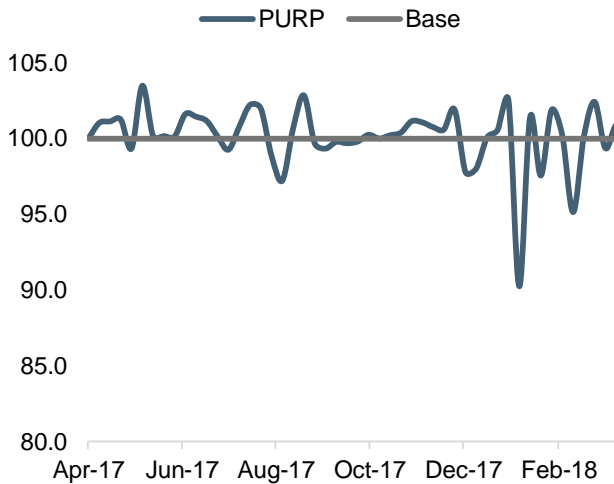


## The PENTAD – Urban Retail Price Tracker

### Strong demand push commodity prices up

#### The PURP Index



Source: ARM Research

	Commodity	Consumer	Cement	Brewery	Gas
Weightings	30%	30%	10%	20%	10%
Price change (MoM)	0.7%	0.2%	0.9%	1.2%	0.0%
Standard deviation of prices	60	0	0	14	20
Broad sales volume direction	increasing	flat	flat to increasing	flat to increasing	increasing

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 0.66% MoM to 104.6 pts in the month of March (vs -2.4% MoM in February). Prices were broadly higher across all segments. From our findings, retailers took advantage of higher consumption associated with the Easter festival to increase prices across our coverage spaces. Sales volume, like February, climbed higher across board due to the festive period.
- The **brewery sector** reversed its downward trend in March with prices increasing **1.18% MoM**. Amongst products within the segment, *Trophy* 5.37% witnessed the largest increase in price. Likewise, prices of premium brands under our coverage expanded albeit modestly. On volumes, feedback from retailers revealed a higher volume during the month – the highest this year.
- The **consumer sector** saw mixed retail price changes with an overall expansion of **0.21% MoM** in March. Notably, *Closeup* 2.0% MoM witnessed the largest increase in price. On volumes, feedback from retailers revealed volumes were largely flat in the month.
- The **commodities basket** increased **0.67% MoM** in March. Higher price of rice 5.35% MoM majorly drove the increase, despite the downward trend in prices of *palm oil* -2.4% MoM and *vegetable oil* -1.45% MoM. Feedback from retailers linked the increase in price of rice to lower supply (majorly imported rice) in the market and high demand ahead of the Easter celebration.
- The **cement sector** sustained its price increase for the second consecutive month with prices up 0.88% MoM. Our findings also revealed a lower margin (Feb – 13%, Mar – 12%) for retailers in March.
- Prices in the **oil & gas sector** expanded moderately by 0.04% MoM in March. In the review period, prices of *lubricants* expanded 1% MoM while cooking gas -2.1% MoM sustained its downward trend.

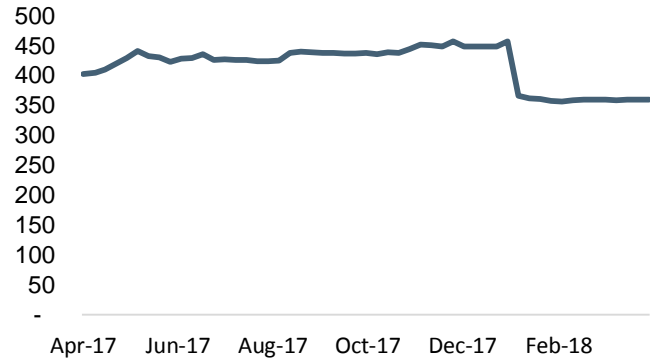
# Retail price sub-index

## Brewery Sector



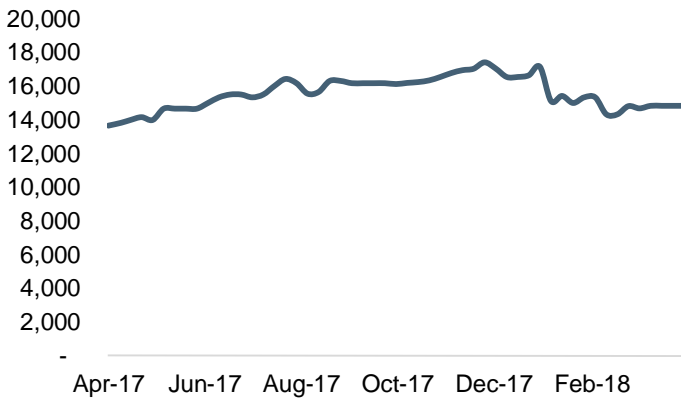
Source: ARM Research

## Consumer Sector



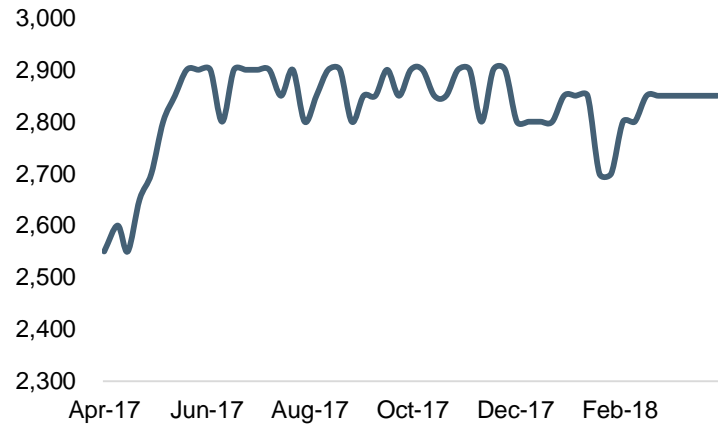
Source: ARM Research

## Commodity Sector



Source: ARM Research

## Cement Sector



Source: ARM Research

## Oil & Gas Sector



Source: ARM Research

## Retail prices trends

	Q3 17	Q4 17	Q1 18	Jan-18	Feb-18	Mar-18
<b>Breweries</b>						
<b>Star (₹/crate)</b>	<b>2450</b>	<b>2515</b>	<b>2542</b>	<b>2600</b>	<b>2488</b>	<b>2540</b>
<i>MoM/QoQ change</i>		2.65%	1.07%	1.96%	-4.31%	2.09%
<b>Gulder (₹/crate)</b>	<b>2412</b>	<b>2496</b>	<b>2500</b>	<b>2475</b>	<b>2488</b>	<b>2530</b>
<i>MoM/QoQ change</i>		3.48%	0.16%	-1.51%	0.53%	1.69%
<b>Malta Guinness (₹/crate)</b>	<b>2829</b>	<b>2827</b>	<b>2804</b>	<b>2825</b>	<b>2788</b>	<b>2800</b>
<i>MoM/QoQ change</i>		-0.07%	-0.81%	0.00%	-1.31%	0.43%
<b>Goldberg (₹/crate)</b>	<b>2371</b>	<b>2354</b>	<b>2269</b>	<b>2300</b>	<b>2263</b>	<b>2250</b>
<i>MoM/QoQ change</i>		-0.72%	-3.61%	-4.17%	-1.61%	-0.57%
<b>Satzenbrau (₹/crate)</b>	<b>2407</b>	<b>2362</b>	<b>2338</b>	<b>2275</b>	<b>2350</b>	<b>2380</b>
<i>MoM/QoQ change</i>		-1.87%	-1.02%	-4.21%	3.30%	1.28%
<b>Guinness (₹/crate)</b>	<b>4254</b>	<b>4304</b>	<b>4320</b>	<b>4325</b>	<b>4325</b>	<b>4312</b>
<i>MoM/QoQ change</i>		1.18%	0.37%	0.28%	0.00%	-0.30%
<b>Trophy (₹/crate)</b>				<b>2075</b>	<b>2050</b>	<b>2160</b>
<i>MoM/QoQ change</i>				-3.49%	-1.20%	5.37%

	Q3 17	Q4 17	Q1 18	Jan-18	Feb-18	Mar-18
<b>Consumers</b>						
<b>Close up (₹/160g)</b>	<b>279</b>	<b>272</b>	<b>298</b>	<b>286</b>	<b>300</b>	<b>306</b>
<i>MoM/QoQ change</i>		-2.51%	9.56%	3.06%	4.90%	2.00%
<b>Maggi (₹/400g)</b>	<b>519</b>	<b>524</b>	<b>518</b>	<b>520</b>	<b>515</b>	<b>520</b>
<i>MoM/QoQ change</i>		0.96%	-1.15%	-1.42%	-0.96%	0.97%
<b>Milo (₹/500g)</b>	<b>1107</b>	<b>1192</b>	<b>1127</b>	<b>1188</b>	<b>1100</b>	<b>1100</b>
<i>MoM/QoQ change</i>		7.68%	-5.45%	-2.02%	-7.41%	0.00%
<b>Blue band (₹/250g)</b>	<b>436</b>	<b>443</b>	<b>435</b>	<b>437.5</b>	<b>435</b>	<b>432</b>

<i>MoM/QoQ change</i>		1.61%	-1.81%	-2.23%	-0.57%	-0.69%
<b>Omo (₦/400g)</b>	<b>400</b>	<b>416</b>	<b>410</b>	<b>412.5</b>	<b>407.5</b>	<b>410</b>
<i>MoM/QoQ change</i>		4.00%	-1.44%	-1.8%	-1.21%	0.61%
<b>Lipton (₦/100 tea bags)</b>	<b>241</b>	<b>239</b>	<b>231.5</b>	<b>235</b>	<b>230</b>	<b>230</b>
<i>MoM/QoQ change</i>		-0.83%	-3.14%	-2.08%	-2.13%	0.00%
<b>Dangote Salt (₦/250g)</b>	<b>48</b>	<b>50</b>	<b>58</b>	<b>53.75</b>	<b>60</b>	<b>60</b>
<i>MoM/QoQ change</i>		4.17%	16.00%	7.50%	11.63%	0.00%
<b>Dangote Sugar (₦/500g)</b>	<b>254</b>	<b>260</b>	<b>254</b>	<b>260</b>	<b>252.5</b>	<b>250</b>
<i>MoM/QoQ change</i>		2.36%	-2.31%	0.00%	-2.88%	-0.99%
<b>Dettol (₦/70g - pack of 6)</b>	<b>611</b>	<b>630</b>	<b>626</b>	<b>625</b>	<b>627.5</b>	<b>626</b>
<i>MoM/QoQ change</i>		3.11%	-0.63%	-1.57%	0.40%	-0.24%
<b>Golden morn (₦/500g)</b>				<b>662.5</b>	<b>677.5</b>	<b>680</b>
<i>MoM/QoQ change</i>				0.38%	2.26%	0.37%
<b>Golden penny sugar (₦/500g)</b>				<b>296.25</b>	<b>300</b>	<b>300</b>
<i>MoM/QoQ change</i>				0.42%	1.27%	0.00%
<b>Knorr (₦/400g)</b>				<b>705</b>	<b>708.5</b>	<b>710</b>
<i>MoM/QoQ change</i>				0.00%	0.50%	0.21%
<b>Golden penny pasta (₦/500g)</b>				<b>252.5</b>	<b>260</b>	<b>260</b>
<i>MoM/QoQ change</i>				1.00%	2.97%	0.00%
<b>Honey well pasta (₦/500g)</b>				<b>210</b>	<b>213.75</b>	<b>216</b>
<i>MoM/QoQ change</i>				0.00%	1.79%	1.05%
<b>Dangote pasta (₦/500g)</b>				<b>216.25</b>	<b>220</b>	<b>221</b>
<i>MoM/QoQ change</i>				0.58%	1.73%	0.45%
<b>Golden penny noodles (₦/70g)</b>				<b>50</b>	<b>50</b>	<b>50</b>
<i>MoM/QoQ change</i>				0.00%	0.00%	0.00%
<b>Indomie noodles (₦/70g)</b>				<b>55</b>	<b>55</b>	<b>55</b>
<i>MoM/QoQ change</i>				0.00%	0.00%	0.00%
				<b>45</b>	<b>45</b>	<b>45</b>

**Honeywell noodles (₹/70g)***MoM/QoQ change*

0.00%

0.00%

0.00%

**Commodities****Crude palm oil (₹/25kg)***MoM/QoQ change***Vegetable oil (₹/25kg)***MoM/QoQ change***Rice (₹/50kg bag)***MoM/QoQ change*

	Q3 17	Q4 17	Q1 18	Jan-18	Feb-18	Mar-18
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<b>11825</b>	<b>12550</b>	<b>11573</b>	<b>12138</b>	<b>11475</b>	<b>11200</b>
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	6.13%	-7.78%	-0.34%	-5.46%	-2.40%
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<b>16911</b>	<b>18895</b>	<b>17119</b>	<b>17138</b>	<b>17250</b>	<b>17000</b>
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	11.73%	-9.40%	-12.74%	0.65%	-1.45%
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<b>16269</b>	<b>19264</b>	<b>16008</b>	<b>16375</b>	<b>15388</b>	<b>16210</b>
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	18.41%	16.90%	-11.49%	-6.03%	5.34%
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**Cement (₹/50kg)***MoM/QoQ change*

	Q3 17	Q4 17	Q1 18	Jan-18	Feb-18	Mar-18
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<b>2868</b>	<b>2850</b>	<b>2819</b>	<b>2775</b>	<b>2825</b>	<b>2850</b>
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	-0.63%	-1.09%	-1.25%	1.80%	0.88%
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**Cooking gas (₹/12.5kg)***MoM/QoQ change***Lubricants (₹/4L)***MoM/QoQ change*

	Q3 17	Q4 17	Q1 18	Jan-18	Feb-18	Mar-18
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<b>4500</b>	<b>4000</b>	<b>3623</b>	<b>3825</b>	<b>3575</b>	<b>3500</b>
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	-11.11%	-9.42%	-4.38%	-6.54%	-2.10%
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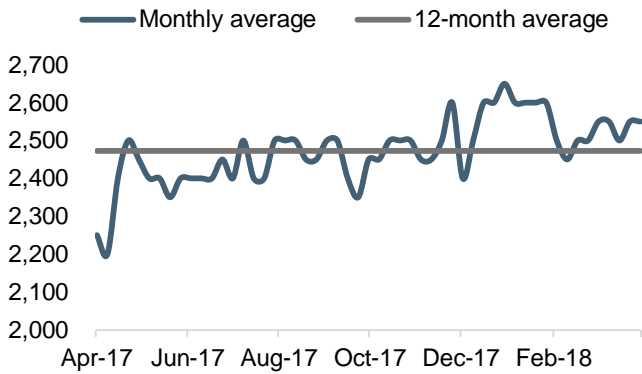
<b>7550</b>	<b>8000</b>	<b>8080</b>
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	0.67%	5.96%	1.00%
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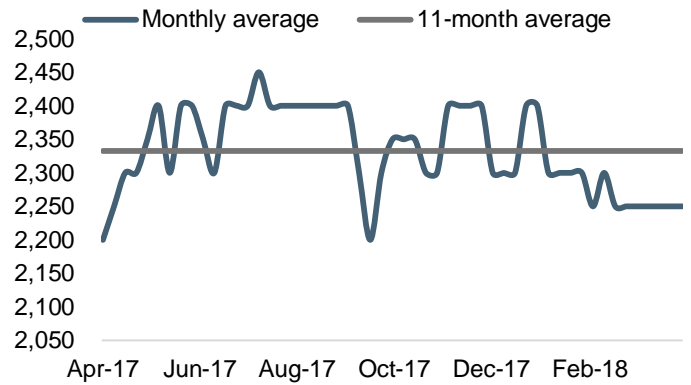
# Retail prices trends

## Brewery products

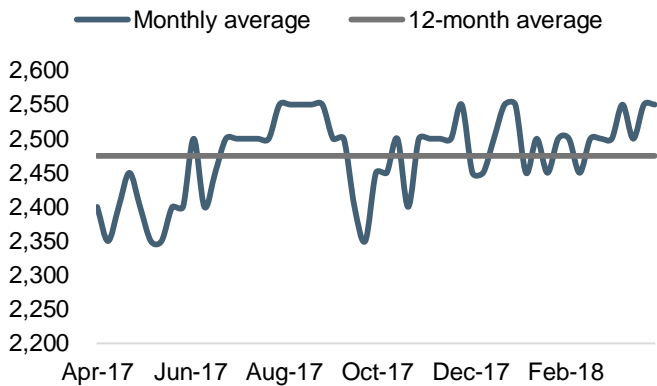
### Star – ₦ per crate



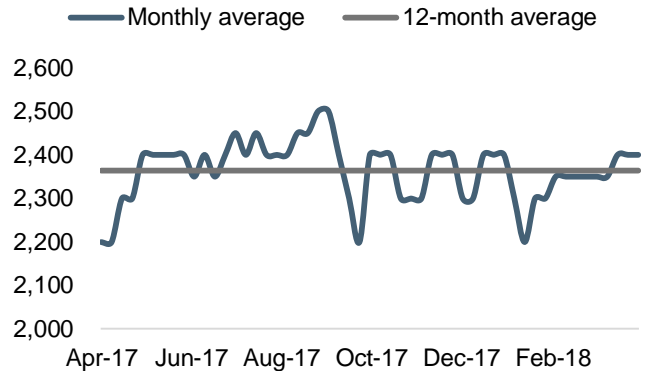
### Goldberg – ₦ per crate



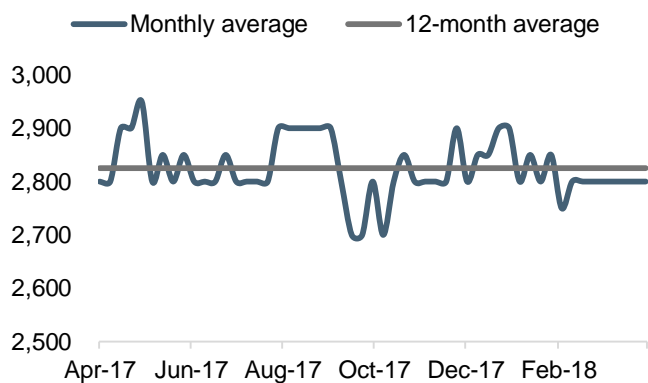
### Gulder – ₦ per crate



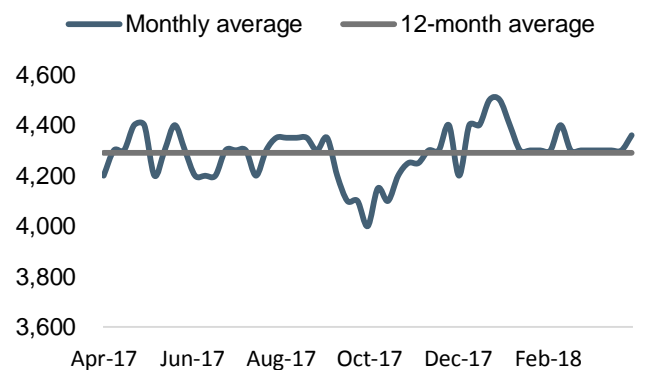
### Satzenbrau – ₦ per crate



### Malta Guinness- ₦ crate

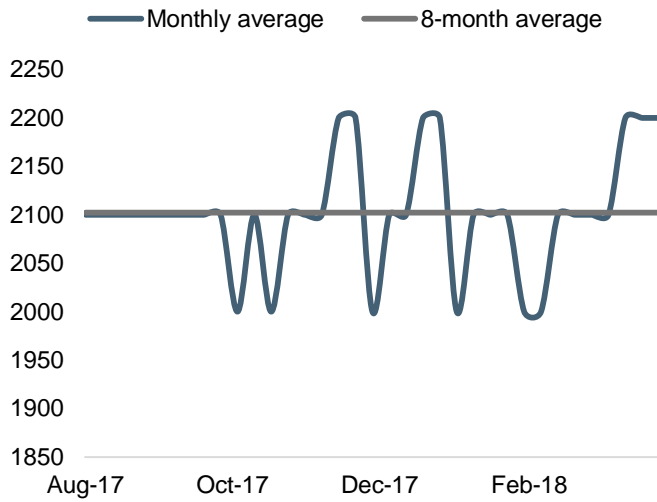


### Guinness – ₦ per crate

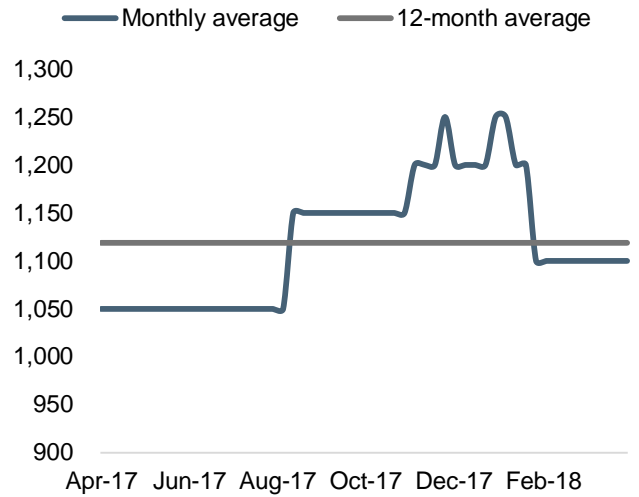


# Retail prices trends

**Trophy – ₦ per crate**

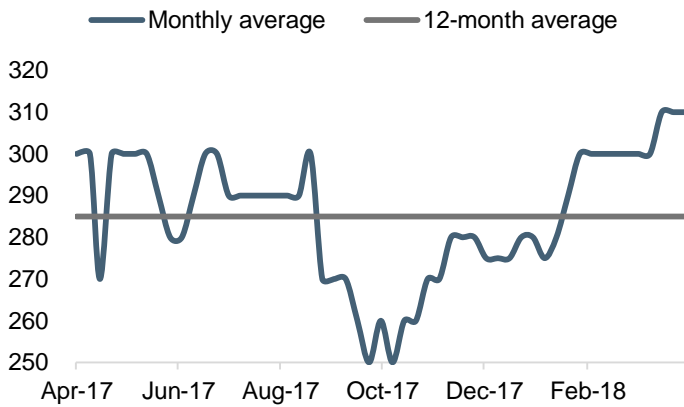


**Milo – ₦ per 500g**

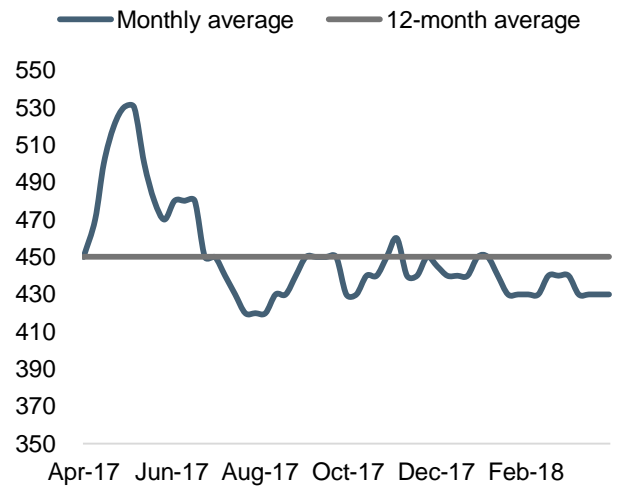


## Consumer products

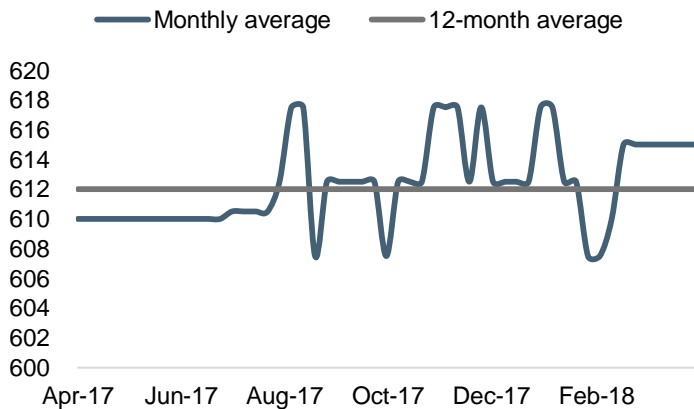
**Close up – ₦ per 240g**



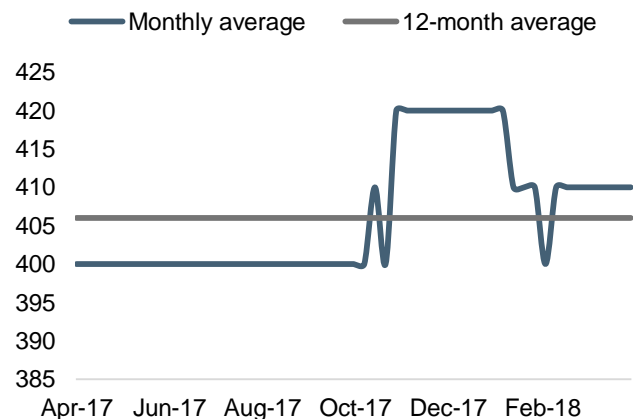
**Blue band – ₦ per 250g**



**Seasonings – ₦ per 400g**

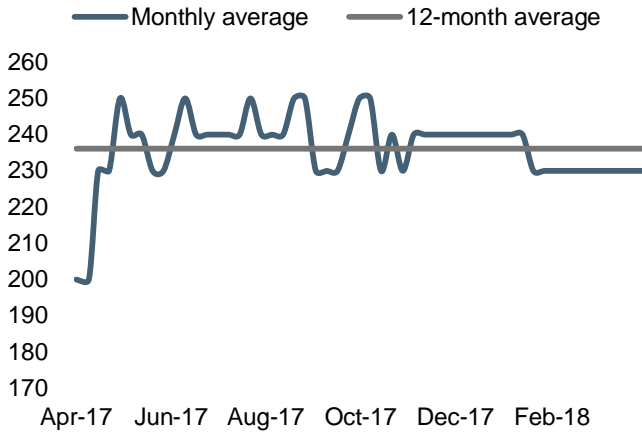


**Omo – ₦ per 400g**

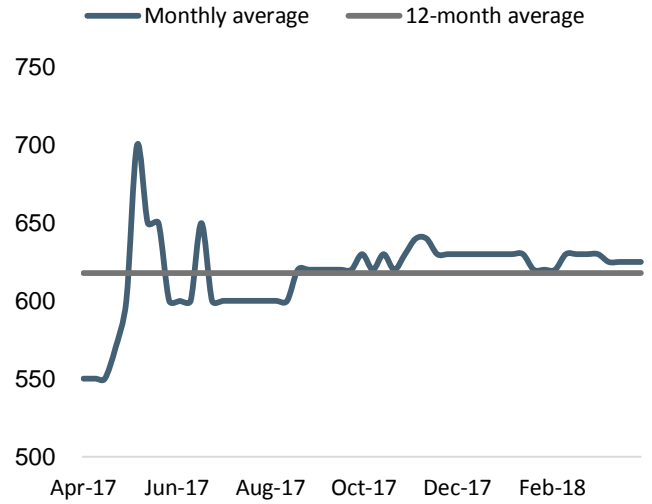


# Retail prices trends

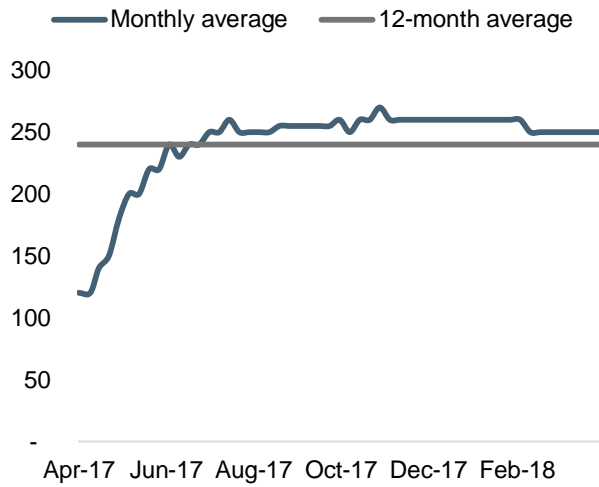
### Lipton – ₦ per 25 tea bag



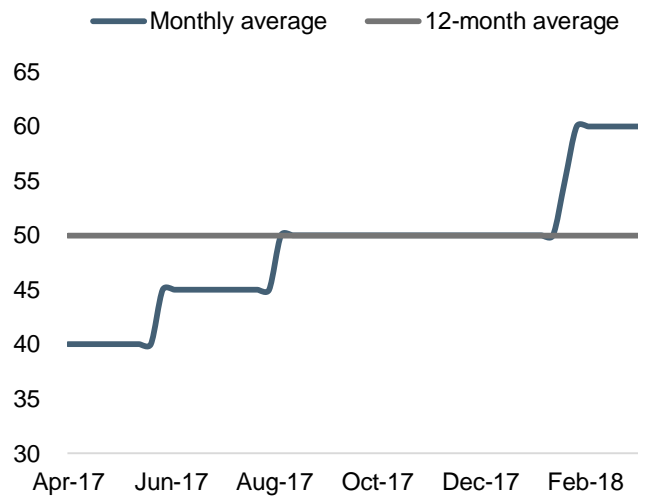
### Dettol – ₦ per 70g



### Dangote sugar – ₦ per 250g



### Dangote salt – ₦ per 250g

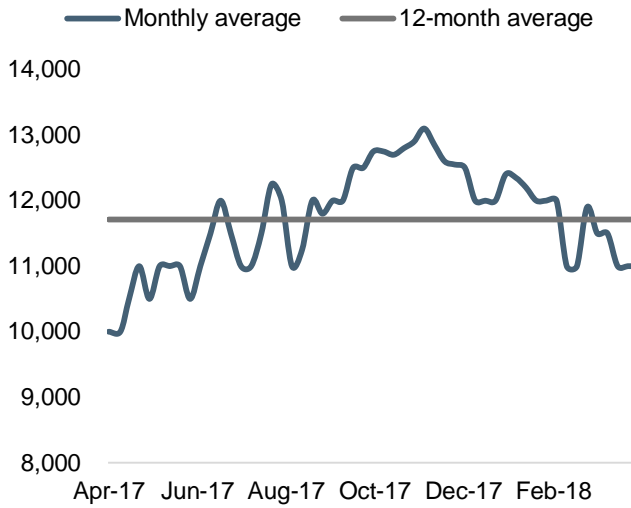




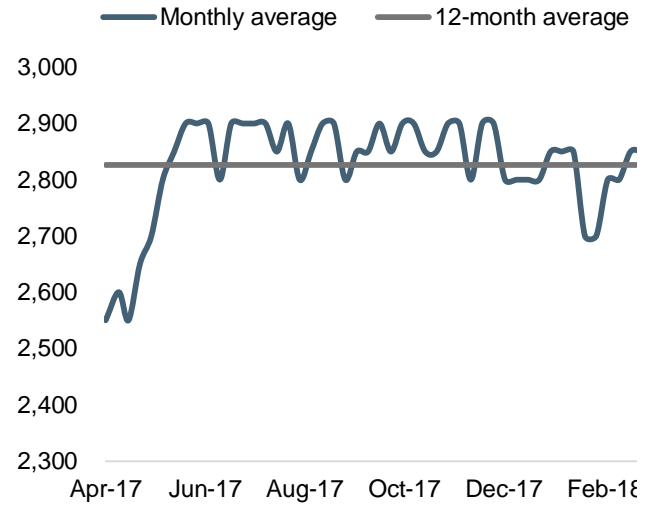
# Retail prices trends

## Commodity products

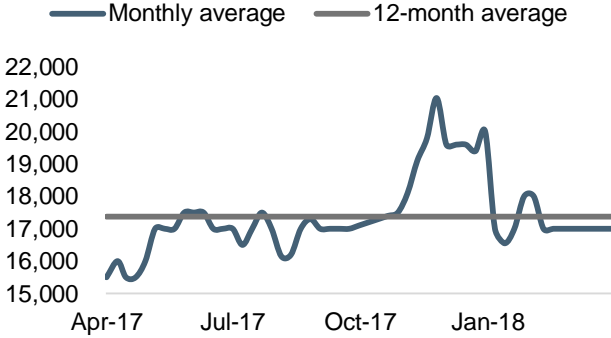
### Crude palm oil – ₦ per 25kg gallon



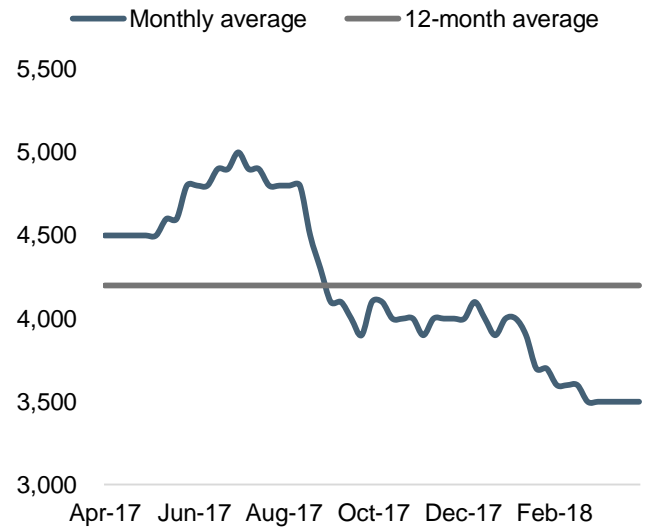
### Cement – ₦ per 50kg bag



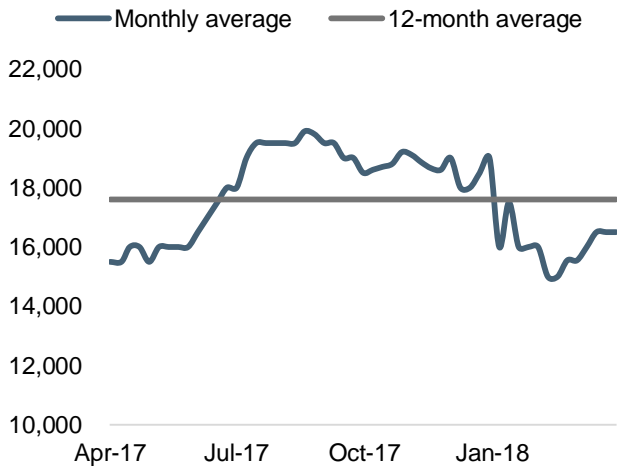
### Vegetable oil – ₦ per 20kg gallons



### Cooking gas – ₦ per 12.5kg



### Rice – ₦ per 50kg



## Valuation of Coverage companies

	<b>FVE (₦)</b>	<b>Market Price (₦)</b>	<b>Upside (Downside)</b>	<b>Recommendation</b>
<b>Guinness</b>	80.67	104.0	-22.43%	<b>SELL</b>
<b>Nigeria Breweries</b>	121.3	128.9	-5.90%	<b>SELL</b>
<b>Nestle</b>	998.21	1380	-27.67%	<b>SELL</b>
<b>Flour mills</b>	38.33	37.3	2.76%	<b>NEUTRAL</b>
<b>Cadbury*</b>	-	14.5	-	<b>-</b>
<b>Unilever</b>	22.19	55.0	-59.65%	<b>SELL</b>
<b>Dangote Sugar</b>	24.16	21.0	15.05%	<b>OVERWEIGHT</b>
<b>Dangote Cement</b>	256.85	251	2.33%	<b>NEUTRAL</b>
<b>Lafarge</b>	58.6	43.45	34.87%	<b>STRONG BUY</b>
<b>CCNN</b>	17.31	18.7	-7.43%	<b>SELL</b>
<b>Forte Oil</b>	33.91	40.8	-16.89%	<b>SELL</b>
<b>Conoil</b>	40.18	33.45	20.12%	<b>NEUTRAL</b>
<b>MRS</b>	48.01	28.35	69.35%	<b>BUY</b>
<b>Total</b>	212.93	249	-14.49%	<b>SELL</b>
<b>Seplat</b>	952.81	665.1	43.26%	<b>STRONG BUY</b>
<b>Okomu</b>	81.55	72.7	12.17%	<b>NEUTRAL</b>
<b>Presco</b>	79.39	72	10.26%	<b>NEUTRAL</b>

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