



## Rice

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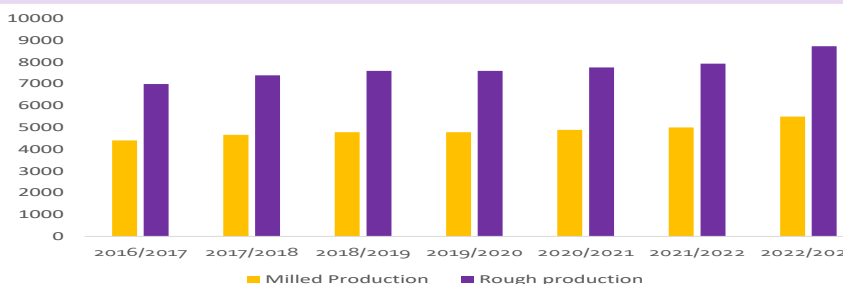
### Increase in rice prices to drive food inflation?

Based on a BusinessDay report, the price of a 50kg bag of locally parboiled rice in Nigeria grew by 53.6% in two months driven by the floods that ravaged many parts of the country. According to the report, a 50kg bag of locally parboiled rice now sells for N43,000, up from N28,000 in September. The price of a 50kg bag of foreign parboiled rice has risen to N45,000 from N31,000. Chairman of the Rice Processors Association of Nigeria, Mohammed Abubakar noted that the floods submerged hundreds of rice farmlands and caused the price of paddy to jump from N200,000 to N300,000 per tonne. Thousands of hectares of rice farms have reportedly been washed away in Taraba, Jigawa, Kano, Benue, Niger, Kogi, and Kebbi, among other states.

Based on data from the United States Department of Agriculture (USDA), Nigeria with average 2023 forecast local consumption of c.8.25million metric tonnes (MMT) per annum versus average milled local production of 5.5 million MT (rough production 8.73MMT), was the second highest importer of rice. The Buhari administration had in 2016 set 2018 as a target period to end importation of rice and become self-sufficient. Since 2011, the government has been making substantial efforts to encourage the domestic cultivation of rice and to eliminate imports using incentives such as subsidised loans, cheap fertilizers, free farmland, and tax rebates. Other strategies to discourage imports were also put in place such as stopping rice importers from buying foreign exchange from the official market and raising tariffs to as high as 60%.

These restrictions led to a gradual decline in imports and resulted in an increase in the price of imported rice. Consequently, the price gap that made cheaper imported rice more attractive began to narrow. The most effective measure against rice imports however was the closure of the land borders in August 2019. The price of rice, a major staple in the country rose substantially during the period of the closure of the land borders. The price of a 50kg bag of imported rice, which was selling at N14,500 before the closure of the border, rose to c.N33,000 while locally produced rice also a c.25-50% increase in price. The prices never declined even after some of the land borders were reopened. Food inflation, which we had assumed will see some respite due to harvest season will most likely continue to rise due to the substantial increase in rice prices, which is forecasted to rise further as the yuletide season approaches.

### Rice production versus imports (ooo'metric tonnes)



Source: USDA, CSL Research.

### MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	43,730.55	42,716.44	43,477.48
Naira / US\$	415.07	435.00	445.67
Brent, US\$/bbl	84.78	77.78	92.65
MPR %	11.50	11.50	15.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. \*Nigerian Stock Exchange All-Share Index.

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## Today's news headlines:

**AMCON recovers N307bn debt in two years:** The Asset Management Corporation of Nigeria recovered a total of N307 billion debts between 2020 and 2021. An inter-agency committee set up on the recovery of debts owed to the Asset Management Corporation of Nigeria submitted its report to the Federal Government and is urging for strict implementation of relevant laws, including the AMCON Act, that ensures that the recalcitrant debtors cannot benefit from government contracts and projects except with due diligence clearance from AMCON. Members of the Committee led by its Chairman, Prof. Bolaji Owasonoye, SAN, who is also the Chairman of the Independent Corrupt Practices Commission, stated this while submitting its interim report to Vice President, Yemi Osinbajo, SAN, on Wednesday at the Presidential Villa. Source: [punchng.com](https://punchng.com).

<https://punchng.com/amcon-recovers-n307bn-debt-in-two-years/>

**Petrol stock dips by 5.48m litres, queues persist:** The Nigerian National Petroleum Company Limited's stock of Premium Motor Spirit, popularly called petrol, dipped by 5,481,239 litres, according to industry data released on Tuesday. Although the drop in PMS stock was marginal, queues for petrol persisted in Abuja, Nasarawa, Niger and some other northern states. Figures obtained from the Nigerian Midstream and Downstream Petroleum Regulatory Authority on Tuesday indicated that the total PMS stock of NNPC as at November 6, 2022 was 1,912,725,464 litres. This dipped to 1,907,244,225 litres on November 7, 2022, indicating a drop of 5,481,239 litres, while the total days' sufficiency was 30.84, according to the NMDPRA data as at November 7. Source: [punchng.com](https://punchng.com)

<https://punchng.com/petrol-stock-dips-by-5-48m-litres-queues-persist/>

**Wike: G-5 Governors Still Open to Reconciling With PDP Leaders:** Rivers State Governor and leader of the rebellious group of Peoples Democratic Party (PDP) governors, Nyesom Wike, yesterday, said he and his aggrieved colleagues were still open to reconciliation with the leadership of the party ahead of the 2023 general election. Wike, who spoke in Bauchi after a meeting with Bauchi State Governor Bala Mohammed, was in company with three of the rebel governors, namely, Samuel Ortom of Benue State, Okezie Ikpeazu of Abia State, and Ifeanyi Ugwuanyi of Enugu State. Seyi Makinde of Oyo State was said to be in the United States at the time. The rebel governors had since after the PDP presidential primaries in May requested that National Chairman of the party, Dr. Iyorchia Ayu, should resign. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/11/10/wike-g-5-governors-still-open-to-reconciling-with-pdp-leaders/>

**MPR Hike: Bonds, NTBs Peak at 14.51%, 11.12% in Secondary Market:** Following the Monetary Policy Rate (MPR) hike trading on Nigerian Treasury Bills (NTBs) and Federal Government Bonds (FGN Bonds) at the secondary market have continued to peak with analysts expecting a sustained upward trend. NTBs maintained its run as the average yield grew by 8 basis points (bps) to close at 11.12 per cent from 11.04 per cent compared to the previous week while FGN Bonds sustained its stance at 14.51 per cent. Analysts from Afrinvest noted that this spike could also be attributed to buoyant liquidity in the system which stood at N508.9bn as of Thursday last week on the back of N66 billion inflow from the Federal Account Allocation Committee (FAAC) monthly allocation. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/11/09/mpr-hike-bonds-ntbs-peaks-at-14-51-11-12-in-secondary-market/>



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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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