

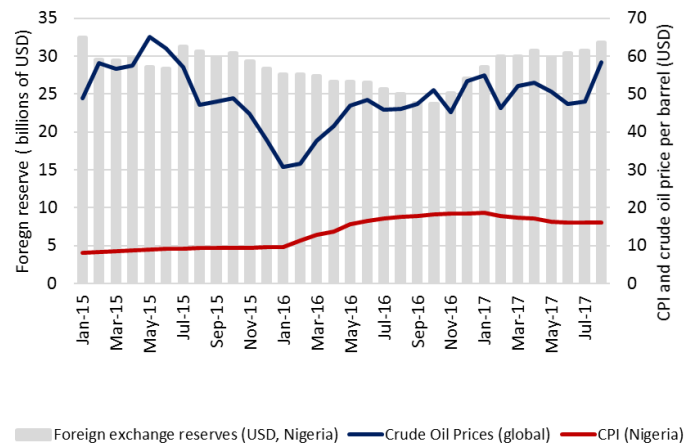
## NIGERIA Market Monitoring Bulletin

September 29, 2017

### Key messages

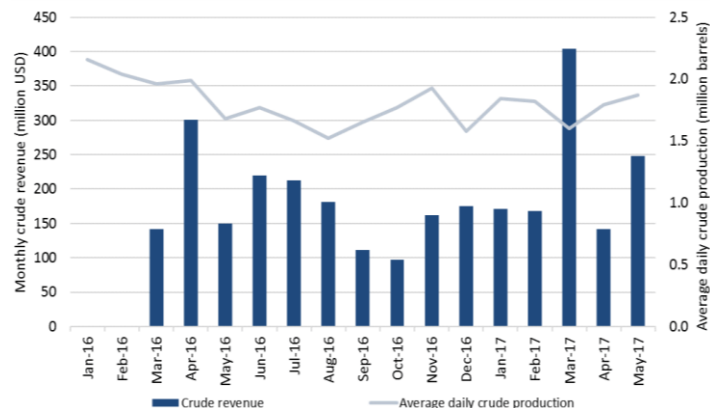
- Recent increases in oil revenues along with revenues from non-oil sectors such as agriculture, are gradually helping drive Nigeria's economy out of recession. Major economic indicators continue to improve (positive GDP of about 0.55 in 2017Q2, increased foreign reserve levels, strengthening currency, and declining inflation) (**Figures 1, 2, and 3**).
- The gap between the official inter-bank exchange rate and the parallel Bureau-de-Change rate continues to reduce, bringing about relative stability in prices of imported staples on the national level. On-going early harvests have also impacted general food prices (**Figure 3**).
- The current regional prices still favor Nigerian staple traders as prices in Nigeria are relatively cheaper compared to Niger (**Figure 4**).
- August 2017 maize and imported rice prices are above 2016 levels in most markets. While prices have begun trending closer to average in a few markets, particularly for imported rice, prices in most markets remain above average. As a result, although improving, the purchasing power of most households in Nigeria remains weak (**Figures 5 and 6**).
- Compared to July 2017 levels, Nigeria's northeastern markets show relatively stable prices with slight increases for maize, rice, and sorghum and a higher increment for cowpea. Staple prices in Mubi increased in August but remain cheaper compared to other regional markets. Maize and rice prices in Potiskum and Damaturu markets in Yobe showed slight marginal decreases from July to August 2017. The price of cowpea increased in Damaturu and is cheapest in Potiskum, among selected markets (**Figures 7 and 8**).

**Figure 1.** Nigeria foreign reserves, global fuel price trends and inflation (January 2015 to August 2017)



Source: Central Bank of Nigeria (CBN) and National Bureau of Statistics (NBS), 2017

**Figure 2.** Average daily crude oil production and monthly receipts in Nigeria (January 2016 to May 2017)

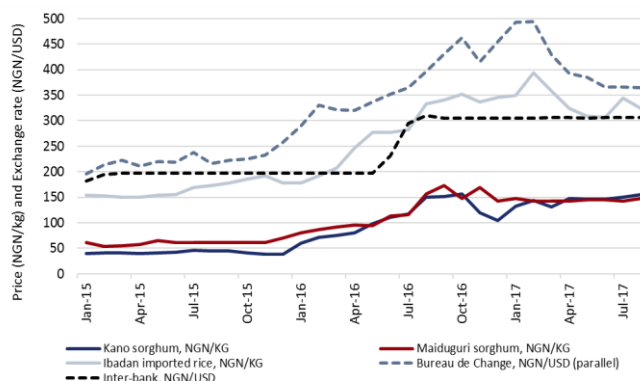


Source: Nigerian National Petroleum Corporation (NNPC) monthly reports, May 2017

In June 2016, FEWS NET released an alert describing the [national and regional implications of declining global crude oil prices on the Nigerian economy and subsequent currency depreciation since 2015](#). Within the context of this national economic shock, [more than 3 million people in Northeast Nigeria already face significant food insecurity due to the Boko-Haram conflict](#). The Nigeria Market Monitoring Bulletin provides a summary of emerging market trends in Nigeria and the broader region.

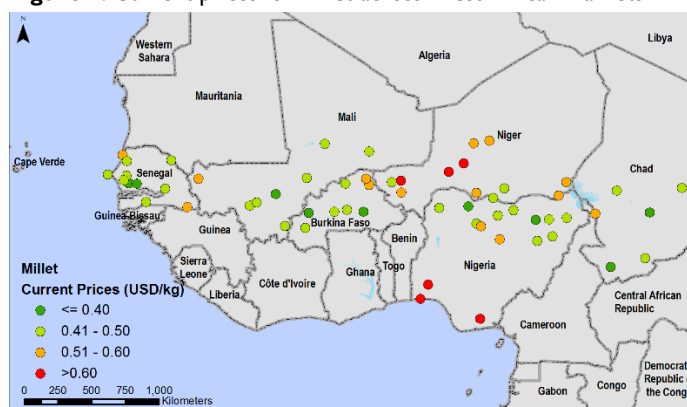
- The preliminary results of a WFP FEWS NET market survey showed that the cereal markets in Borno, Yobe, and Adamawa are beginning to adjust but with prices still relatively high compared to the average. Compared to the same period last year, household demand has increased in Borno, Yobe, and Adamawa.
- Market functionality in the Lake Chad region for the month of July remained largely the same as in June 2017. It was expected that market functionality would improve due to early green harvests but increased attacks did not allow that to happen. In fact, the trade routes are now riskier than before due to increased attacks on the roads as insurgents are seeking food and cash (**Figure 9**).
- Nigeria's economy continued on the path of recovery from recession with increased foreign reserves of about 2 percent between June and July 2017. Likewise, inflation (as captured through the CPI) reduced relatively from 16.10 to 16.05 within the same period, but remained high (**Figure 1**).
- The beginning of economic recovery is reflected in a positive GDP of about 0.55 in 2017Q2. Additionally, the revenue profile from crude oil, as production per day, increased by about 12 percent between March and April 2017; while the crude oil revenue and receipts between April and May 2017 increased by about 74 percent (**Figure 2**).
- Improved foreign exchange reserves (**Figure 1**) have allowed the CBN to maintain its policy of direct intervention sales in the FOREX market, thereby strengthening the local currency value. The Nigerian Naira (NGN) traded on the parallel market at a relatively stronger rate throughout July and August 2017, at about NGN 365.00 to US\$1, further narrowing the gap between the official inter-bank exchange rate and the parallel Bureau-De-Change (BDC) rate. The Naira strengthened by 26 percent compared to its January 2017 value (**Figure 3**).
- The increase in foreign reserves is driven largely by an upward trend in global fuel prices and stability in crude oil production in the Niger Delta. The OPEC granted supply cut waiver, in addition to a reduction in pipeline attacks in the Niger Delta, have allowed for stable production. A peaceful agreement was recently formed between the government of Nigeria, the Niger Delta militants and the Pan Niger Delta Forum (PANDEF).
- The persisting high inflation rate is driven by high costs of cereals and other staples in the food basket as well as high transportation and distribution costs. While some new green harvests have started arriving in the markets, the stock is still largely made up of old stocks from last year's harvests, resulting in elevated prices as consumers demand more of old stocks.
- The Federal Government of Nigeria (FGN), through the CBN, continues its restriction policy on imported commodities based on the premise that the country has the capacity to produce locally. Rice, one of those commodities, recorded a decline in price as local production increased while the value of the Naira appreciated. The price of imported rice declined by between four to six percent between July and August 2017 at Bodija market and other markets in the southern part of the country (Aba and Lagos), where mostly imported rice is consumed. However, the nominal prices for imported rice

**Figure 3.** Evolution of the exchange rate (NGN/USD) and staple food prices (NGN/Kg) for January 2015 to August 2017



Source: Central Bank of Nigeria (CBN) and FEWS NET

**Figure 4:** Current prices for millet across West African markets

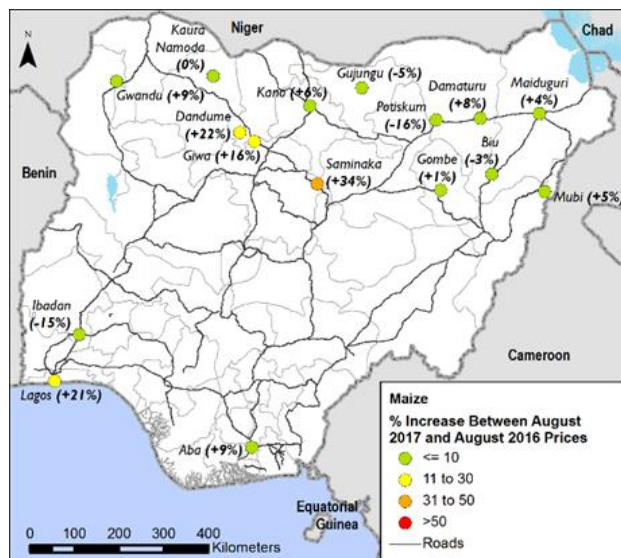


Source: FEWS NET

remain higher than average, causing a corresponding shift to local staples in northern parts of the country thereby increasing demand and prices. The price of sorghum in Dawanau market in Kano increased marginally by about 3 percent in August 2017 (**Figure 3**).

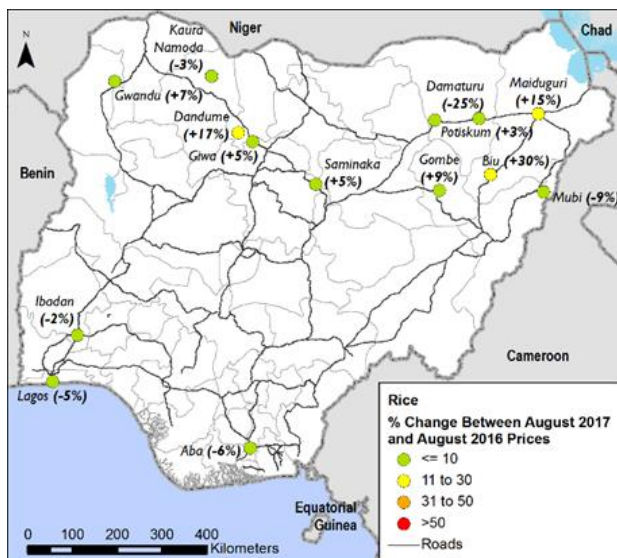
- The regional trade market in staples remained normal and favorable for Nigerian traders at markets along the Niger border. The current price of millet at border markets in Jibia, Maiadus, Maigatari and Damasak ranges between USD 0.41 and 0.50 per KG. Meanwhile prices in markets in central Niger are about USD 0.51 to 0.60 per KG or higher (**Figure 4**).

**Figure 5.** Maize prices in Nigeria (August 2017 vs August 2016)



Source: FEWS NET

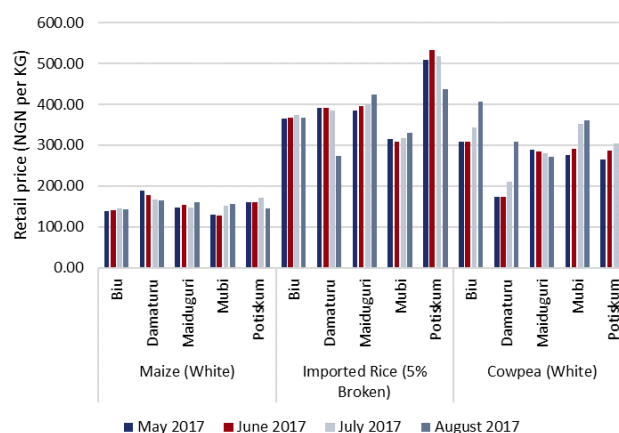
**Figure 6.** Rice prices in Nigeria (August 2017 vs August 2016)



Source: FEWS NET

- Price monitoring in northern Nigeria reflects a reduction in the persistent elevated price levels for major staples. In most regional markets, the price of maize increased, but to a lesser degree than has been the trend in previous months. Most markets in northern Nigeria saw less than 10 percent increases in maize prices in August 2017 as compared to August 2016. Higher year on year price increases were observed in Dandume, Giwa, and Saminaka. Rice prices also increased as compared to August 2016 but again to a lesser degree than has been the trend in recent months. Increased maize prices are due to increased demand for consumption by households and for inputs by the poultry industry. Additionally, maize production was hampered by army-worm infection, which has been affecting many parts of the country. The increase in demand and price of maize suggests that households may have shifted to the consumption of maize since it was cheaper than the preferred staple, rice. Thus, while month to month price changes are relatively stable, compared to last year and the five-year average, prices are still high. (**Figures 5 and 6**).

**Figure 7.** Staple prices across selected markets in North East Nigeria.



Source: FEWS NET



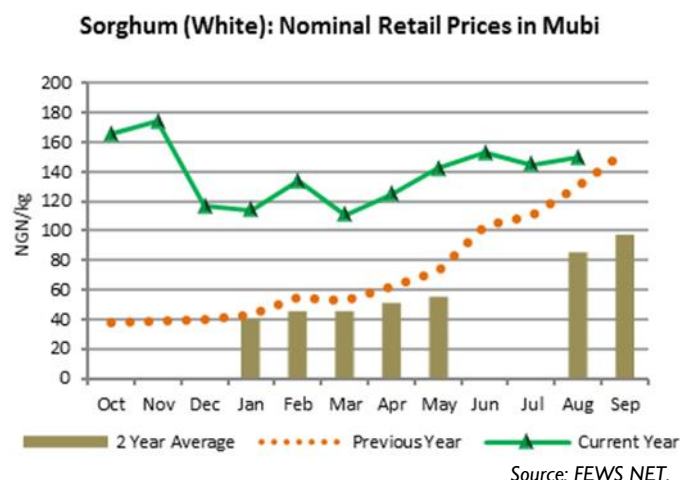
- Staple market prices across the northeast reflect cheaper imported rice prices in Mubi market of Adamawa state than in other markets of Borno and Yobe states. The price of white maize was cheaper in Bui and Potiskum markets compared to equivalent prices in Maiduguri and other markets. The price of white cowpea, however, was cheaper in Damaturu and Potiskum markets of Yobe state from May to August 2017 compared to other markets. Although the price of white cowpea increased in Damaturu in August 2017, the price decreased in Potiskum, which captured the lowest cowpea price of the selected markets. The trend of relatively low prices in Mubi (Adamawa state), Bui (Borno state), Potiskum and Damaturu (Yobe State) compared to other markets in the region, is due to greater food availability as the recovery in these zones is more advanced than in other parts of the North East. This indicates that a local purchase approach through cash assistance support could potentially benefit those markets and assist in ensuring livelihood recovery of resident households and IDPs. (Figure 7).

- Most staple food prices in northeastern markets, though elevated, were below the previously projected prices for August 2017 due to low purchasing power of households and higher than expected levels of green harvests. Household shifts to consumption of green millet is reducing the prices of other staples, albeit at a small rate. The retail price of sorghum in Mubi market dropped to NGN 149.88 per KG from NGN 152.88 per KG in June (Figure 8).

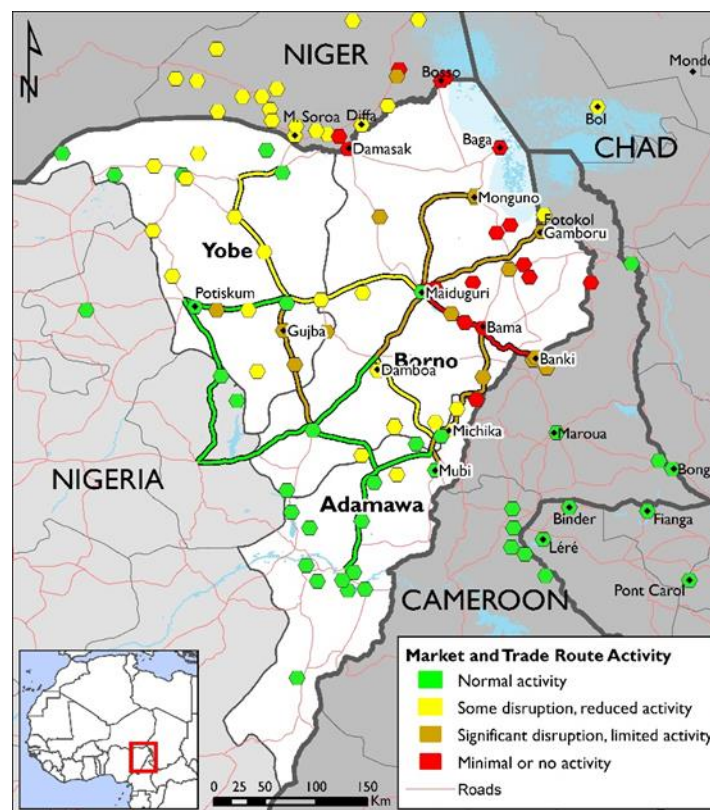
- Market functioning in northeast Nigeria, as of July 2017, remained largely the same as in June 2017 but below the normal levels due to insecurity along roads linking markets in southern Borno and communities in Adamawa state. Markets in northern Borno (Marte, Guzamala, and Abadam) are still not functioning completely (Figure 9).

- The preliminary results of the September joint WFP FEWS NET market survey in Borno, Yobe and Adamawa showed that cereal markets are beginning to adjust, but with prices still relatively high compared to the average. Compared to the same period last year, household demand has increased in Borno, Yobe and Adamawa. According to traders, the increased number of customers is linked to an improvement in the security situation, which in turn, induced a return of displaced populations and a timid resumption of economic activities. This increase in demand is strong in all surveyed markets in Borno (70%), Yobe (63%), and Adamawa (64%). However, despite this improvement, markets remain fragile. Traders cite lack of capital and credit, as well as residual insecurity as the main constraints preventing them from improving sales. The supply difficulties limit the ability of traders to respond to increases in demand. With a 25% increase in demand, Demboa, Ngala, Mubi South, Michika, Gubja, and Gulani markets have longer

**Figure 8.** Trend in retail sorghum prices in Mubi, Adamawa State.



**Figure 9.** Market functioning in North East Nigeria for the month of July 2017.



lead times of about two weeks according to traders. Over 60% of the traders in Borno, Yobe and Adamawa say they will continue to have a difficult time meeting growing demand.

- Market functionality in the Lake Chad region is largely the same as in the previous bulletin while accessibility has reduced in southern Borno state due to the insecurity. A recent FEWS NET market recovery assessment shows that 7 out of 10 markets surveyed in Madagali LGA of Adamawa state were either nonfunctioning or functioning well below normal levels. The same situation applies in Damboa LGA in Borno state where 7 of the 10 assessed markets were not functional at all as they have been destroyed by insurgents. In Askira Uba LGA in Borno state, 5 of the 10 assessed markets were non-functional.
- Non-functionality of markets was due to either destruction of market infrastructure, especially in Borno state, or due to desertion of communities by the habitants because of regular attacks by insurgents.
- Due to the reduced purchasing power of households, underscored by the rising prices of major staples, particularly in northern Nigeria, humanitarian partners implementing cash based programs should continue to monitor the food basket, review the transfer value and adjust appropriately to respond to fluctuations in market prices to preserve the Survival Minimum Expenditure Basket calculated at 2,100 kcal/person. For instance, the Survival Minimum Expenditure Basket for a family of 5 people in Maiduguri and Jere, which is 70 percent of the daily food needs of a 5-person household, is calculated as 17,878.35 Naira (**Figure 10**).

**Figure 10:** Transfer value calculated for 5 household members in Maiduguri markets for one month

HOUSEHOLD SIZE			5				
Food Item	gms/day/pp	Kc/day/pp	gms/HH/day	gms/HH/month	kg/HH/month	Price/kg- Naira (MPM)	Price/HH/month - Naira
Rice	150	540	750	22,500	22.50	480	10,800
Millet	0		0	0	0.00		0
Maize	250	913	1250	37,500	37.50	180	6,750
Beans	75	255	375	11,250	11.25	400	4,500
Palm oil	10	88	50	1,500	1.50	435	653
Groundnut	15	85	75	2,250	2.25	320	720
Sugar	10	39	50	1,500	1.50	480	720
G/nut oil/Veg Oil	20	177	100	3,000	3.00	386	1,158
Salt	5	0	25	750	0.75	160	120
Onion	8	3	40	1,200	1.20	100	120
<b>Total</b>		<b>2,100</b>					<b>N 25,540.50</b>
Cost food basket at 70%:	70%	<b>1,470</b>					<b>N 17,878.35</b>
Per capita based on 70% transfer value							<b>N 3,575.67</b>

Source: WFP