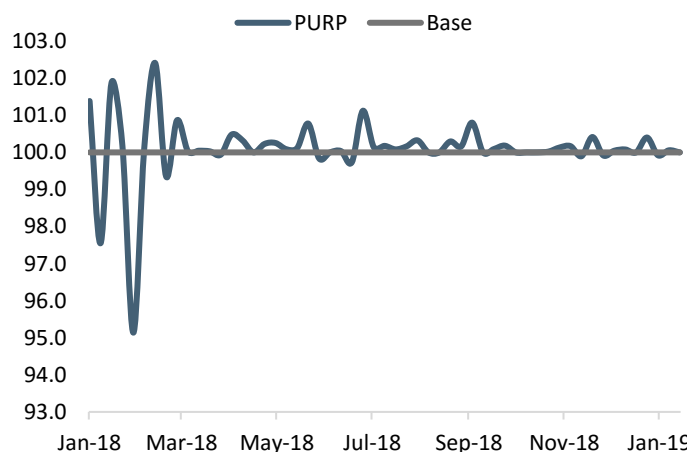


The PENTAD – Urban Retail Price Tracker

Prices take an inch back

The PURP Index



Source: ARM Research

	Commodity	Consumer	Cement	Brewery	Oil
Weightings	30%	30%	10%	20%	10%
Price change (MoM)	0.6%	2.2%	1.0%	-0.1%	-0.8%
Standard deviation of prices	7	0	25	4	0
Broad sales volume direction	flat	increasing	increasing	increasing	flat

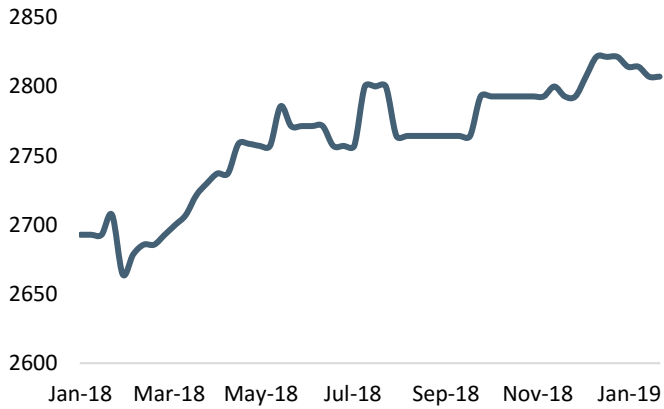
To determine how retail prices have moved on average, we fashioned out a Pentad Urban Retail Price Index (PURP) which adopts April 1st to April 8th as a base period. The PURP index accords 30% weightings apiece to consumer and commodities prices, 20% weighting to the brewery basket with a further 20% 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 **0.42% MoM** to 111.3 pts in January (vs **0.45% MoM** in December). Price pressure remained more evident in the commodities and consumer basket, with the increase in the latter driven largely by reversal of price discounts following weeks of discount sales. On other fronts, prices were lower across the brewery and oil & gas sectors.
- In the **consumer basket**, average prices increased by **2.2% MoM** largely due to reversal of price discounts following weeks of discount sales. Elsewhere, we noted increases in price of *Close Up* (+8.1%) and *Dangote Pasta* (+4.6%) which was not linked to any reversal of price discounts. Current price of *Close Up* now match the price of its closest competitor, *Oral B*. On the other hand, the increase in price of *Dangote pasta* now places it at a premium to *Honeywell* and *Golden penny* pasta.
- Prices in the **brewery basket** moderated slightly by **0.10% MoM** as competition remained stiff in the sector. Price moderation was more evident in *Goldberg* (-1.2% MoM) and *Satzenbrau* (-0.6% MoM).
- Average price in the **commodities basket** remained elevated over January with prices rising by **0.57% MoM**. Importantly, *Palm Oil* prices extended its rally into the month following festive period induced price hike. Nonetheless, prices are almost 10% lower compared to same period in the prior year. Similarly, *vegetable oil* prices were higher during the period. In a different trend, average price of *rice* moderated over January. Despite incessant floods, bumpy harvest continued to support crop production and supply during the period.
- Prices in the **oil & gas sector** witnessed moderated over January with average prices down by **0.78% MoM** largely on the back of lower *Cooking Gas* price (-2.3% MoM). We believe this is largely due to increased domestic and foreign supply.
- Prices in the **cement sector** increased by **1.0% MoM** following a decline in the previous month. On other fronts, activities in the cement sector picked up slightly relative to December gauged by demand for cements over the period.

Retail price sub-index

Brewery Sector



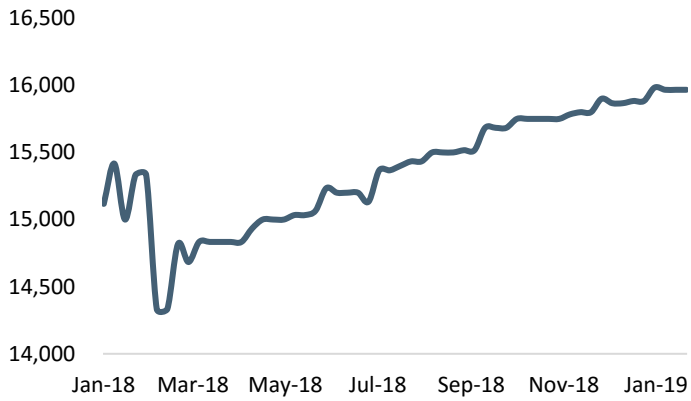
Source: ARM Research

Consumer Sector



Source: ARM Research

Commodity Sector



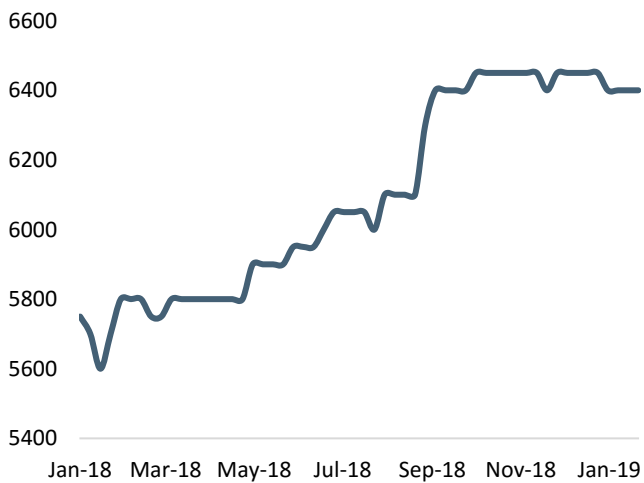
Source: ARM Research

Cement Sector



Source: ARM Research

Oil & Gas Sector



Source: ARM Research

Retail price trends

	Jan-19	Dec-18	Nov-18	Q2 18	Q3 18	Q4 18
Breweries						
Star (₹/crate)	2600	2590	2550	2592	2531	2565
<i>MoM/QoQ change</i>	<i>0.39%</i>	<i>1.57%</i>	<i>0.00%</i>	<i>1.97%</i>	<i>-2.37%</i>	<i>1.37%</i>
Gulder (₹/crate)	2600	2600	2600	2577	2596	2600
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>3.17%</i>	<i>0.74%</i>	<i>0.16%</i>
Malta Guinness (₹/crate)	2900	2900	2900	2829	2846	2900
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.89%</i>	<i>0.59%</i>	<i>1.90%</i>
Goldberg (₹/crate)	2500	2530	2512.5	2292	2433	2514
<i>MoM/QoQ change</i>	<i>-1.19%</i>	<i>0.70%</i>	<i>0.50%</i>	<i>0.92%</i>	<i>6.18%</i>	<i>3.32%</i>
Satzenbrau (₹/crate)	2325	2340	2300	2379	2273	2313
<i>MoM/QoQ change</i>	<i>-0.64%</i>	<i>0.65%</i>	<i>0.00%</i>	<i>1.89%</i>	<i>-4.45%</i>	<i>1.76%</i>
Guinness (₹/crate)	4200	4200	4200	4370	4292	4200
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>1.53%</i>	<i>-1.79%</i>	<i>-2.14%</i>
Trophy (₹/crate)	2550	2530	2500	2283	2449	2510
<i>MoM/QoQ change</i>	<i>0.79%</i>	<i>1.20%</i>	<i>0.00%</i>	<i>8.99%</i>	<i>7.26%</i>	<i>2.48%</i>

	Jan-19	Dec-18	Nov-18	Q2 18	Q3 18	Q4 18
Consumers						
Close up (₹/160g)	320	296	283	293	293	280
<i>MoM/QoQ change</i>	<i>8.11%</i>	<i>4.78%</i>	<i>0.89%</i>	<i>-1.65%</i>	<i>0.00%</i>	<i>-4.33%</i>
Maggi (₹/400g)	506	510	507.5	534	537	509
<i>MoM/QoQ change</i>	<i>-0.78%</i>	<i>0.49%</i>	<i>-0.49%</i>	<i>3.05%</i>	<i>0.53%</i>	<i>-5.18%</i>
Milo (₹/500g)	998	989	984.5	867	919	988
<i>MoM/QoQ change</i>	<i>0.91%</i>	<i>0.46%</i>	<i>-0.46%</i>	<i>-23.25%</i>	<i>6.00%</i>	<i>7.49%</i>
Blueband (₹/250g)	293	288.2	282.5	383	292	285
<i>MoM/QoQ change</i>	<i>1.67%</i>	<i>2.02%</i>	<i>-0.88%</i>	<i>-11.84%</i>	<i>-23.91%</i>	<i>-2.21%</i>
Omo (₹/400g)	380	380	385	400	393	382
<i>MoM/QoQ change</i>	<i>0.0%</i>	<i>-1.30%</i>	<i>1.32%</i>	<i>-2.44%</i>	<i>-1.67%</i>	<i>-2.97%</i>
Lipton (₹/100 tea bags)	237	219	216	214	202	217
<i>MoM/QoQ change</i>	<i>8.22%</i>	<i>1.27%</i>	<i>0.58%</i>	<i>-7.48%</i>	<i>-5.60%</i>	<i>7.13%</i>
Dangote Salt (₹/250g)	45	45	45	43	45	45
<i>MoM/QoQ change</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>-25.46%</i>	<i>4.23%</i>	<i>0.00%</i>
Dangote Sugar (₹/500g)	237	224.4	216	247	231	221
<i>MoM/QoQ change</i>	<i>5.61%</i>	<i>3.89%</i>	<i>-2.70%</i>	<i>-2.95%</i>	<i>-6.22%</i>	<i>-4.55%</i>
Dettol (₹/70g - pack of 6)	850	819	812.5	628	746	816
<i>MoM/QoQ change</i>	<i>3.79%</i>	<i>0.80%</i>	<i>-0.31%</i>	<i>0.35%</i>	<i>18.78%</i>	<i>9.27%</i>
Goldenmorn (₹/500g)	854	824.6	807	730	837	812
<i>MoM/QoQ change</i>	<i>3.57%</i>	<i>2.15%</i>	<i>0.53%</i>	<i>8.42%</i>	<i>14.61%</i>	<i>-2.99%</i>
Golden penny sugar (₹/500g)	245	244	237.5	246	239	242

	Jan-19	Dec-18	Nov-18	Q2 18	Q3 18	Q4 18
<i>MoM/QoQ change</i>	0.41%	2.74%	-1.04%	-17.71%	-1.31%	1.32%
Knorr (₹/400g)	658	660	663	633	660	664
<i>MoM/QoQ change</i>	-0.36%	-0.32%	-1.12%	-10.54%	-0.65%	0.65%
Golden penny pasta (₹/500g)	180	180	180	216.6667	180	180
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%	-15.86%	-16.92%	0.00%
Honey well pasta (₹/500g)	200	199	195	203	195	196
<i>MoM/QoQ change</i>	0.50%	-0.50%	0.00%	-4.65%	-4.10%	0.68%
Dangote pasta (₹/500g)	230	220	180	201.6667	180	193
<i>MoM/QoQ change</i>	4.55%	22.22%	0.00%	-7.95%	-10.74%	7.41%
Golden penny noodles (₹/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 (₹/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 (₹/70g)	35	35	35	45	35	35
<i>MoM/QoQ change</i>	0.00%	0.00%	0.00%	0	-22.22%	0.00%

Commodities

	Jan-19	Dec-18	Nov-18	Q2 18	Q3 18	Q4 18
Crude palm oil	11500	11400	11325	10773.33	11325	11358
<i>MoM/QoQ change</i>	0.88%	0.66%	-0.22%	-7.16%	5.12%	0.29%
Vegetable oil	18100	17920	17775	17385	17633	17798.333
<i>MoM/QoQ change</i>	1.00%	0.82%	0.42%	1.49%	1.43%	0.94%
Rice	18312.5	18320	18250	17010	17533	18257
<i>MoM/QoQ change</i>	-0.04%	0.38%	0.27%	6.37%	3.08%	4.13%

Cement (₹/50kg)

	Jan-19	Dec-18	Nov-18	Q2 18	Q3 18	Q4 18
Cement (₹/50kg)	2625	2600	2675	2853.846	2812	2638
<i>MoM/QoQ change</i>	0.96%	-2.80%	0.94%	2.84%	-1.48%	-6.16%

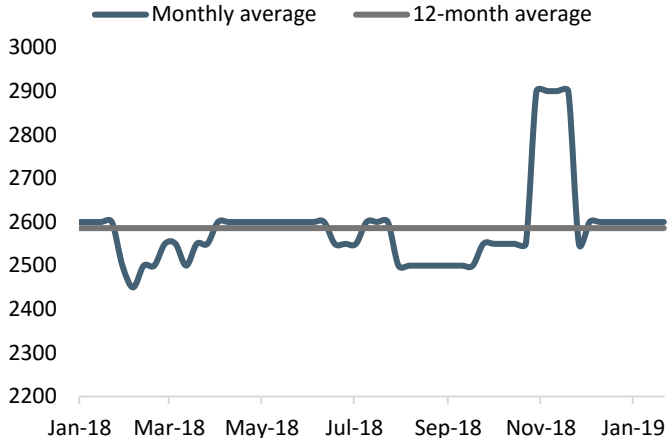
Oil & Gas

	Jan-19	Dec-18	Nov-18	Q2 18	Q3 18	Q4 18
Cooking gas (₹/12.5kg)	4200	4300	4250	3546.667	3853	4283
<i>MoM/QoQ change</i>	-2.33%	1.18%	-1.16%	-2.39%	8.65%	11.16%
Lubricants (₹/4L)	8600	8600	8625			
<i>MoM/QoQ change</i>	0.00%	-0.29%	0.29%			

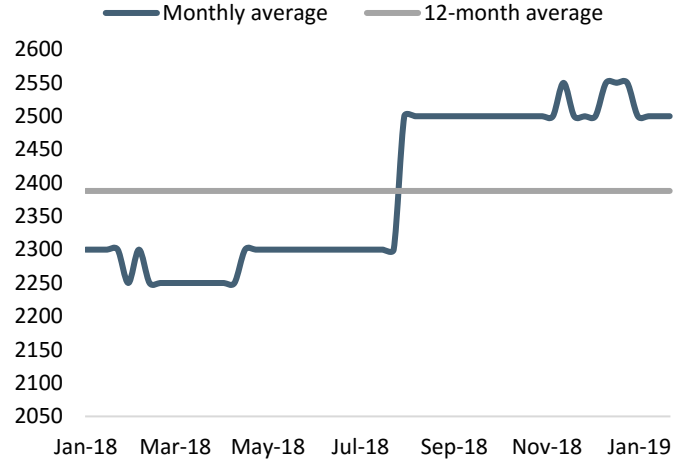
Retail price trends

Brewery products

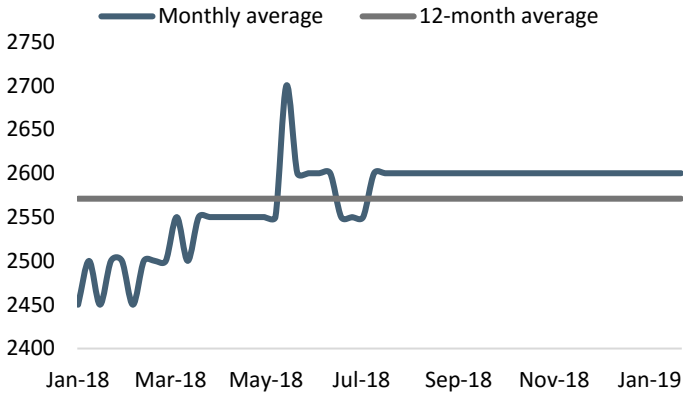
Star – ₦ per crate



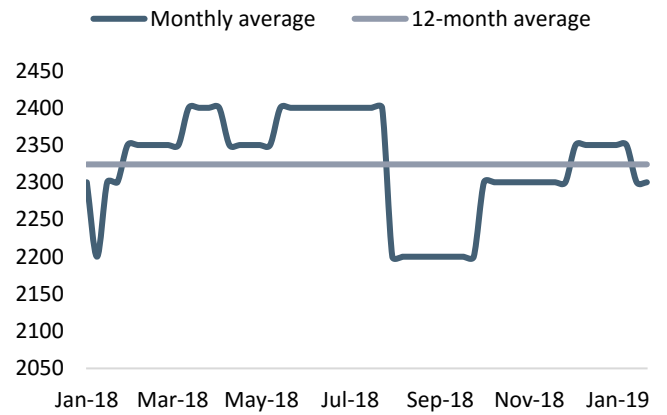
Goldberg – ₦ per crate



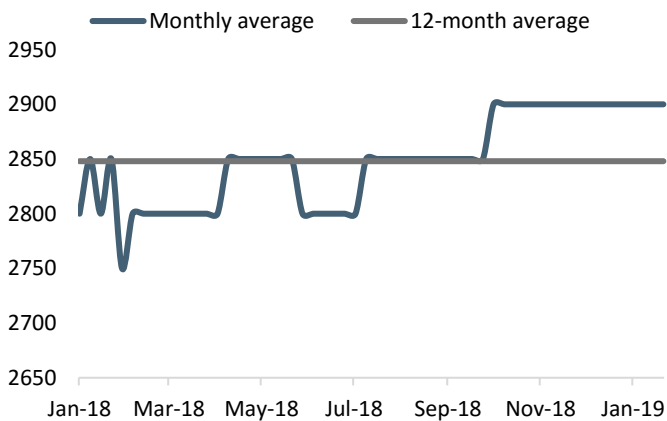
Gulder – ₦ per crate



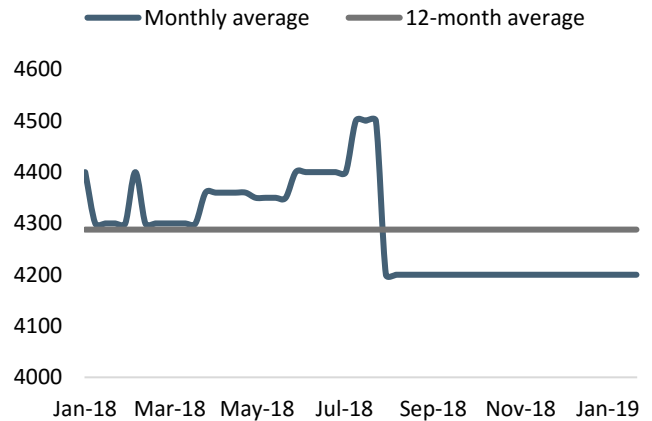
Satzenbrau – ₦ per crate



Malta Guinness – ₦ per crate

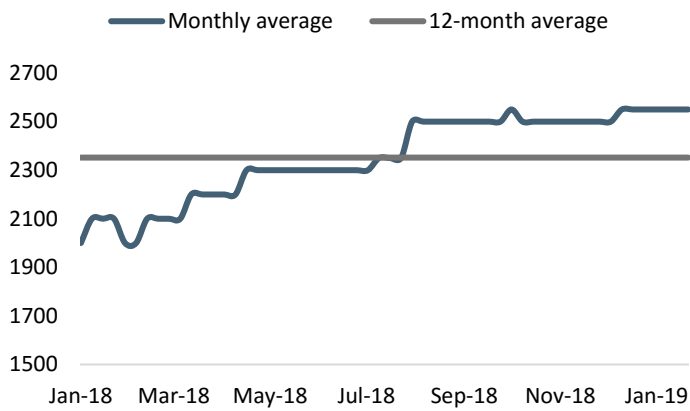


Guinness – ₦ per crate

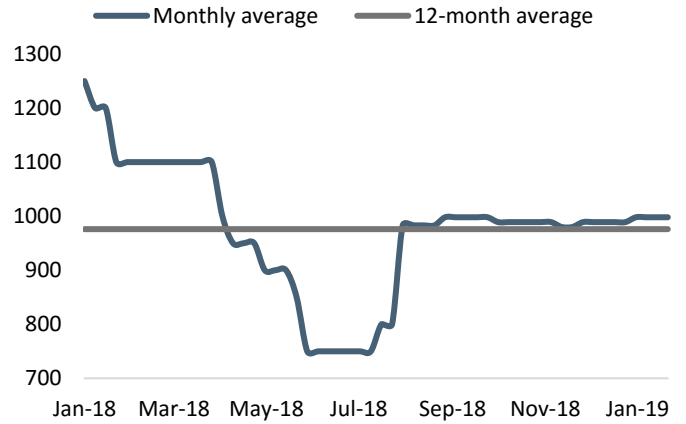


Retail price trends

Trophy – ₦ per crate

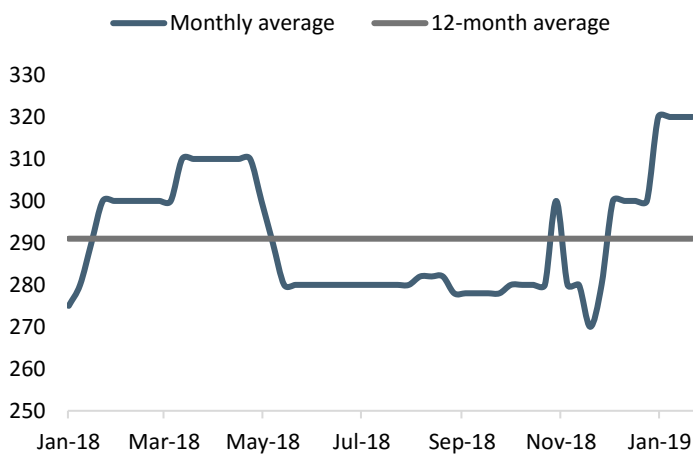


Milo – ₦ per 500g

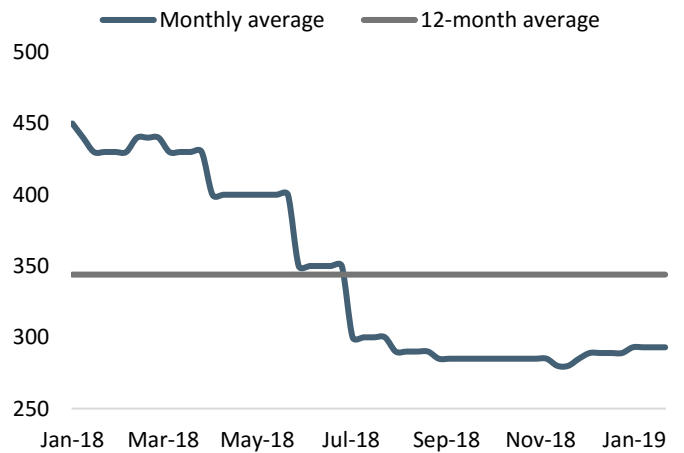


Consumer products

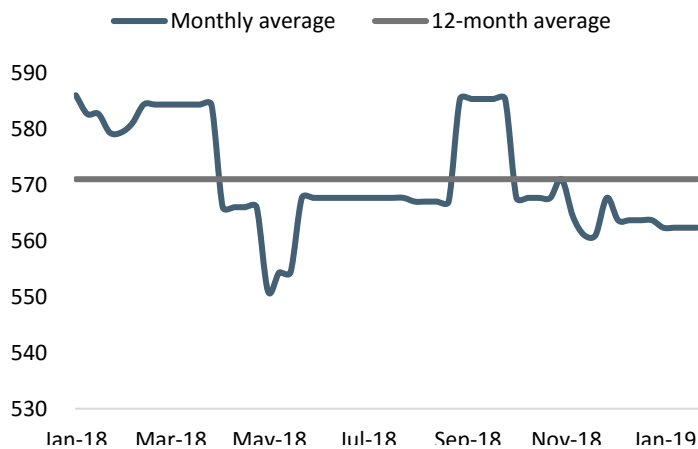
Close up – ₦ per 240g



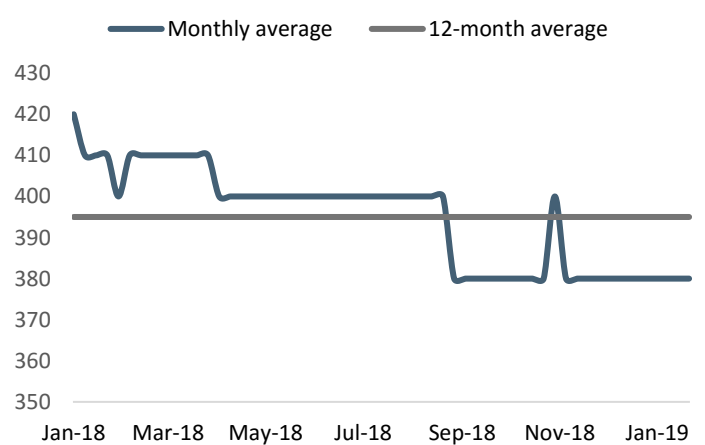
Blue band – ₦ per 250g



Maggi – ₦ per 100 cubes

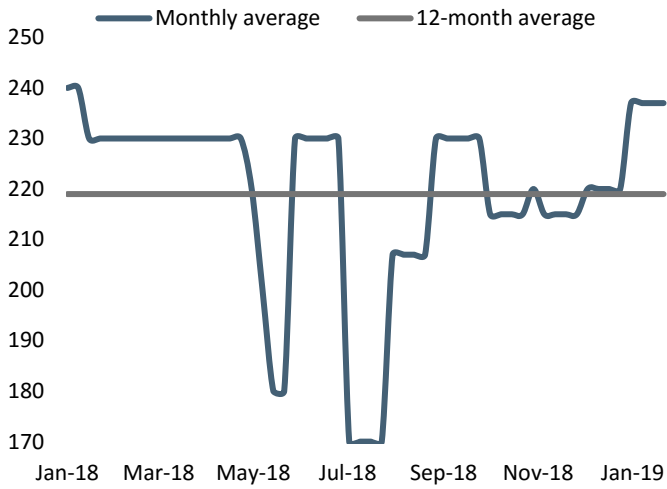


Omo – ₦ per 400g

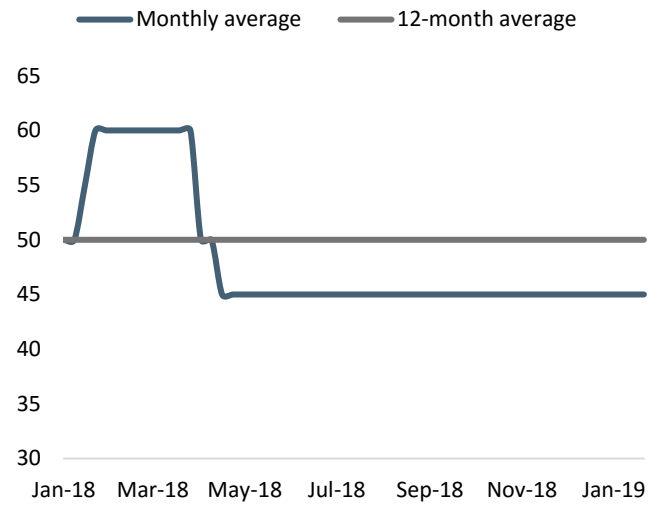


Retail price trends

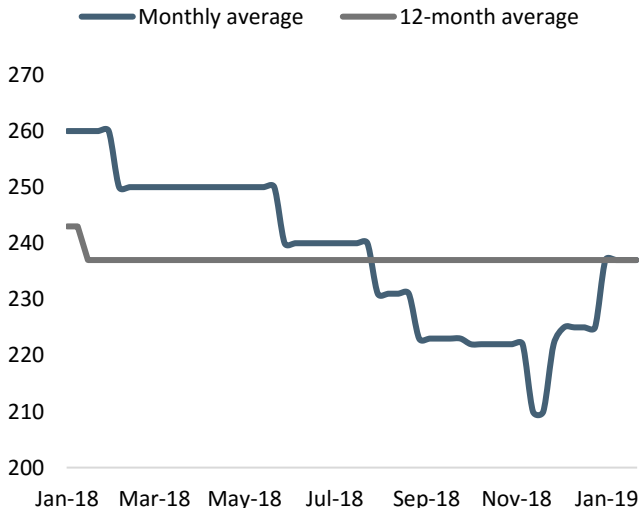
Lipton – ₦ per 25 tea bag



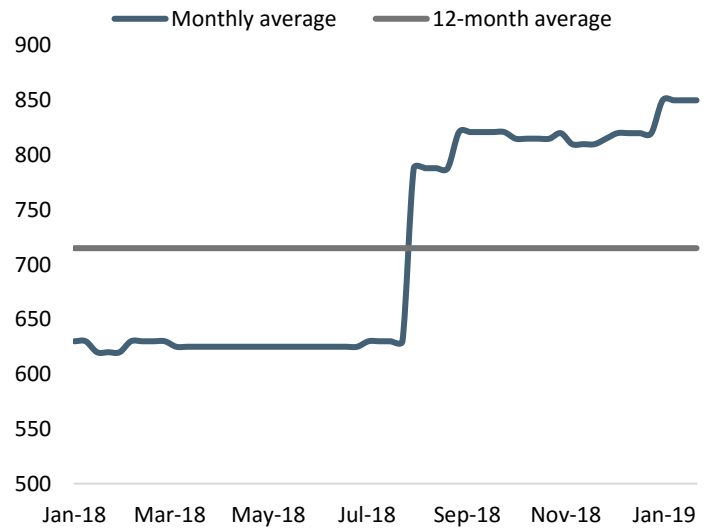
Dangote salt – ₦ per 250g



Dangote sugar – ₦ per 250g



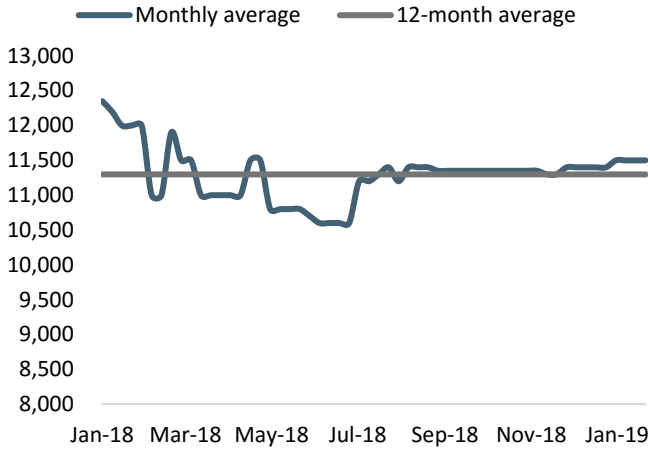
Dettol – ₦ per 70g



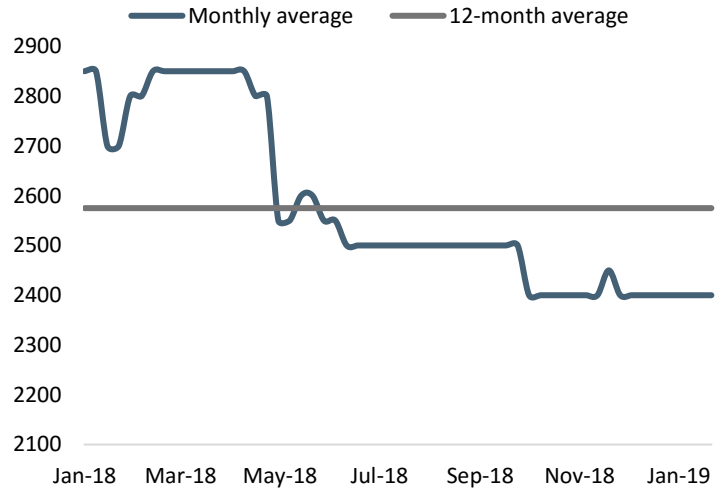
Retail price trends

Commodity products

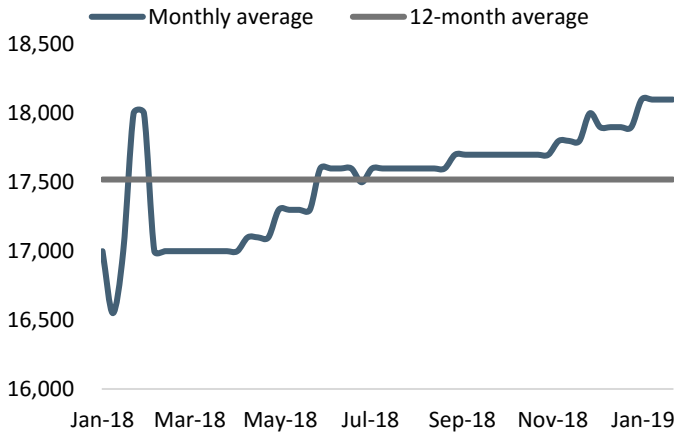
Crude palm oil – ₦ per 25kg gallon



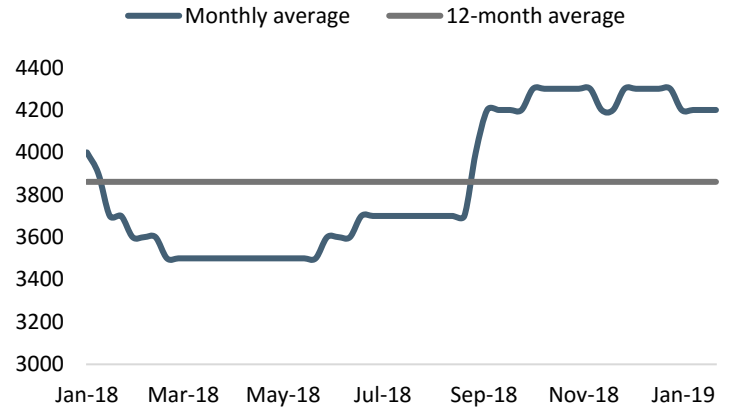
Cement – ₦ per 50kg bag



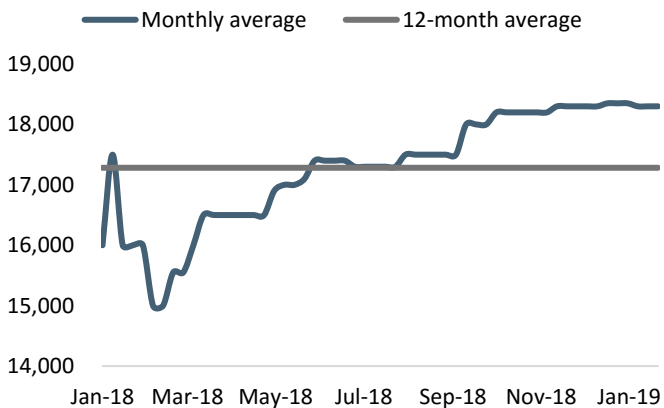
Vegetable oil – ₦ per 20kg gallon



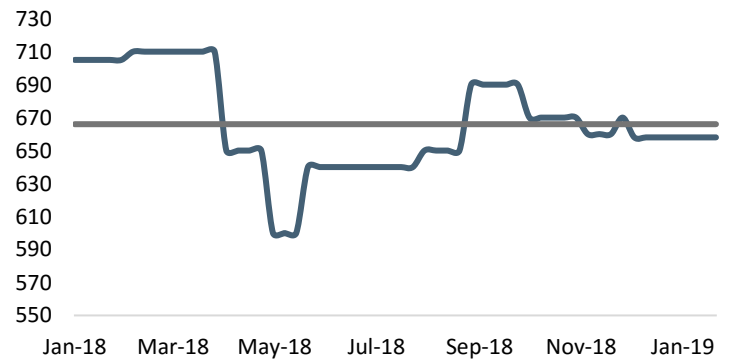
Cooking gas – ₦ per 12.5kg



Rice – ₦ per 50kg



Knorr – ₦ per 100 cubes



Valuation of Coverage companies

	FVE (₦)	Market Price (₦)	Upside (Downside)	Recommendation
Guinness	73.96	71	4.17%	NEUTRAL
Nigeria Breweries	76.58	79.9	-4.16%	SELL
Nestle	1330.35	1450	-8.25%	SELL
Unilever	49.19	36.55	34.58%	BUY
Dangote Sugar	17.01	14.5	17.31%	OVERWEIGHT
Dangote Cement	253.03	194	30.43%	STRONG BUY
Lafarge	18.07	12.5	44.56%	BUY
CCNN	16.96	24	-29.33%	SELL
Forte Oil	34.35	29.5	16.44%	NEUTRAL
MRS	39.2	28.55	37.30%	BUY
Total	244.28	214.5	13.88%	OVERWEIGHT
Seplat	975.27	540	80.61%	STRONG BUY
Okomu	97.75	82	19.21%	OVERWEIGHT
Presco	67.47	60	12.45%	NEUTRAL

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