



THE LAGOS HOUSEWIVES' FOOD BASKET

June 2015

SBM Intelligence



About this report

This report began as a conversation with ResourceDat about the lack of data monitoring the prices of food items in Nigeria.

SB Morgen worked closely with traders and housewives across eight markets in Lagos, to gather the data contained in this document. The report is an unbiased and factual expert analysis of the current trends in the marketplace in Lagos.

Our researchers employed methods such as one-on-one interviews, desk research, focus group discussions and polling to collate the available data. Our editors sifted through the data and prepared the report, using various proprietary tools to fact-check and copy edit the information gathered.

Most of our respondents have reserved the right to not be named in this report.

All forecasts were built using data from a variety of sources. A baseline of accurate and comprehensive historic data is collected from respondents and publicly-available information, including from regulators, trade associations, research partners, newspapers and government agencies.

Disclaimer

Whilst every effort was made in the preparation of this report to ensure the precision of statistics and other information contained therein, SB Morgen cannot accept liability in respect of any errors or omissions. Data contained in this report is only up-to-date as the available data and project deadlines will allow, and is subject to change during the natural course of events. SB Morgen will update this report with any necessary data as they become available.

Executive Summary

The price of consumer goods in Lagos is set to increase further, following an increase of roughly 10% over the last six months. This will put more strain on the average Nigerian worker.

This report reveals that both locally produced consumer goods and imported goods have maintained fairly unstable prices over the last six months. The general upward trend will put a lot of pressure on people who are already grappling with other social challenges as irregular salaries, fluctuating pump price and availability of petroleum products, insufficient power, etc.

Living standards will drop further with the upsurge in the price of consumables at a time when the average Nigerian is least empowered socially and financially to overcome the challenge posed by rising food and commodities price.

Our research, which sampled 500 workers in the Lagos area, reveals that 90% of the workers who fall under the minimum wage category of N18,500 spend almost 60% of their annual income on feeding, 20% on transportation and the other 20% on miscellaneous expenditure, leaving them with no savings.

Perishables, staples and edible consumables like tomatoes, pepper, yams, etc. recorded an average increase of 10% in price due to factors such as seasonal changes, increased production and handling costs and the weaker foreign exchange rates, and the prolonged period of fuel scarcity. Household and personal hygiene products such as detergents, toiletries and cooking gas recorded minimal increase in prices as well.

The average Nigerian is presently not well placed financially to cope with the rapidly increasing price of commodities, and this is due to the fact that the Public Service (the major employer of labour in the country), which is responsible for the source of income for a majority of the country's workforce, has been bedevilled by serious cash flow problems thereby affecting the wages of their workforce.

A large number of the 36 states of the federation at the moment owe their workers at least 2 months wages, with others meeting their wage obligations late. This in itself poses a serious challenge as the average Nigerian not only faces the challenge of increasing prices, but also a scarcity of funds to meet up the daily spending requirements.



We urge the federal, state and local governments to play their part in curtailing the persistent rise in consumer commodities to where they have reasonable control over, for example by encouraging small scale farming across the nation. Such interventions however, should not jeopardize vital food supplies and thus exacerbate the situation.



Consumer Price Index for the first half of the year 2015

This report presents the findings from market research by SBM Intelligence using primary and secondary research techniques such as one on one interviews, focus group discussions and polling to collate data on the cost of consumer goods in the Nigerian market.

The scope of this report is from January 2015 to June of the same year, and the data indicates a general upward trend over the six month period for most locally produced goods with the imported goods and products maintaining fairly stable prices as we complete the first half of the year.

This trend has put a lot of pressure on the average Nigerian worker who is already bedevilled with other social challenges like unsteady income flow (a good number of state governments owe workers' salaries in excess of two months), fluctuating pump price of petroleum products and seasonal weather change.

Living standards are expected to drop further with the upsurge in the price of consumables at a time when the average Nigerian is least empowered socially and financially to overcome the challenge posed by rising food and commodities price.

During the course of this research, we found, from a sample of over 500 citizens, that 18 out of 20 workers who fall under the minimum wage category (₦18,500) spend almost 60% of their monthly income on feeding and 20% on transportation, leaving them with almost nothing in savings as other issues arise over the course of the month.

Outlook in the last six months

Markets in Lagos have recorded quite a lot of changes under the various foodstuff categories over the past three months due to the overbearing influence of various factors that range from seasonal changes, increased production and handling costs and weaker foreign exchange rates.

It is noteworthy to state that though some of the increase in the price of some commodities were expected due to the change of season, a significant number of commodities recorded increases in price due to other contingent reasons that came up in the period under review like the petroleum product scarcity of May, and the plummeting value of the naira in the foreign exchange market

A review of how some of the commodities fared under their broader categories heading is detailed below:

Perishables, staples and edible consumables

Perishable food items like tomatoes, pepper, yams recorded an increase in average price over the last three months compared with that of the average price in the first quarter of 2015 and the last quarter of 2014 price with the percentage increase ranging from 5% to 10%.

Tomatoes, one of the most common perishable commodities in Nigeria, sold at an average price of ₦540 for a paint container over the past three months compared to ₦500 in Q4 2014 and ₦490 in Q1 2015 representing an average increase of 8%.

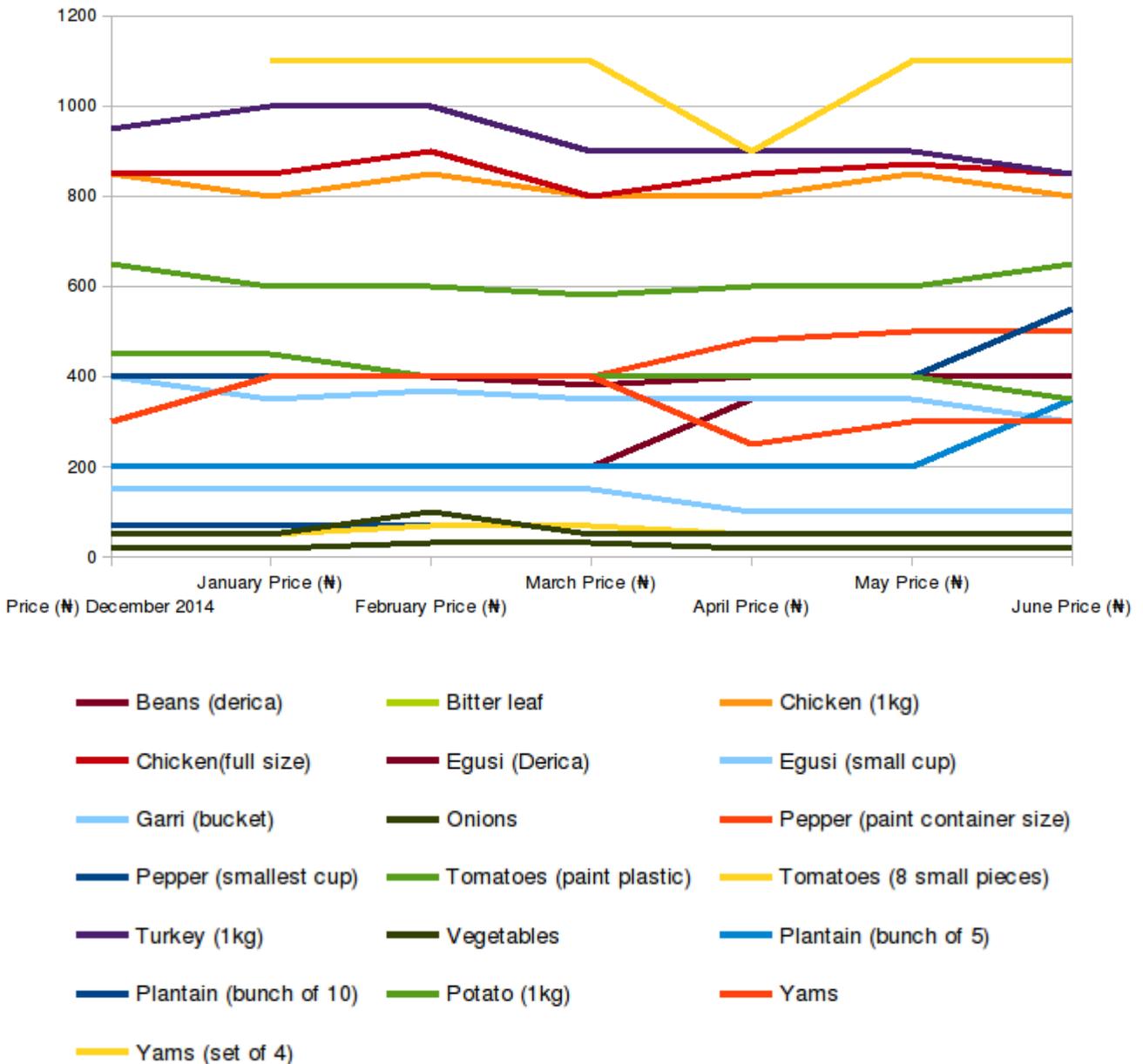
We found that the price of pepper also went up with a paint container of pepper selling for an average price of ₦630 over the second quarter of 2015 compared to the two previous quarters where it sold for an average price of ₦600. This represented an increment of 5%.

Grains and staples also recorded price increases over the second quarter. Rice, which is a common staple food in the country, went up from an average price of ₦7,700 for a 50Kg bag in the first quarter of 2015, to an average price of ₦7,900 over the past three months. The price of rice spiked in the month of June, an increase which was blamed by some respondents on the onset of the Muslim fasting month of Ramadan.

However, beans, another common staple, maintained a stable price over the past the second quarter of 2015, with the price staying constant at ₦900 for a paint container measure, over the three quarters surveyed.

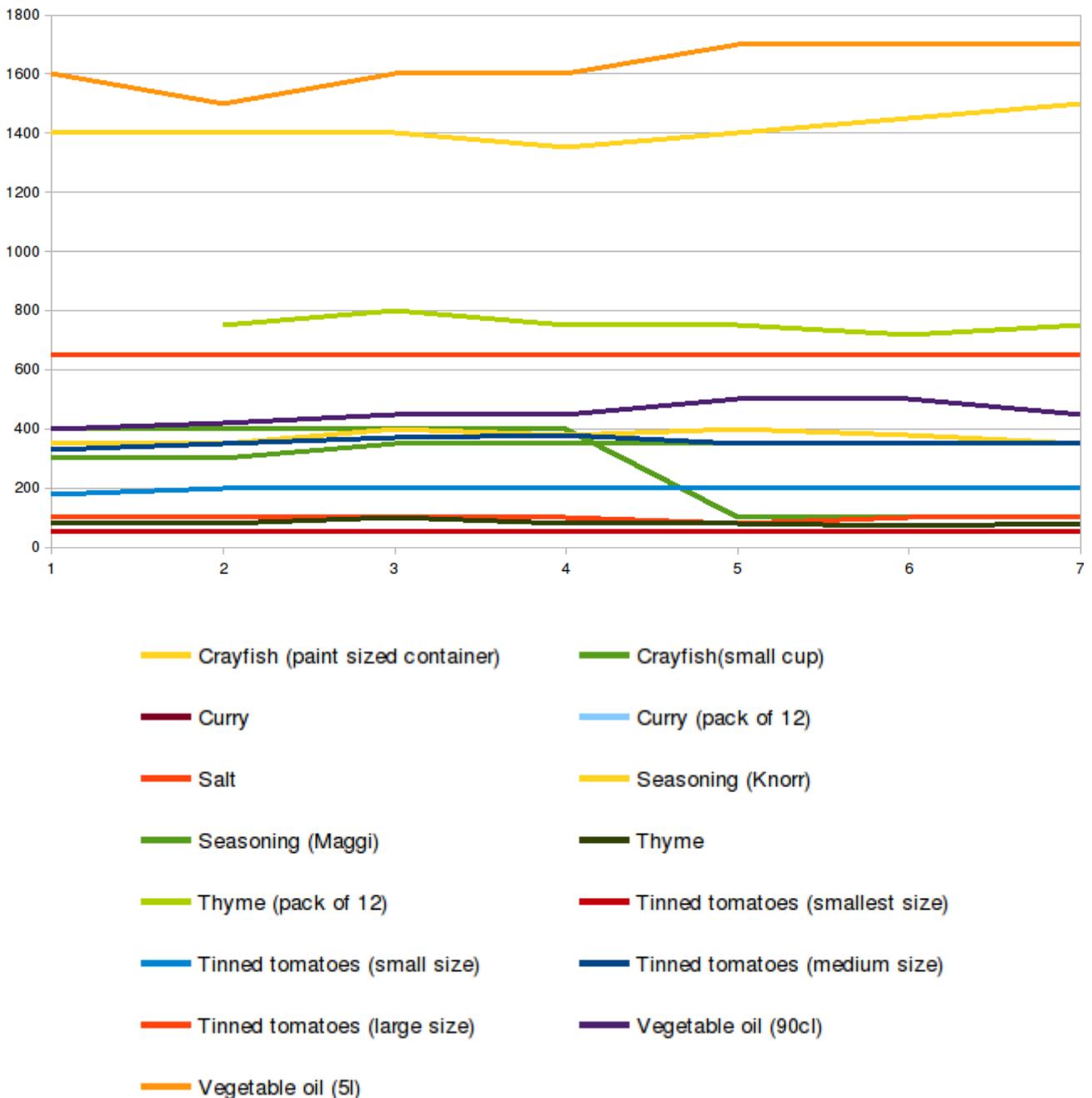
Garri also recorded an increase in price from ₦350 in the first quarter of 2015, to ₦375 in the past three months representing an increase of about 7%.

As expected, fresh vegetables like the popular green leaf (*soko & tete*), water leaves and pumpkin leaves (*ugwu*) all witnessed a reduction in price due to the commencement of the rainy season which supports the growth of these vegetables, and as a result, makes for relative abundance in the market.



Graph: perishable foodstuff

Other processed food and consumable items with import components like bread, sugar, noodles, wheat meal, oatmeal, and a host of other consumable items maintained fairly stable prices over the second quarter.



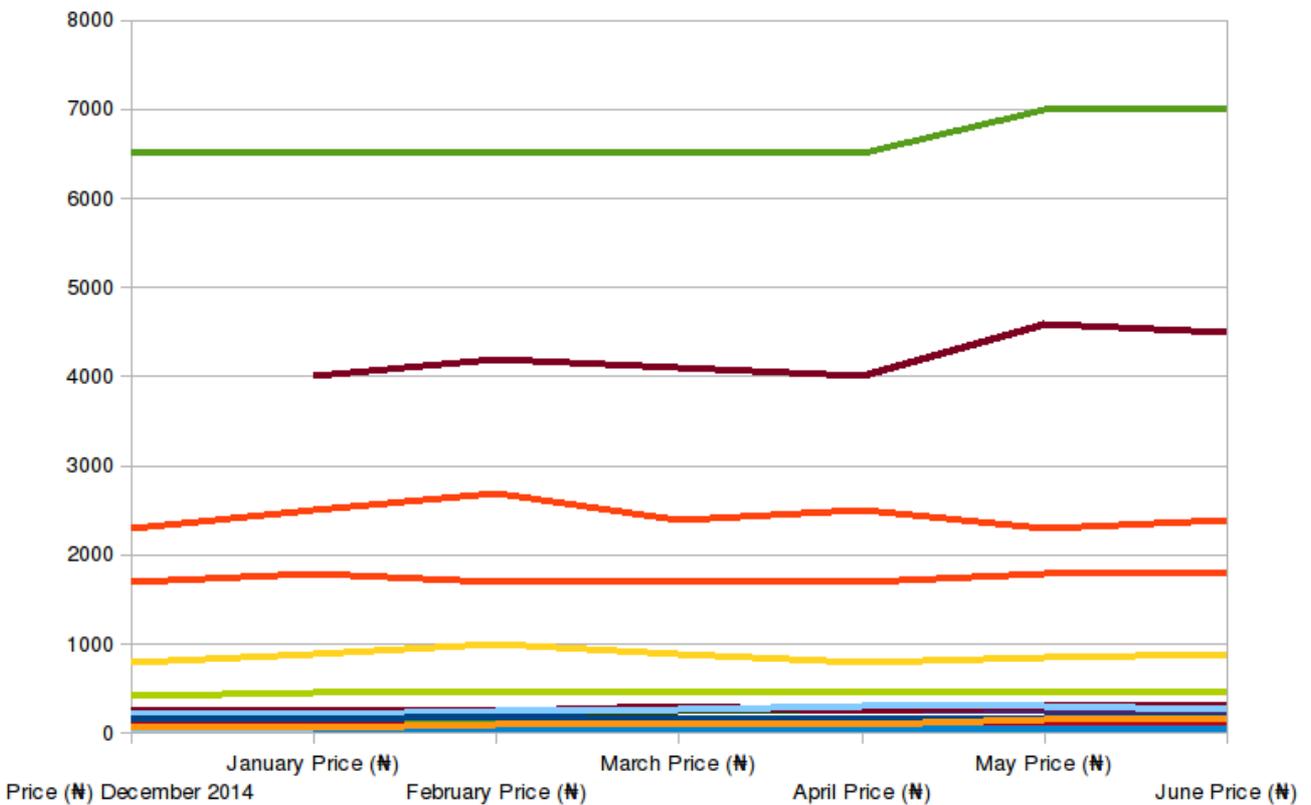
Graph: processed foodstuff



This correlates with the relative stability of the naira against the US dollar. In the first quarter, all of these products had gone up slightly, and that hike in price during that period corresponded with the devaluation of the Nigerian naira against the US dollar.

Household and personal hygiene products

Household consumables and personal hygiene products such as detergent, hand-washing soaps, toiletries, cooking gas and vanity items also recorded increases in prices over the first half of 2015, even though the price differentials were minimal.



Most of the products in this category are produced by the chemical and industrial sectors, and are easily affected by the fluctuation and uncertainties that are prevalent in the foreign exchange market as a great deal of these products make use of active ingredients and additives that are not sourced locally.



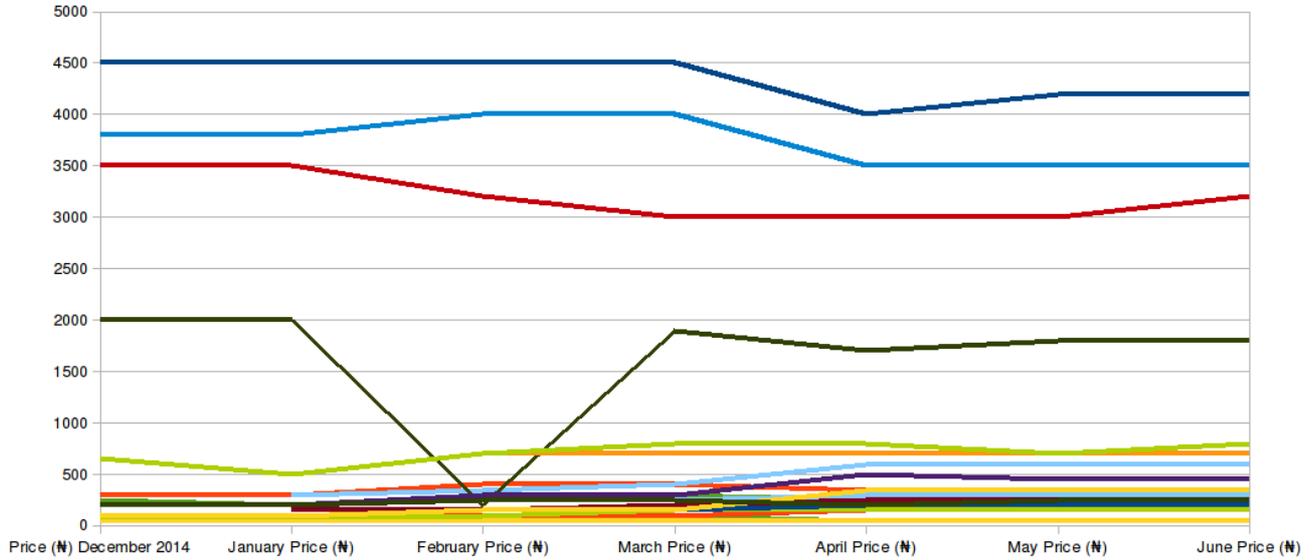
Graph: household items

This leaves this segment of the market at the mercy of the foreign exchange market and with Nigeria performing poorly in this area over the past two quarters, it was expected that the prices of commodities under this category would rise.

Over the past three months, the price of filling a small LPG (cooking gas) cylinder has increased from an average price of ₦4,100 in the first quarter of the year to an average ₦4,200 in the second, which continues a trend seen from the last quarter of 2014. A similar pattern was also recorded for kerosene, another commonly used as domestic fuel in most Nigerian homes. Kerosene, which sold at an average rate of ₦140 per litre over the first three months of the year rose slightly to an average price of ₦160 per litre in the last quarter due to the scarcity of fuel price during the middle of the quarter. However, as at the last survey in the last full week of June, the price had returned to ₦140 per litre in most petrol stations observed.

Liquid detergent and other toiletries aggregated a price increase from an average ₦210 in the last quarter to ₦250 this quarter to continue a trend which saw it increase from ₦180 in the Q4 2014 to ₦210.

Household needs such as toilet wash, air fresheners, brooms, dustpans and mop sticks also increased by 20%, 15%, 15%, 10% and 25% respectively in 2015.



- Body cream
- Body spray
- Brown Powder/Mary kay
- Brown powder/Sleek
- Brown Powder/Tara
- Comb (single)
- Comb (set)
- Deodorant
- Eye pencil
- Eye shadow
- Foundation
- Foundation/Mary Kay
- Hair brush
- Hair net
- Lip gloss
- Lip liner
- Powder
- Powder Big Size
- Roll on
- Towel

Graph: vanity items

Female use items which include beauty and personal care products, cosmetics all increased by at least 10% due to the high exchange rate of dollar to naira.

Causative factors

The market outlook for the present quarter and perhaps the first half of the year has been greatly influenced by a host of geographical, social and economic factors.

Fuel scarcity and transportation costs

Much of Nigeria's food is transported hundreds or even thousands of miles before it reaches the local food markets and supermarket, thus, the cost of transportation much be accounted for.

As played out in the month of May, just a few weeks before the inauguration of the Buhari Administration, petroleum products were scarce causing increases of between 100% and 300% in the prices of such products. This resulted in a massive hike in the cost of transportation where it could be found and in turn affected the prices of consumer products.

Insurgency and instability

Many states in the northern part of Nigeria have continued to witness various forms of security unrest, a situation which has been a big disruption to the movement of produce such as groundnuts, vegetables, onions, sugar cane and yams. These areas are the biggest producers of the aforementioned farm produce.

The continued attack by the terrorist group, Boko Haram, has continued to be a major threat to farmers and food production in the northern part of Nigeria.

Labour challenges faced by Nigerian farmers is another reason why they have not been able to maintain their share of the domestic market. There have been shortages of farmhands, and this has proved to be a major problem exacerbating the already dwindling productivity.

Many farmers, both of livestock, tubers and of fruits, vegetables and nuts, have had to leave fields fallow due to drought and many times, due to unending communal clashes.

In Benue state for instance, a state known as the food basket of the nation, there were five recorded communal clashes in the first half of 2015 alone. The effect has been a drop in food production, resulting in demand outweighing supply and causing an increase in the prices of the few available commodities.



If the unrest continues in the north and middle belt region, for the foreseeable future, foodies and families alike will have little choice but to grin and bear it as they shell out more and more money to put food on the table.

Climate change

That climate change is becoming a major factor affecting food prices can hardly be denied any longer. Climate change has caused an upswing in both the frequency and severity of droughts, which mean farmers in drier agricultural zones, must increasingly make tough choices regarding which of their crops and livestock they choose to water.

A report published by the UN panel on climate change, “observed impacts of climate change have already affected agriculture, human health, ecosystems on land and in the oceans, water supplies, and some people’s livelihoods.”

The same report added that, “all aspects of food security are potentially affected by climate change, including food access, utilization, and price stability. Furthermore, the UN has found evidence that in some parts of the world climate change has already begun to limit access to food due to price increases.”

The report found, for instance, that “there have been several periods of rapid food and cereal price increases following climate extremes in key producing regions.”

There is no doubt, based on that report that if the current trend of temperature rising goes on, current agricultural methods will quickly become obsolete, and that will have a large scale negative impact on agricultural productivity and global food production and security.

The report notes that some experts estimate that food prices will increase somewhere between 3 and 84% by 2050.

In a report on global food security the World Bank notes that the world will need to produce 50% more food if it is to feed 9 billion people by 2050, but if climate change continues to worsen, it could potentially cut yields by as much as 25% or more.

Foreign Exchange Rate Fluctuation

The last 6 months have witnessed the naira falling unfavourably against the dollar mainly as a result of the fall in global oil prices. This has in turn affected imported products in this period. As stated earlier in this report, a sharp upward trend was noticed in the price of imported goods in the first quarter of this year.

The situation for the “average” Nigerian

At the moment, the “average” Nigerian is not financially well placed to cope with the rapidly increasing price of commodities. This is due to the fact that the Public Service (the major employer of labour in the country) which is responsible for the source of income for a majority of the country’s workforce has been bedevilled by serious cash flow problems caused by one or a combination of factors, thereby affecting the wages of their workforce.

Ten of Nigeria's thirty-six states were, at the time of writing this report, owing workers at least three months' wages, with even more states meeting their wage obligations after due dates.

This in itself poses a serious challenge as the average Nigerian not only faces the challenge of increasing prices, but also a scarcity of funds to meet up the daily spending requirements.

This in turn puts pressure on people based in Lagos, many of who work in the private sector and are paid on time. Some of them have relatives in states that are owing, and have to help with money for those relatives to meet their obligations. In many cases, they give, knowing that the money will never be returned.

A respondent at Oyingbo Market in Lagos, Mrs. Chima Okafor, said that the situation was tragic.

“The country’s situation has continued to deteriorate and things are not as they used to be,” Mrs. Okafor said. “Everything in the market is going up on a daily basis and the government is doing little or nothing about it. I am in the market today to buy food stuff and my budget cannot even buy me what I have on list, due to the increment of some food stuff, I will have to forego some other ones.”

When asked about her thoughts on the rising cost of foodstuff, Temitope Coker, in Balogun Market, on Lagos Island said, “It’s been very tough.”

She attributed the increase to the ineffectiveness of government policy in ensuring that food is in abundant supply and at a very affordable and stable price. She also cited corruption as one of the factors. She said the people in government are only concern on how to embezzle public funds instead of concentrating on how why they were elected.

A tomato seller, Hafsat Ibikunle, who sells at Mile 2 said that the major factor is that the demand is higher than the supply.



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"Tomato use has continued to increase," Ibikunle said. "The common food you find everywhere is rice and to eat rice, you need stew, to make stew you need tomatoes. Many people are going into the food vendor business with a continuous demand for tomatoes."

Another factor that Ibikunle mentioned was the distance the farm produce covers to get to the market from the farm. She said tomato is mainly produced in Nigeria's Middle Belt and North, with little or no storage facilities.

According to her, most of the trucks which deliver tomatoes to her in Lagos arrive with half their cargo already rotten, causing an artificial scarcity from the moment of arrival.





Item	All prices in ₦					
	Month	January	February	March	April	May
Air freshener/indoor deodorant	150	150	150	150	150	150
Bathroom cleaner	220	250	250	250	250	250
Beans (derica)	200	200	200	350	350	300
Bitter leaf	50	100	50	50	50	50
Body cream	200	300	300	250	250	250
Body spray	200	250	250	250	250	250
Bread (loaf)	190	200	200	180	200	200
Broom	70	90	150	100	150	100
Broom (cobweb)	300	320	350	250	300	280
Brown Powder/Mary kay	3500	3200	3000	3000	3000	3200
Brown powder/Sleek	4500	4500	4500	4000	4200	4200
Brown Powder/Tara	3800	4000	4000	3500	3500	3500
Butter (Blue band)	200	220	220	200	200	180
Butter (Simas cooking butter)	100	120	120	100	100	100
Chicken (1kg)	800	850	800	800	850	800
Chicken (full size)	850	900	800	850	870	850
Comb (single)	50	70	100	50	50	50
Comb (set)	150	150	200	200	180	200
Crayfish (paint sized container)	1400	1400	1350	1400	1450	1500
Crayfish (small cup)	400	400	400	100	100	100
Curry	80	100	80	80	70	80
Curry (pack of 12)	750	800	750	750	720	750
Deodorant (roll on)	200	250	250	300	300	300
Deodorant (spray)	400	450	450	450	450	450
Dustpan	80	120	150	100	80	100
Egusi (derica)	400	400	380	400	400	400
Egusi (small cup)	150	150	150	100	80	100
Eye pencil	100	100	100	150	150	150
Eye shadow	300	400	400	350	350	350
Foundation	300	350	400	600	600	600
Foundation/Mary Kay	2000	2000	1900	1700	1800	1800
Garri (bucket)	350	370	350	350	350	300
Gas cylinder (big)	7000	7000	7000	7000	7000	6800
Gas cylinder (small)	5000	5000	5000	4800	5000	4800
Gas lighter	50	50	50	50	50	50

Hair brush	50	50	50	50	50	50
Hair net	80	100	150	150	150	150
Honey	500	450	500	450	450	500
Honey (big size)		750	800	800	800	800
Jam	250	300	250	300	350	350
Lip gloss	100	150	150	200	200	200
Lip liner	100	150	150	350	350	350
Liquid wash	150	200	250	250	250	250
Matches (box of 10)	50	50	50	50	50	50
Mops	250	280	300	300	300	250
Mortar	1800	1800	1700	1600	1700	1500
Mortal (small size)	1200	1100	1000	1200	1300	1200
Noodles (Single)	35	35	35	35	35	35
Noodles (Chiki)	1450	1450	1450	1450	1450	1450
Noodles (Indomie carton)	1200	1200	1200	1200	1200	1200
Noodles (Indomie Super Pack)	2150	2150	2150	2150	2150	2150
Onions (single)	20	30	30	20	20	20
Pasta	120	150	150	150	150	130
Pasta (box of 20)	2100	2200	2150	2100	2100	2100
Pepper (paint container size)	400	400	400	480	500	500
Pepper (smallest cup)	70	70	70	50	50	50
Plantain (bunch of 5)	200	200	200	200	200	350
Plantain (bunch of 10)	400	400	400	400	400	550
Plate rack (3 stage)	2850	3000	2800	2500	2700	2800
Plate rack (plastic)	1000	1200	1000	800	900	900
Plate sponge (metal)	50	50	50	50	50	50
Plate sponge (net)	50	50	50	80	80	100
Potato (1kg)	450	400	400	400	400	350
Powder	200	300	300	500	450	450
Powder (big size)		700	700	700	700	700
Salt	100	100	100	80	100	100
Scouring powder	150	180	200	150	180	150
Scrubbing brush	100	100	100	100	150	150
Seasoning (Knorr)	350	400	380	400	380	350
Seasoning (Maggi)	300	350	350	350	350	350



Sugar	250	250	250	250	270	270
Sugar (St. Louis pack of 10)	1900	2000	1900	1900	1950	1900
Thyme	80	100	80	80	70	80
Thyme (pack of 12)	750	800	750	750	720	750
Tinned tomatoes (smallest size)	50	50	50	50	50	50
Tinned tomatoes (small size)	200	200	200	200	200	200
Tinned tomatoes (medium size)	350	370	380	350	350	350
Tinned tomatoes (large size)	650	650	650	650	650	650
Toilet cleaner (Harpic)	470	470	470	450	480	450
Tomato (8 small pieces)	50	70	70	50	50	50
Tomatoes (paint plastic)	600	600	580	600	600	650
Towel	500	700	800	800	700	800
Turkey (1kg)	1000	1000	900	900	900	850
Vegetable oil (90cl)	420	450	450	500	500	450
Vegetable oil (5l)	1500	1600	1600	1700	1700	1700
Vegetables (ugwu)	50	50	50	50	50	50
Water (75cl)	50	50	50	50	50	50
Yam	400	400	400	250	300	300
Yam (set of 4)	1100	1100	1100	900	1100	1100



Conclusion

The overall picture does not look good in the short term. The upward trends of the price of consumer goods and economic hard times experienced amongst Nigerians which have led to the reduction in their purchasing power are signs that we should expect a fall in the standard of living among Nigerians.

The government, at all levels, will need to play its part to curtail the persistent rise in consumer commodities, especially in areas that it has reasonable control over such as transportation, and by encouraging small scale farming across the country.

Asides direct funding, there is so much that the three tiers of government can do to help stabilize food prices in the medium to long term. Making sure that research and development in order to stimulate productivity in the agriculture sector is focused on will be a major step.

Finally, government intervention should be measured, in order to ensure that they do not make the situation worse by misguided helpfulness.