

MPC plays it safe—maintains status quo



Economic News

Social

Lifestyle

Unity Bank Digest

March 27, 2020

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MPC maintains status quo again!!!



Contrary to market projections, the MPC decided to keep all monetary policy benchmark parameters unchanged. This decision was done to allow the full effect of its recent regulatory measures including the cut in lending rates to 5% from 9%, N50 billion to firms affected by Covid-19 and increasing credit to the health sector. According to the MPC, lowering interest rates like other countries will heighten inflationary pressures while an increase will be counter productive as lending rates to the private sector will increase.

The Highlights

Premium Motor Spirit (PMS) down by 14% to N125 per litre

In line with the slump in global oil prices, the FGN has adjusted the domestic pump price to N125/liter from N145/liter. According to the Minister of State for Petroleum Resources, a price modulation mechanism will be adopted to reflect market realities on the price of petroleum products. The decline in the PMS price will lead to an increase in aggregate consumption, which is currently estimated at \$389 bn.¹ However, it is also expected that the implementation of the new VAT (7.5%) in February could offset this increase in aggregate consumption in the coming term.

FG cuts 2020 budget by N1.5trillion

In response to plunging oil prices (currently trading below \$30 per barrel), the federal government (FGN) has decided to slash the 2020 budget by N1.5trn. The budget, which was initially N10.59 trn, will now be N9.09 trn. On behalf of the Federal Executive Council (FEC), the Minister of Finance announced that capital expenditure will be cut by 20% and recurrent expenditure by 25%. In addition, the oil price benchmark will be cut to \$30 pb in the revised budget from \$57 pb. This is estimated to result in a 45% loss in revenue.

Bankers Committee releases support packages for Covid-19 fallout

In light of the outbreak of Covid-19 and its negative impact on the economy, the Bankers Committee pledged a stimulus package worth N3.5trillion (trn). The package is intended to assist pharmaceutical companies such as GSK, Emzor, Fidson amongst others in procuring raw materials and to encourage domestic production of drugs in the country.

Purchasing Managers' Index (PMI) falls by 12%

The CBN Purchasing Managers' Index (PMI) declined sharply in March by 12.35% to 51.1 points from 58.3 points in February. All five sub-indices – production level, new orders, supplier delivery time, employment level and raw material inventories contracted. However, supplier delivery time, employment level and raw material inventories contracted below the 50 points mark in the review period. The decline in PMI reading for the month was due to reduced activities resulting from the spread of the covid-19 pandemic.

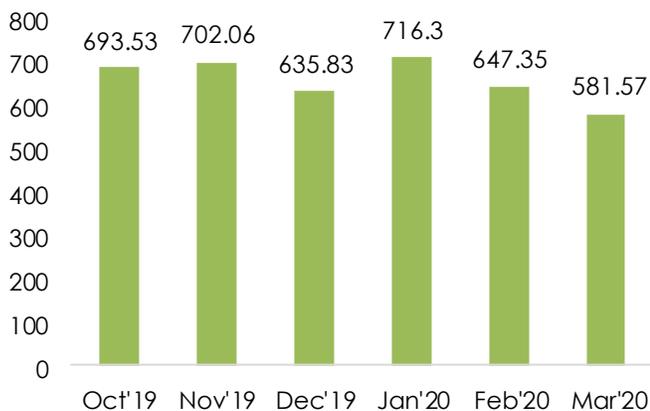
FAAC falls to a 28-month low

The Federal Account Allocation Committee (FAAC) disbursement to the federal, state and local governments fell to its lowest level since November 2017. The three tiers shared a sum of N581.57bn, 10.16% lower than N647.35bn shared in February. The sharp decline can be attributed to the fall in oil receipts which offset the gains made from the new exchange rate of N360/\$ now used to compute FAAC allocations and a higher VAT rate implemented in February. The balance in the Excess Crude Account (ECA) stood at \$72.22mn. FAAC disbursements are expected to decline further in the coming months due to sharply lower oil receipts amid the COVID-19 epidemic and the oil price war between Saudi Arabia and Russia. This implies that many states will find it difficult paying the new minimum wage of N30,000.

Nigeria closes airports and borders

According to the Nigerian Civil Aviation Authority (NCAA), two of the country's key international airports in Lagos and Abuja have been closed. This means a restriction of inbound flights into Murtala Muhammed and Nnamdi Azikiwe International Airports with the exception of 'emergency and essential' flights. The FGN had earlier banned inbound flights from 13 countries including China, Italy, Iran, USA and the UK that have recorded over 1,000 cases. In addition, various domestic airlines including Air Peace, Aero and Arik Air have suspended their operations. This is in a bid to curtail the spread of Coronavirus in the country, which now has over 60 confirmed cases. The FGN has also temporarily suspended the issuance of visas on arrival and is advising Nigerians to cancel/postpone all non-essential travel.

FAAC (N'bn)



US Fed cuts interest rates again by 100bps

In an emergency move, the US Fed cut its benchmark interest rate by 100 basis points to 0%-0.25% per annum (pa). This is the second emergency move by the Fed in one month. The decision was premised on the need for the Fed to save the US economy from the negative impact of the coronavirus. The Fed also announced monetary stimulus plans such as allowing banks to borrow from the discount window for 90 days, reducing the reserve requirement to 0% pa as well as re-commencing its bond-buying program. Markets were unimpressed with the announcement as heightened investor uncertainty resulted in record selloffs.

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Social Corner

Africa Magic Viewers' Choice Awards (AMVCA) 2020

- The 7th edition of the AMVCA ceremony was held on March 14 at the Eko Hotel & Suites, Lagos. Nigerian television host, Ik Osakioduwa, and Kenyan media personality, Amina Abdi Radar hosted.
- The movie, 'Living in Bondage: Breaking Free' was the biggest winner of the night, recording a total of eight awards including Best Overall Movie and Best Director.
- Another highlight of the night was the Industry Merit Award, which was presented to seasoned filmmaker - Peter Igbo. Upcoming Nollywood actor, Swanky JKA won the coveted Trailblazer Award.



Covid-19 results in world's longest flight

- The Coronavirus pandemic has resulted in the world's longest commercial flight. The flight which took place on March 14 flew from Tahiti, French Polynesia to Paris France.
- The record breaking flight covered a total of 9,765 miles and completed its journey without its usual stop at the Los Angeles LAX Airport.
- The flight which lasted for 15 hours 45 minutes, also attained the title of the world's longest domestic flight.



Bill Gates steps down from Microsoft Board

- Bill Gates recently announced that he will be stepping down from the boards of Microsoft and Berkshire Hathaway.
- Mr Gates, co-founded Microsoft with his now late friend Paul Allen, in 1975 and served as the chairman of the board until 2014. The need to dedicate more time to his philanthropic activities around the world prompted his decision to step down from both boards.
- The tech billionaire mentioned that he will remain very active at Microsoft but the Bill & Melinda Gates Foundation remains his top priority.



Tokyo 2020 Olympics Postponed

- In light of the Covid-19 pandemic, the International Olympic Committee (IOC) has decided to postpone the 2020 Olympics. This is the first time in 124 years that the games will be postponed or delayed.
- The Olympic Games was initially scheduled to hold between July 24—August 9 in Tokyo, Japan. According to the Japanese Prime Minister, it is likely that the games will be postponed to the Summer of 2021.

Main Report

MPC maintains status quo again

- The MPC, at its recently concluded meeting, unanimously voted to keep all monetary policy parameters unchanged. This is the 6th consecutive meeting at which the benchmark interest rate was held at 13.5%p.a.
- The committee based its decision on the need to fully assess the impact of its recent regulatory measures including the cut in lending rates to 5% from 9% and the N50bn credit support to firms affected by the covid-19 pandemic.
- This decision was in spite of the adoption of lower interest rates by several countries (international and regional) to mitigate the impact of the Covid-19 outbreak on financial markets, oil markets and economic activities.

MPR 13.5% p.a

CRR 22.5% p.a

*Liquidity Ratio
30%*

Outlook & Implications

Maintaining status quo at a time when the global economy is slowing, coupled with the growing threat of external imbalances and a possible recession would heighten inflationary pressures, weaken the currency and continue to mount pressure on the external reserves. However, this will have a minimal impact on credit availability.

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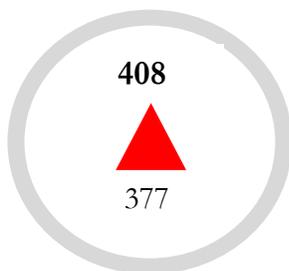
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Business Update

(Review Period: March 16-27, 2020)

The Foreign Exchange Market



Forex: Parallel (₦/\$)



Forex: IEFX (₦/\$)



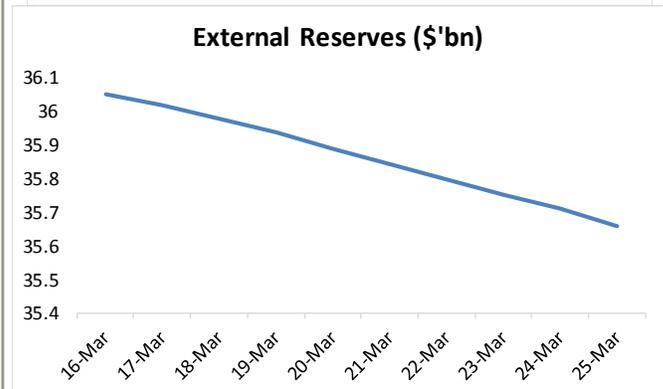
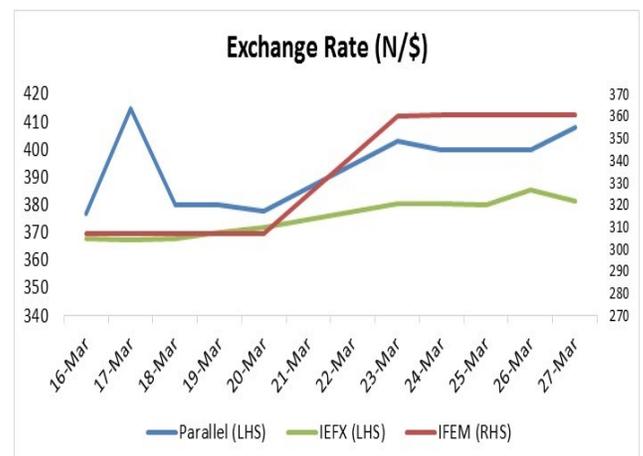
External Reserves (\$/bn)

After two years of maintaining the official interbank exchange rate at N306/\$, the currency was devalued by 15% to N360/\$. The IEFX rate was also adjusted to N380/\$. The central bank has in recent months been under growing pressure to bring the rate closer to the parallel and IEFX markets, which account for the bulk of currency transactions in Nigeria. At the parallel and IEFX market, the currency depreciated to close at N408/\$ and N381.50/\$ respectively.

External reserves stood at \$35.66bn (March 25).

Outlook & Implications

In the coming weeks, we expect reduced forex demand pressures due to the closure of all borders and restrictions on movements. The CBN has also suspend its sale of dollars to BDCs. Therefore, we expect the currency to remain relatively stable between N380-N400/\$ at the parallel and IEFX markets.



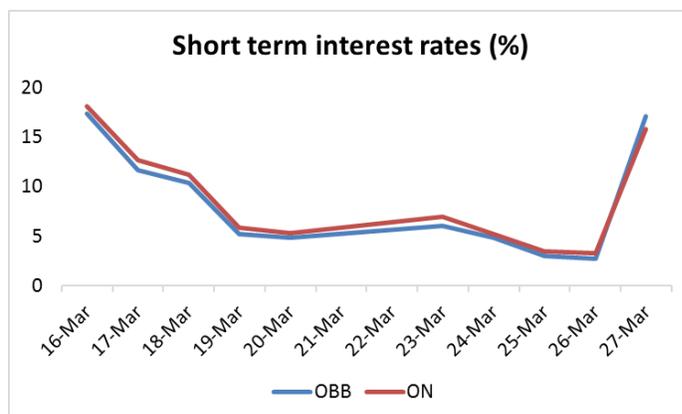
The Money Markets



NIBOR: OBB (%p.a)



NIBOR: O/N (%p.a)



Average liquidity within the banking system stood at N378.55bn in the second half of March, compared to N279.86bn in the first half of the month.

Naira liquidity in the system increased due to a net inflow of N530.75bn. On March 19, there was an OMO auction of N150bn which was undersubscribed by 88%. However, there was no sale. In spite of this, average NIBOR (OBB/ON) declined by an average of 130bps to close at 17.10%pa and 15.80%pa respectively.

Outlook & Implications

The MPC's decision to maintain status quo even as most countries lower rates to stem recession fears reduces the threat of capital outflows which could worsen Nigeria's delicate external reserves position.

On March 25, there was an FGN bond sale of N50 billion which was oversubscribed by 262.52%. The results are below:

Tenors	Previous stop rates (%p.a)	Current stop rate (%p.a)	Change
5-year	8.75	10.00	+125bps
10-year	10.70	12.50	+180bps
30-year	12.15	12.98	+83bps

Tenor	Secondary market rates at March 16, 2020 (% pa)	Secondary market rates at March 27, 2020 (% pa)	% change	Primary market rates at March 11, 2020 (% pa)	Primary market rates at March 18, 2020 (% pa)	% change
91-day	2.85	2.20	-0.65	2.49	2.30	-0.19
182-day	3.60	3.87	0.27	3.78	3.40	-0.38
364-day	5.60	4.50	-1.10	5.30	4.60	-0.70

The Stock Market

21,861.78



22,705.19

NSE ASI

11.39



11.83

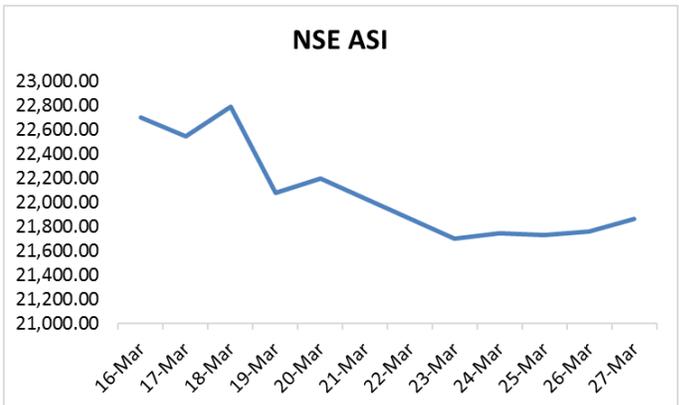
Market Cap. (₹'trn)



The NSE ASI declined by 3.71% to close at 21,861.78 points on March 27 from 22,705.19 points on March 16. The decline was because of increased investor sell-off partly driven by the crash in oil prices and increasing COVID-19 outbreak.

Outlook & Implications

We expect the stock market to extend its bearish streak as negative sentiment persists and foreign investors continue their divestment to safer asset classes – like precious metals (gold).



The Commodities Market

Brent prices (\$/b)



26.37



30.05

Outlook & Implications

We expect oil prices to trade below \$30pb for the foreseeable future as Saudi Arabia, Russia and UAE ramp up output. The demand concerns are also expected to persist as more countries go into lockdown.

Natural gas (\$/mmbtu)



1.65



1.82

Outlook & Implications

LNG price is expected to remain at current levels due to the decline in global demand.

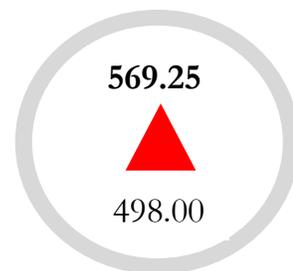
Corn (\$/bushel)



Outlook & Implications

As the demand for ethanol increases, we expect higher demand for corn. This is likely to reverse the downward trend of corn prices in the near term.

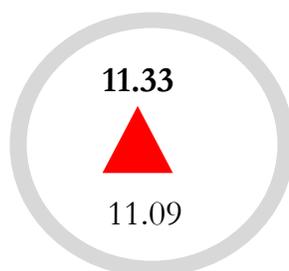
Wheat (\$/bushel)



Outlook & Implications

We expect wheat prices to increase further as the global lockdown drives up the demand for food staples.

Sugar (\$/pound)



Outlook & Implications

We expect sugar prices to remain elevated due to the increased demand for ethyl alcohol, an ingredient for hand sanitizers.

Cocoa (\$/mt)



Outlook & Implications

We expect the global price of cocoa to remain depressed in the near term owing to the spread of Covid-19 in key import and export countries.

Unity Bank News

COVID-19: Unity Bank Activates Remote Work Plan to Contain Spread of Virus

LAGOS.24.03.2020. Unity Bank Plc has fully activated its Business Continuity Plan and implemented additional safety measures to contain the spread of the COVID-19 pandemic in Nigeria.

In line with this initiative, employees in non-essential functions now work remotely to minimize physical interaction as well as observe social distancing intended to safeguard all stakeholders against the threats posed by the virus. The Bank has also suspended all training programmes and all meetings will henceforth be held virtually.

All employees who recently returned from foreign trips have also been directed to commence self-isolation, even as members of staff are encouraged to report any such staff or any that have come in contact or related with anyone who recently returned from a foreign trip.

The Bank will continue to enforce compulsory temperature screening and the use of hand sanitizers for all those that must gain access to any of its business premises.

Our customers are encouraged to transact business at this time on our alternative channels and reduce traffic in the business offices. Only customers with essential financial transactions are advised to visit our branches.

To mitigate the impact of this development, all our digital banking channels have been optimized to cater for all forms of transactions. The Bank's self-service platforms like the multi-lingual USSD platform *7799#, the mobile banking app, UniFi app and the internet banking service, UnityOnline have been optimized to meet all customer's needs such as funds transfer, bill payments, airtime and data recharge, etc. The Bank's Customer Centre can be reached 24/7 on 07080666000, 07057323225-30, 08099152315 (WhatsApp), we_care@unitybankng.com and customercare@unitybankng.com.

A statement by the bank said the Business Continuity Plan was fully activated to ensure the safety of all employees without disrupting customers' access to the Bank's services.

"Whilst it is important to remain calm in the midst of this crisis, we cannot overemphasize the importance of maintaining minimum hygiene and safety precautions as a matter of practice to guarantee the wellbeing of our employees and customers which will contribute significantly to the collaborative efforts to minimize the spread of this virus," the bank said.

About Unity Bank Plc

We are one of Nigeria's leading retail banks with over 200 business offices spread across the 36 states and Federal Capital Territory of Nigeria.

The Bank offers wide-ranging financial services to individuals, businesses and the public sector of the nation's economy. As a further commitment to the growth of the nation's economy, Unity Bank focuses on SMEs and Agribusinesses. We are driven by the vision to be the retail bank of choice for all Nigerians and this is at the core of all that we do.



We will **SUCCEED** in this Battle, together...

With the rapid spread of COVID-19 and its effect on business operations globally, we have put in place measures to help contain the spread of the virus while still meeting your banking needs and keeping you safe.

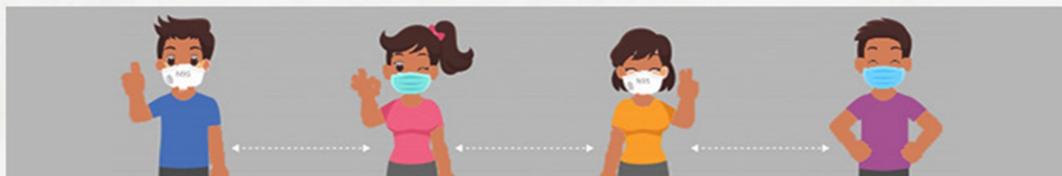
1 Provision of Alternative Banking Channels



2 Maintenance of High Hygiene Practices



3 Activation of our Business Continuity Plan to encourage Social Distancing



We consider the health and safety of our customers, employees and other stakeholders as high priority, and we will continue to maintain standards that protect you and your investments.

Our Contact Centre will remain operational 24 hours daily, and we can be reached through the following platforms:

☎ **07080666000, 07057323225-30** 📞 **08099152315**

✉ **we_care@unitybankng.com**

Covid-19, Social Distancing & Staying Safe



Whether your city is on lockdown or not, the Covid-19 pandemic has affected everyone. Parents are now faced with the challenge of keeping their children occupied, workers have to remain motivated while working remotely and health care workers are breaking their backs trying to keep everyone safe. The prescribed social distancing regime has forced people to either become a 'doctor' via their various WhatsApp broadcast messages (often suggesting how to prevent/cure the virus), accept the different social media challenges or open a TikTok or Thriller account.

In view of the different Coronavirus-related information we are all consuming, here is what the Centers for Disease Control and Prevention (CDC) is suggesting to protect yourself and others²:

- **Clean your hands often:** You can do this either by using soap and water for 20 seconds or using a hand sanitizer that contains at least 60% alcohol. Also, avoid touching your eyes, nose and mouth with dirty hands.
- **Avoid close contact:** If you live in a community where the virus is spreading rapidly, make sure you avoid close contact with everyone especially a sick person.
- **Wear a facemask IF you are sick:** A facemask is not the latest fashion accessory. It should be worn only if you are sick and are around people i.e. sharing a room or vehicle. If you are not sick, you should wear a facemask if you are caring for someone that is sick and not able to wear a facemask.
- **Clean and disinfect:** You should clean and disinfect frequently touched surfaces on a daily basis. This includes tables, light switches, door knobs, countertops amongst others.

Six Tips To Work From Home Successfully During Lock Down

-Culled from Forbes



I have been working from home since my first corporate job at Accenture in 2010 so I understand the expectations from an organisational and personal perspective. But there are some of you out there who have never had to work from home and believe me, there is a way to work from home (WFH) successfully.

The difference being, in pre Coronavirus (Covid-19) times many organisations had begun to incorporate WFH into the lives of their employees with remote working and hot desking infrastructural changes. So what is the difference now?

Well, many organisations and schools are having to implement work from home infrastructure at speed without much warning or preparation and with the potential addition of a quarantined situation. As a result the reality of working from home has been intensified, to which effect I wanted to provide you with some of the tips to help you succeed whilst working from home.

Act As If You Are Going Into The Office

Working from home once in a while is a luxury and most people are excited by the prospect. However here we are presented with the reality of working from home being imposed upon us as a full time obligation. That doesn't mean you need to break your usual routine, yes you might have some more time in bed as a result of a reduction in your commute.

But it is important to get up, get ready for work and set up a space that you can work from comfortably and hopefully ergonomically. That means, not setting up shop in your bed or from your sofa, but actually sitting at a table to ensure you have good posture. (So yes that does mean getting dressed, even if it is just your top half for video calls). Get seated at your desk and ready to go at the start of your working day, with a clearly defined purpose!



Have a Healthy To Do List

Structure your day, when you are working from home you have to be your own manager and therefore you have to manage your productivity (and potentially those in your team if you have to manage others).

At the end of each day, write your to do list and goals for the next day so that you have clarity/ focus and you do not have to waste time in the morning.

Segment what you will do and when you will do it over the course of the day: provide yourself with breaks so that you are able to keep focused and avoid burnout.

Without office based distractions you may actually be more productive!

Think Like An Entrepreneur

As the Coronavirus pandemic affects the global economy, I believe it is on each of us to look at how we add value to our organisations, teams or suppliers.

Think - what can you do to define the problems and seek out the solutions to help your company stay above water. It is on all of us to go over and above, to rally together to make sure the business survives.

Thinking 'intrapreneurially' is essentially having an entrepreneurial mindset within your career and therefore looking at your programme, project as if it is your own business. What would you do to help, how could you add value - if your job was on the line how would you approach each problem? This current pandemic calls for more than 'thinking outside the box', it calls on us to throw away the box!

Stay In Contact

In an age of technology, working remotely or working from home does not have to mean working in isolation. If you would typically have a weekly team meeting, you can still have the team meeting via lots of different technology (eg. Zoom / Microsoft Teams etc.). If you don't usually have a team meeting, well it is time to start having one. Usually when working from home, I would have said that changes to your environment are important which might have meant working from a local coffee shop or hot-desking office but if we are in lockdown that might not be allowed.

So, why not keep the team spirit going by scheduling calls and meetings as normal, checking in your colleagues to see if they are coping OK or if they need your assistance. Go on that online course that you have been pushing back but that would make you stronger or add to your value when things are back to normal.

You might even find that you are able to increase your productivity at home and have more meetings without the office distractions. Oh but then we need to consider the at-home distractions.

Accept Distractions

You are at home so there will be a myriad of distractions that you are faced with:

- The Doorbell / Deliveries
- The Washing
- The Kids
- The TV
- Social Media
- The Partner



Lets accept that some of these distractions can be prevented and some cannot, and the distractions are a reality - so long as they are not taking over the whole working day. I saw an organisation saying online that if children are coming into the room you are working from whilst you are on a video call, let them say hi! Now this might not be acceptable in the average industry but in this situation, if the schools are closed you have a good reason for your child being at home. Try to adapt and explain to your children as much as possible what your working time means - but children will be children. If your company understands then even better.

The others, try not to order up a storm just because you are home but a good work schedule with clearly defined breaks will make some allowances for some of the above. With that said try not to get absorbed into the TV or social media, it isn't productive and really you want to prove to your organisation that post Coronavirus you can be trusted to continue to work from home on occasion.

The final point on this...

Get Some Exercise

...and fresh air (if you can find it), if you are used to a daily commute you may also be used to a little walking, cycling etc. So where possible try to feed a little of this into your daily routine. Even if it is a walk around the block, in your garden or to your local shops.

If you are working from home and struggling with the feeling of isolation, remember to reach out to others. I am sure they are feeling the same!

Contact

Would you like to open an account with us?

Kindly direct all account opening enquiries to:

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08078148762, 08160956889

nomoigui@unitybankng.com

For all other enquiries, contact:

Phone number: 07080666000 / 07057323225-30

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