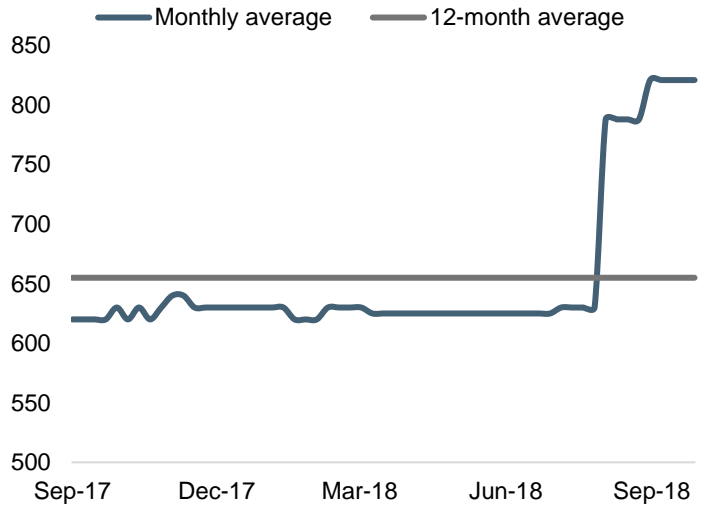
Dangote salt – ₦ per 250g



Dangote sugar – ₦ per 250g



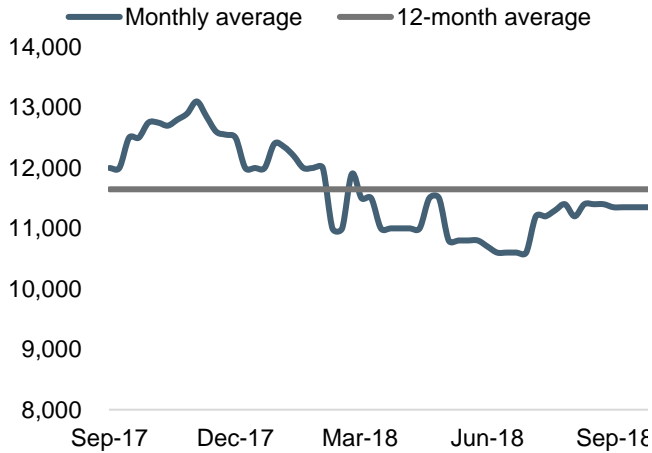
Dettol – ₦ per 70g



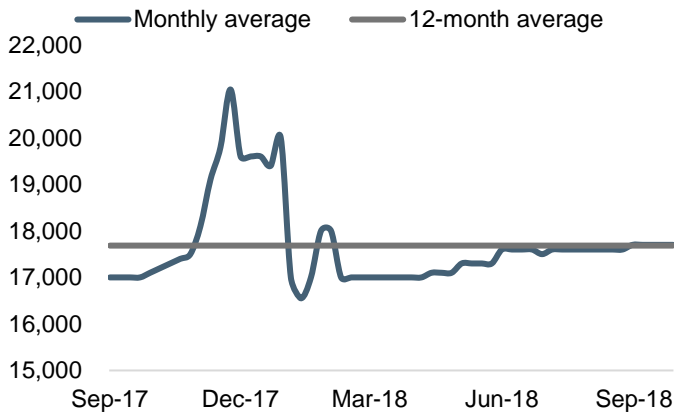
Retail price trends

Commodity products

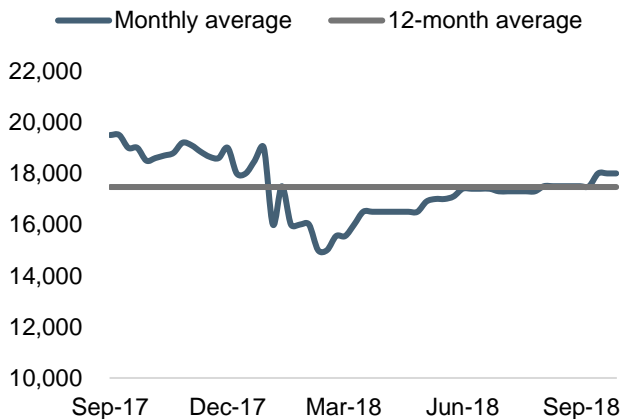
Crude palm oil – ₦ per 25kg gallon



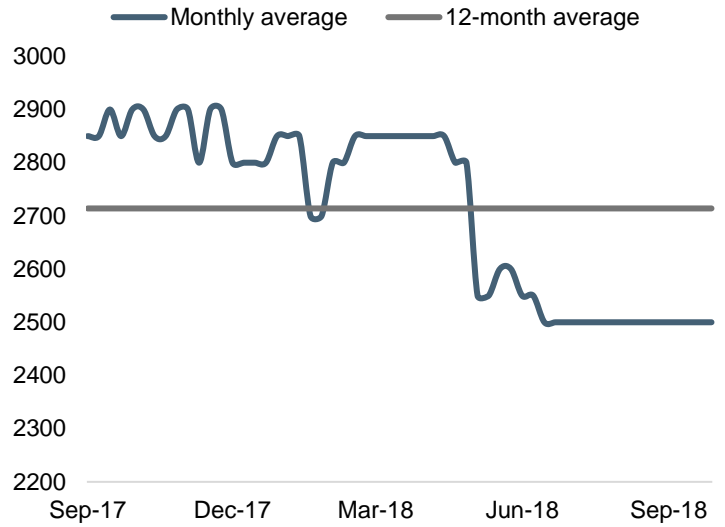
Vegetable oil – ₦ per 20kg gallon



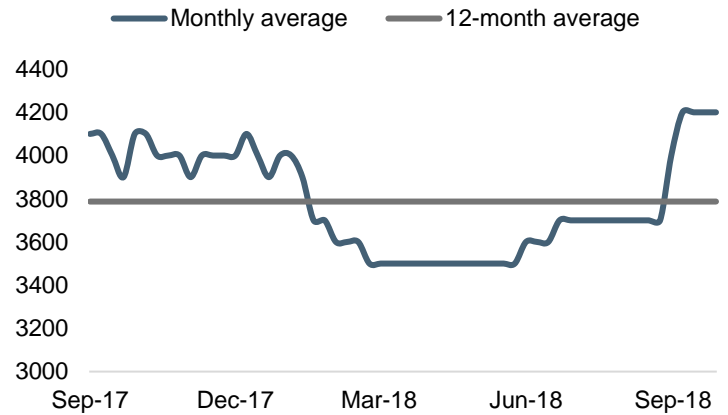
Rice – ₦ per 50kg



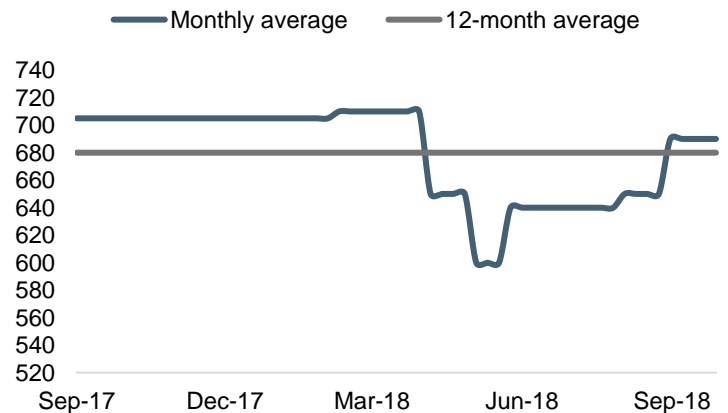
Cement – ₦ per 50kg bag



Cooking gas – ₦ per 12.5kg



Knorr – ₦ per 100 cubes



Valuation of Coverage companies

	FVE (₦)	Market Price (₦)	Upside (Downside)	Recommendation
Guinness	88.21	79	11.66%	OVERWEIGHT
Nigeria Breweries	121.3	85.5	41.87%	STRONG BUY
Nestle	998.21	1420.3	-29.72%	SELL
Flour mills	NA	20.4	NA	RESTRICTED
Unilever	34.3	42.5	-19.29%	SELL
Dangote Sugar	17	14.55	16.84%	OVERWEIGHT
Dangote Cement	278.54	200	39.27%	STRONG BUY
Lafarge	27.94	23	21.48%	STRONG BUY
CCNN	27.73	25	10.92%	NEUTRAL
Forte Oil	34.35	22.1	55.43%	BUY
Conoil	40.18	22.5	78.58%	BUY
MRS	39.2	28.55	37.30%	BUY
Total	244.28	183	33.49%	STRONG BUY
Seplat	975.27	630	54.80%	STRONG BUY
Okomu	92.45	75.8	21.97%	STRONG BUY
Presco	67.47	53	27.30%	BUY