

Unity Bank Digest

November 20, 2019



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The Highlights

Headline inflation increased by 0.37% to 11.61% in October

As widely anticipated, Nigeria's headline inflation continued its upward trend. The index increased by 0.37% to 11.61% in October. The spike in inflation can be largely attributed to supply shortages arising from the closure of the land borders. Food and imported food inflation rose to 14.09% and 15.94% respectively. The food items that recorded a price increase were: Meat, Oils and fats, Bread and cereals, Potatoes, Yam and other tubers, Fish and Vegetables. All inflation sub-indices, except for core inflation increased.

President Buhari assents to the Deep Offshore Act

On November 4, President Buhari assented to the bill which amends the Deep Offshore Act. This comes a month after Buhari highlighted the need for a review of the fiscal terms of deep offshore fields to reflect economic realities and boost government revenue. The Act is expected to increase Nigeria's share of earnings from offshore oil wells.

Total to divest stake in Nigerian oil block

Total is seeking to divest its 12.5% stake in Nigeria's Bonga deep water oilfield. The French oil major's stake in the Oil Mining Lease (OML) 118 is valued at approximately \$750 million. The major stakeholder of the OML 118 is Royal Dutch Shell which holds a 55% interest, followed by Exxon Mobil with a 20% stake while Eni and Total hold a 12.5% stake each in the block. The sale process of Total's stake is likely a part of the oil major's plan to sell \$5 billion worth of assets around the world by 2020. In addition, oil trader, Vitol has also pulled out from the \$1.5 billion deal to buy Nigerian oil fields.

Power grid suffers another collapse

After consistent system collapse this year, the power grid suffered another grid collapse on November 8 and 9. This was attributed to outdated lines, gas constraint and most especially non-investment in the sector.

The national grid power output averaged 3,629MW/h between November 1-13th, 2019, 5.34% higher than 3,445MW/h in the corresponding period in October. However, output fell to a low of 2,546MWh/h on November 9, before improving to 4,152MWh/h on November 18th.

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Social Corner

Jack Ma, co-founder of Alibaba visits Nigeria

- Jack Ma, the richest man in China and co-founder of the renowned e-commerce firm Alibaba, visited Nigeria to discuss opportunities in Nigeria's digital economy at the Nigeria Digital Economy Summit (NDES).
- The summit which held in Abuja was themed 'Leveraging Digital Economy for Trade and Investment'. Discussions at the summit focused on ways to develop the economy through digital transformation.
- The co-founder of Alibaba proposed focusing on e-infrastructure, e-government, entrepreneurs and education in order to boost Nigeria's economy.



Twitter co-founder and CEO visits Nigeria

- The co-founder and CEO of Twitter, Jack Dorsey, is currently on a tour across Africa. Dorsey was in Nigeria between November 7th – 11th meeting with technology experts and startups.
- He is also scheduled to visit other African countries including Ghana, South Africa and Ethiopia.



Google buys Fitbit for \$2.1 billion

- Google has acquired fitness tracker company Fitbit for \$2.1 billion. Fitbit, which was founded in 2007, monitors the health and wellness data as well as the sleeping pattern of approximately 28 million users.
- Google already has its own fitness tracking service, Google Fit, which was founded in 2014. However, the company has relied on third parties such as Fossil and Tag Heuer to produce its smartwatches. The acquisition will help Google's advancement in the wearables market.
- Fitbit users are skeptical about their data privacy with Google following its history with a data breach which has compromised millions of users' data.



MTV Europe Music Awards 2019

- The 2019 MTV Europe Music Awards were held on November 3 in Seville, Spain. The award ceremony was hosted by singer, songwriter and actress, Becky G.
- The biggest winners of the night included Taylor Swift, Halsey, and Billie Eilish. Taylor Swift won the Best Video award for her song "Me", as well as the Best US Act award.
- Nigerian singer and songwriter Burna Boy won the award for the Best Africa Act beating other African singers such as Nasty C (South Africa), Teni (Nigeria), Harmonize (Tanzania), Prince Kaybee (South Africa) and Toofan (Togo). Other past Nigerian winners of this award include 2Baba Idibia, D'Banj, Tiwa Savage and Davido.
- Winners at the award ceremony include:
 - Best Video – Taylor Swift, ME
 - Best Artist – Shawn Mendes
 - Best Song – Billie Eilish: Bad Guy
 - Best Collaboration – Rosalia featuring J Balvin



- Best New Artist – Billie Eilish
- Best New Pop Act – Halsey
- Best Live Act – BTS
- Best Rock Act – Green Day
- Best New Hip-Hop – Nicki Minaj
- Best Alternative – FKA Twigs
- Best Electronic Act – Martin Garrix
- Best Push Act – Ava Max
- Best World Stage – Muse
- Best Look – Halsey
- Best Fans – BTS
- Best US Act – Taylor Swift
- Best UK Act – Little Mix

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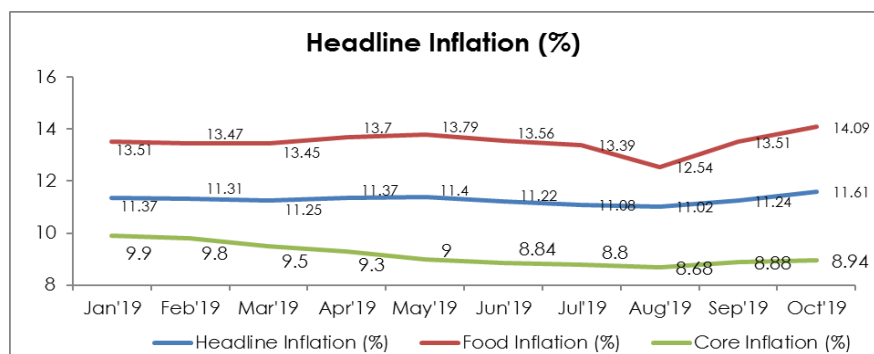
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Main Report

Headline inflation increased by 0.37% to 11.61% in October

- According to the National Bureau of Statistics, headline inflation rose to 11.61% in October from 11.24% in September. The spike in inflation can be largely attributed to supply shortages arising from the closure of the land borders, coupled with incessant rainfall in the month.
- A breakdown of the report shows that all inflation sub-indices, except for core inflation increased in the month. The month-on-month sub-index, a more accurate measure of prices, rose to 1.07% (13.69% annualized) from 1.04% (13.25% annualized) in September. Food inflation, on an annual basis, spiked by 0.58% but increased marginally by 0.03% to 1.33% compared to the previous month.
- State by state, Bayelsa state is now the state with the lowest inflation rate (9.07%), followed by Katsina (9.29%) and Kwara (9.69%). The states with the highest inflation rates are mainly in the North West – Kebbi (15.2%), Bauchi (13.97%) and Ondo (13.74%).



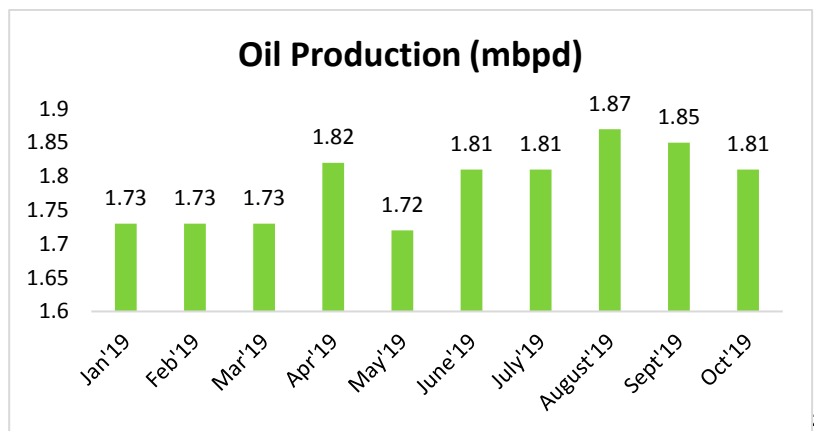
Analysis & outlook

We expect commodity prices to increase in the coming months due to increased demand resulting from Christmas festivities. The increase in price could be further exacerbated by the impact of border closures. This will be a key consideration at the

¹ NBS

next MPC meeting. While, this could prompt the committee to vote in favour of tightening rates, tepid GDP growth is likely to compel it to maintain status quo.

Domestic oil production down 2.16%



- According to OPEC's latest monthly report, Nigeria's oil production fell by 2.16% to 1.81 million barrels per day in October from a revised level of 1.85 million barrels per day in September.
- The decline in Nigeria's oil production was despite an increase in the country's rig count to 18 from 17 in September.
- OPEC's crude oil production rose by 943 barrels per day to an average of 29.65 million barrels per day. Crude oil output increased mostly in Saudi Arabia, Venezuela and UAE, while production decreased in Ecuador, Angola, Iraq and Nigeria.

Analysis & Outlook

We expect Nigeria to intensify its efforts in complying with the quota in the coming months. Therefore, we expect the country's oil output to decline to 1.8mbpd in November.

Impact

Crude oil accounts for approximately 90% of Nigeria's export revenue and about 80% of government revenue. A decline in Nigeria's oil output will negatively affect Nigeria's fiscal position and business proxies such as the Federal Accounts Allocation Committee (FAAC) disbursement.

² OPEC

Business Update

(Review Period: November 1– 14, 2019)

The Foreign Exchange Market

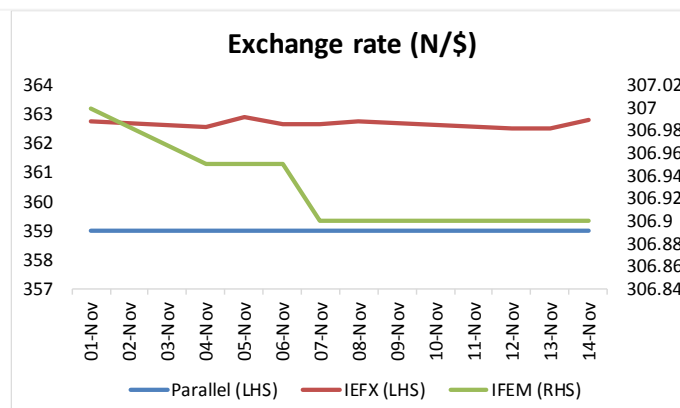
The naira traded flat against the dollar at N359/\$ at the parallel market for the first half in November. The CBN is yet to intervene in the forex market so far in November. The naira moved in opposite directions against the pound and the euro. While the naira depreciated by 0.22% to close at N464/£, it appreciated against the euro to close at N398/€.

The naira appreciated by 0.03% to close at N306.9/\$ from N307/\$ at the interbank market. At the investors and exporters window, the currency depreciated to N362.79/\$ from N362.75/\$ on November 1. This was evident in the decline in activities at the window shown by the 11.29% decline in total forex traded at the window to \$2.75 billion from \$3.10 billion in the second half of October.

Nigeria's gross external reserves lost 0.94% (\$380million) during the review period to close at \$40.06bn. There is a strong probability that the foreign reserves would slide below the \$39bn threshold before the end of 2019. Nigeria's import cover now stands at 9.97 months from its previous level of 10.07 months on November 1.

Outlook & Implications

We expect heightened forex demand in the coming weeks as investors go long on the dollar owing to extraordinary events such as the continued decline in external reserves and the restriction of local investors from OMO activities.



SOURCE: CBN, FMDQ

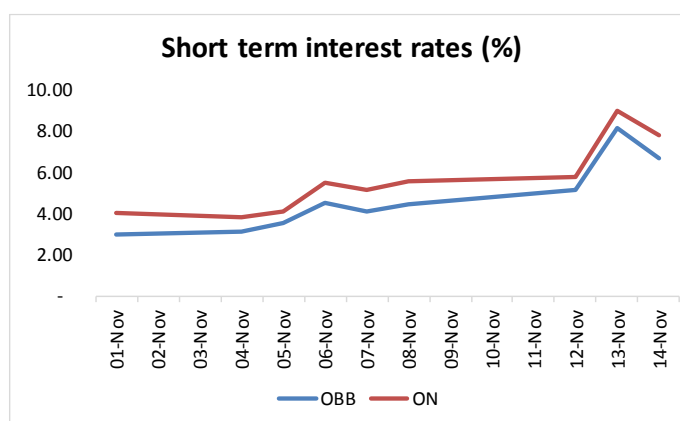
The Money Markets

Average liquidity within the banking system declined by 5.55% to N365.11 billion in the first half of November from N386.57 billion. Short term interest rates (OBB & ON) increased by an average of 372bps during the period to close at 6.71% and 7.79% respectively.

During the review period, OMO sales totaled N595.54billion compared to total OMO repayments of N1.16trillion. This resulted in a net inflow of N564.46billion.

On November 13, there was a primary market auction of N125.24billion. Stop rates declined by an average of 155bps across the three tenors. The sharp decline in yields is likely due to the CBN directive to restrict local corporates and retail investors from OMO activities. Nigerian inter-bank treasury true yield (NITTY) rates moved in opposite directions – 30-day and 90-day tenors increased by an average of 38bps while 180-day tenor declined by 5bps to close at 12.08% pa.

Tenor	NITTY rates at November 01, 2019 (% pa)	NITTY rates as at November 14, 2019 (% pa)	Change
30-day	11.37	11.50	13 bps
90-day	11.68	12.30	62 bps
180-day	12.13	12.08	-5bps



SOURCE: FDC Think Tank, CBN, FMDQ

Tenor	Secondary market rates at November 01, 2019 (% pa)	Secondary market rates at November 14, 2019 (% pa)	% change	Primary market rates at October 30, 2019(% pa)	Primary market rates at November 13, 2019(% pa)	% change
91-day	11.45	8.41	-3.04	9.45	7.80	-1.65
182-day	11.68	8.00	-3.68	10.45	9.00	-1.45
364-day	13.00	9.10	-3.90	11.50	10.00	-1.50

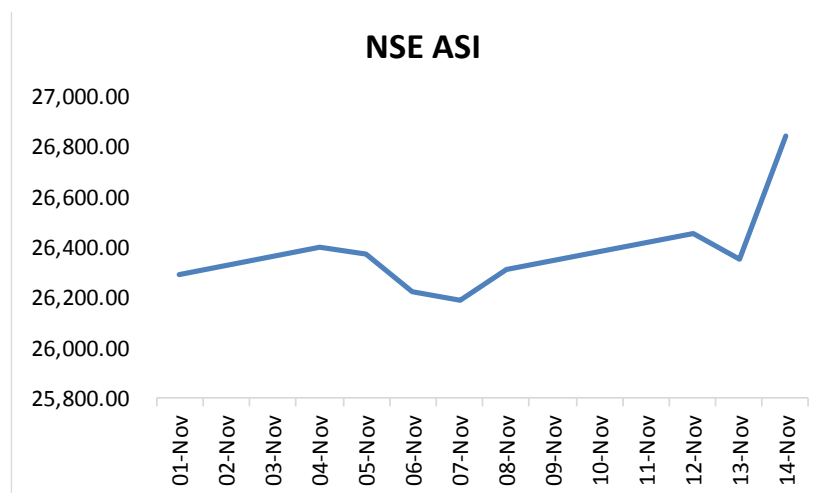
The Stock Market

The Nigerian Stock Exchange All Share Index (NSE ASI) rose 2.09% to a five-week high on November 14 (26,843.11 points) from 26,293.30 points on November 1. This was driven by increased demand for banking stocks. Nigeria's top 10 banking shares jumped 7.04%, as local investors who were shut out of the treasury auction pumped money into shares.

Similarly, market capitalization rose by 2.11% to N13.07 trillion on October 30 from N12.80 trillion on November 1. The market's current YTD return is -14.60%. The market recorded four positive trading days and five negative days within the review period.

Outlook & Implications

We expect the market to remain bullish as the market becomes attractive to investors who are in search of higher yields.



SOURCE: NSE

The Commodities Market

- **Brent** prices rose by 1.22% to \$62.44 per barrel on November 14 from \$61.69 per barrel on November 1. The increase in prices was despite weekly data that showed crude inventories rose more than expected. Prices increased due to suggestions that OPEC might extend production cuts at its meeting Dec 5-6.

Outlook & Implications

- Uncertainty surrounding the outcome of OPEC's meeting is expected to be positive for oil prices in the coming weeks. However, if US stockpiles continue to increase in the coming coming weeks, oil prices would fall. Crude oil accounts for approximately 90% of Nigeria's export revenue. The decrease in oil prices will have a negative impact on the government with respect to its fiscal and external buffers.
- **Natural gas** prices fell to \$2.64/mmbtu from \$2.71/mmbtu at the beginning of the review period. Warmer than expected weather in the US led to the bearish demand for natural gas.

Outlook & Implications

- We expect prices to increase due to a pickup in demand as we approach the winter season. Liquefied natural gas is Nigeria's second main export; higher prices will have a positive impact on the country's export earnings.
- **Corn** prices decreased by 1.16% to close at \$384.75/bushel from \$389.25/bushel at the beginning of the review period due to higher corn exports from Brazil.

Outlook & Implications

- The price of corn is expected to decline further due to surge in supply. Nigeria is a net importer of corn. A decline in corn prices will reduce the country's import bill.
- **Wheat** prices declined to \$511/bushel on November 14 from \$516/bushel on November 1 amid ample global supply and signs of renewed competition from Russian wheat after a relatively slow start.

Outlook & Implications

- We expect ample global supply to further drive down the price of wheat in the coming weeks. Nigeria imports approximately 3% of global wheat output. The decline in the price of wheat will decrease the cost of production for wheat dependent firms.

- **Sugar** prices increased by 2.64% to close the period at \$12.81/pound from \$12.48/pound at the start of the review period. This can be attributed to expectations of lower sugar output in India.

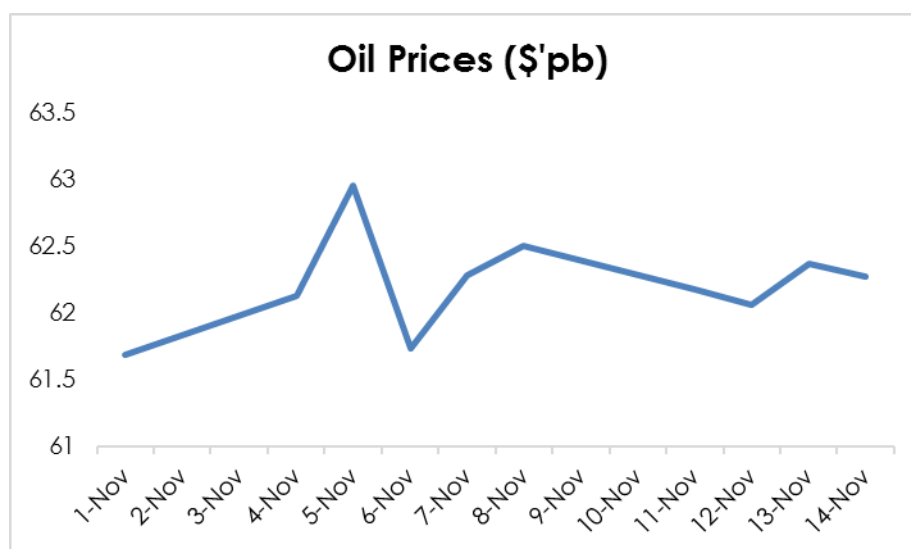
Outlook & Implications

- We expect sugar prices to remain around current levels owing to growing global demand and decline in India's supply. Rising sugar prices are expected to have a negative impact on Nigeria's trade balance, as Nigeria is a main importer of the commodity (10th largest importer globally). This negative shift in the trade balance would result in the reduction of government revenue and external reserves.

- **Cocoa** prices increased by 6.72% to close the period at \$2,669/mt from \$2,501/mt at the beginning, this was supported by strong global demand.

Outlook & Implications

- We expect the price of cocoa to remain bullish due to expectations of an increase in demand. A rise in the price of cocoa will increase Nigeria's export revenue.



SOURCE: Bloomberg, EIA, Newsnow

Unity Bank News

UNITY BANK CHAMPIONS STAKEHOLDERS ROUNDTABLE ON SUSTAINABLE DEVELOPMENT

As part of its efforts to promote sustainable development, Unity Bank in collaboration with Avant-Garde Innovation & Technology Services (AGITS) has championed stakeholders' forum to drive major advocacy initiatives for stronger climate action that will entrench values and ethos for achieving sustainable development goals.

The roundtable discourse themed - "The Future of Sustainable Development in Nigeria: Achieving Economic Growth with Low Carbon Trajectory in a Circular Economy" drew participation of development partners and major stakeholders to reappraise commitments to sustainable development goals.



The Roundtable provided the platform for stakeholders to evaluate developmental activities impacting on climate change and opportunities in a green economy as a means of improving environmental sustainability, addressing global warming, raising sea level, pollution, desertification and deforestation, and to determine effective response to promote community action, protect the environment and advance sustainable development in Nigeria.



Having promoted sustainable practices in agriculture over the years, and its commitment to sustainability, Unity Bank appreciates the need to create more awareness, engagement and collaboration in the execution of sustainability initiatives, hence the roundtable was not only relevant but timely.

The Managing Director/CEO of Unity Bank Plc, Mrs. Tomi Somefun was represented by the Executive Director, Risk Management and Compliance, Usman Abdulqadir. In a welcome address to participants, Mr. Usman pressed on the need for increased stakeholder engagement on sustainable development and to deepened commitments towards promoting climate change initiatives.

He added that "it is the hope that while sharing experiences on actions to protect the earth for future generations, the platform is capable of harnessing ideas to forge common action points and convergence for policy makers, entrepreneurs, sustainable development experts and other organizations playing pivotal roles to solve problems threatening the sustainability of the planet earth"

In 2018, it would be recalled that Unity Bank Plc won the Central Bank of Nigeria (CBN) award on 'Sustainable Transaction of the Year in Agriculture' in recognition of the Bank's initiatives to promote sustainability initiatives and impact in the agricultural space.

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5. Enter the Amount tied to the code
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Lifestyle



A Brief History of Black Friday

Culled from *Mental Floss*³

The unofficial start of the holiday shopping season is often referred to as the busiest shopping day of the year. But where did this tradition start and just how big is it? Here are the answers to a few frequently asked questions about Black Friday.

Why is it called Black Friday?

If you ask most people why the day after Thanksgiving is called Black Friday, they'll explain that the name stems from retailers using the day's huge receipts as their opportunity to "get in the black" and become profitable for the year. The first recorded uses of the term "Black Friday" are a bit less rosy, though.

According to researchers, the name "Black Friday" dates back to Philadelphia in the mid-1960s. The Friday in question is nestled snugly between Thanksgiving and the traditional Army-Navy football game that's played in Philadelphia on the following Saturday, so the City of Brotherly Love was always bustling with activity on that day. All of the people were great for retailers, but they were a huge pain for police officers,

³ <https://www.mentalfloss.com/article/31581/brief-history-black-friday>

cab drivers, and anyone who had to negotiate the city's streets. They started referring to the annual day of commercial bedlam as "Black Friday" to reflect how irritating it was.

How Did Black Friday Become Such a Big Shopping Day?

It's hard to say when the day after Thanksgiving turned into a retail free-for-all, but it probably dates back to the late 19th century. At that time, store-sponsored Thanksgiving parades were common, and once Santa Claus showed up at the end of the parade, the holiday shopping season had officially commenced.

In those days, most retailers adhered to an unwritten rule that holiday shopping season didn't start until after Thanksgiving, so no stores would advertise holiday sales or aggressively court customers until the Friday immediately following the holiday. Thus, when the floodgates opened that Friday, it became a huge deal.

Is Black Friday Really the Biggest Shopping Day of the Year?

According to Snopes.com, Black Friday is generally one of *the* top days of the year for stores, but it's the days immediately before Christmas—when procrastinators finally get shopping—that stores make the serious loot. Black Friday may, however, be the busiest day of the year in terms of customer traffic.

Snopes's data shows the 10-year span from 1993 to 2002, and in that interval Black Friday was never higher than fourth on the list of the year's busiest shopping days by sales volume. In 2003 and 2005 Black Friday did climb to the top of the pile for sales revenue days, but it still gets stiff competition from the week leading up to Christmas, particularly the Saturday right before the big day.

Contact Information

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