

Inflation inches up to 12.56%



Economic News

Social

Lifestyle

Unity Bank Digest

July 17, 2020

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Inflation inches up to 12.56%



According to the National Bureau of Statistics, Nigeria's headline inflation inched up from 12.4% in May to 12.56% in June. This is the 10th consecutive monthly increase and the highest level in over two years. The rise in general price level was primarily driven by supply disruptions owing to the planting season and higher logistics costs. All inflation sub-indices moved in tandem with headline inflation.

The good news is that the commencement of the harvest season could drive down commodity prices in the short term. However, the exchange rate adjustment will stoke inflationary pressures and keep inflation expectations tilted more to the upside.

Buhari signs revised 2020 budget



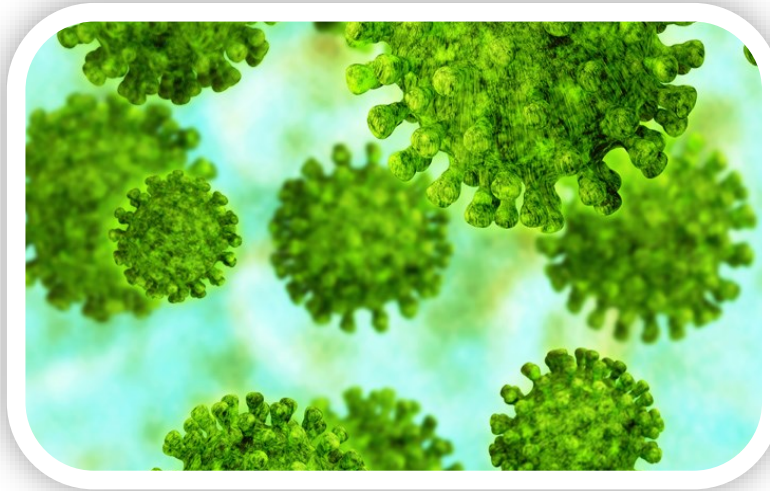
President Buhari has signed the revised 2020 budget of N10.8trn (\$28.38bn) into law. This comes barely one month after the National Assembly passed a budget size of N10.59trn. The difference was due to the need to mitigate the adverse effects of the pandemic on the Nigerian economy. The oil price and production assumptions were left unchanged at \$28pb and 1.8mbpd respectively. Domestic oil output is expected to fall to 1.4mbpd in compliance to Nigeria's OPEC quota.

As at May, the retained revenue was N1.48trn (56% of target) and only N253.33billion had been released for CAPEX spending.

Covid-19 Dashboard in Nigeria (As At July 16th)

Total Cases - 34,854

Casualties - 769



States with the highest cases

States with the lowest cases

	Infected cases	Number of deaths
Lagos	13,097	176
FCT	2,761	39
Oyo	1,989	19
Edo	1,874	62
Rivers	1,480	47

	Infected cases	% of Total
Kogi	5	2
Cross Rivers	12	1
Taraba	30	0
Yobe	63	8
Ekiti	72	2

- **Fatalities as a % of infected = 2.21%**
- **Infected as a % of tested = 16.88%**
- **Testing as a % of population = 0.10%**

The Highlights

PMS price adjusted upwards by 18% to N140.8 – N143.8/litre

The Petroleum Product Pricing Regulatory Agency (PPRA) has adjusted upwards the pump price of petrol by 18% to a band of N140.8 – N143.8 per litre. This is reflective of the 26% increase in the global price of Brent to \$40.87pb in June from an average of \$32.41pb in May. Given an average fuel consumption of approximately 58million litres, the price hike will result in a \$1.18bn reduction in aggregate consumption.



Electricity tariff postponed

The hike in the cost reflective electricity tariffs initially scheduled to be implemented on July 1, 2020 has been postponed. The decision followed a review meeting with the National Assembly, the NERC and representatives of electricity distributors. The National Assembly leaders were not opposed to the introduction of cost reflective tariffs but emphasized that the timing was inappropriate. This is in light of declining income levels and job losses amidst the COVID-19 pandemic. The decision to postpone the tariff hike comes barely seven days after the World Bank approved a \$750 million loan to Nigeria's power sector.



Third Mainland Bridge to be closed for six months

The Federal Government has announced its plans to shut the third mainland bridge for six months from Friday July 24, 2020. The last time the bridge was closed for an extended period was in 2012 when maintenance exercises lasted for three months. The decision to close the bridge is to address structural defects that could lead to a fatal disaster if left unaddressed. The bridge serves as a major link between the mainland and the island and a closure will result in severe hardship, longer hours in traffic and lower productivity for residents in the metropolitan city.

US bars International students with strictly online classes

The American Student and Exchange Visitor Program has announced that international students on visas in the United States will be barred from staying in the country if their classes are entirely online for the fall 2020 semester. Students were advised to transfer to schools with in-person instruction to remain in lawful status or face immigration consequences. In addition, student visas will not be issued to students enrolled in schools that are fully online for the fall semester.

FIRS enforces stamp duties

The Federal Inland Revenue Service (FIRS) has announced the enforcement of stamp duty on house rent, certificate of occupancy among other chargeable transactions. This is in line with the revenue generation strategy of the FGN. The FIRS generated about N66billion from stamp duties between January and May 2020, up from N18bn from January to December 2019. At a time of dwindling revenues from oil, the enforcement of stamp duty could boost government revenues. However, this will likely erode consumers' disposable income and exert pressure on the revenues of companies.

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Social Corner

2020 BET Awards

- The 20th virtual edition of the BET awards held on June 28, 2020. The award ceremony was hosted by American comedian and actress, Amanda Seales.
- The big winners of the night were Roddy Ricch who won the coveted Album of the Year for his work on 'Please Excuse Me for Being Antisocial' and Lizzo who won Best Female R&B/Pop Artist. Other winners include Megan Thee Stallion, Migos and DaBaby.
- Nigerian singer and songwriter, Burna Boy, won the Best International Act award for the second consecutive year. He beat other international musicians including Innoss'B (DRC), Sho Madjozi (South African), Dave & Stormzy (UK) and Ninho & S.Pri Noir (France).



World's first gold plated hotel opened in Vietnam

- Dolce Hanoi Golden Lake hotel, the world's first gold plated hotel was opened in Vietnam in July 2020
- All equipment and appliances from the tiles, bathtub, coffee cups, to the infinity pool on the roof were plated in 24-carat gold.
- The \$200 million hotel which took 11 years to construct is a 25-storey building property with 400 rooms
- The five-star hotel costs \$250 a night.



Main Report

Total debt stock up 4.49% to N28.63trn in Q1'20



- According to the Debt Management Office (DMO), Nigeria's total debt increased by 4.49% to N28.63trillion (\$79.3bn) in Q1'20 from N27.40trn (\$84.05bn) in the preceding quarter. Within the review quarter, Nigeria spent 99% of its revenue servicing its debt burden.
- A breakdown of the total national debt stock shows that domestic debt accounts for 65% while foreign debt accounts for 35% of total debt.

Outlook and Implications

The recent multilateral support from the IMF and impending support from the World Bank will further exacerbate Nigeria's debt crisis. Unfortunately, these loans are more likely to be used for social intervention programs in response to the COVID crisis and not on infrastructure developments that will have a positive multiplier effect. This raises concerns of the country falling into a debt trap in a post COVID world when interest rates start to increase. This could negatively affect Nigeria's credit rating in the case of default.

Main Report

CBN devalues naira by 5.5% to N380.5/\$



- For the second time in six months, the CBN has devalued the official exchange rate to N380.5/\$ from an initial value of N360.5/\$. This represents a 5.5% (N20) devaluation of the naira in the official market and is a move towards unifying the exchange rate across various windows.
- While the figure displayed on the CBN website remains unchanged, data from the FMDQ securities exchange portal confirms an alignment of the exchange rate at the official window and the investor and exporter window (now at N387/\$).

Outlook and Implications

The decision to unify exchange rates around the IEFX rate is a step in the right direction. Besides from the reduction in arbitrage and speculative activities, and a boost to investor confidence, a unified exchange rate will also bring the domestic currency closer to its fair value. State governments will also benefit from the exchange rate adjustment given the exchange rate gains which will subsequently result in an increase in monthly allocations.

**SPEND
ANYWHERE
IN THE
WORLD...**

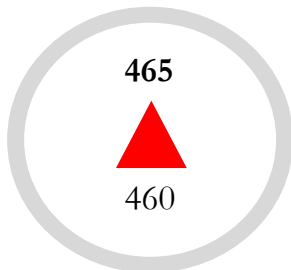
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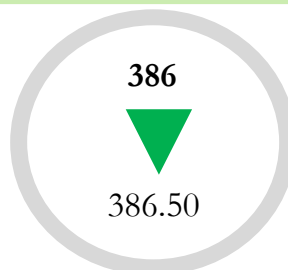
Business Update

(Review Period: July 1st - 13th, 2020)

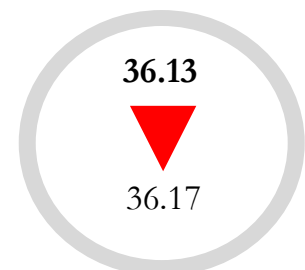
The Foreign Exchange Market



Forex: Parallel (N/\$)



Forex: IEFX (N/\$)



External Reserves (\$/bn)

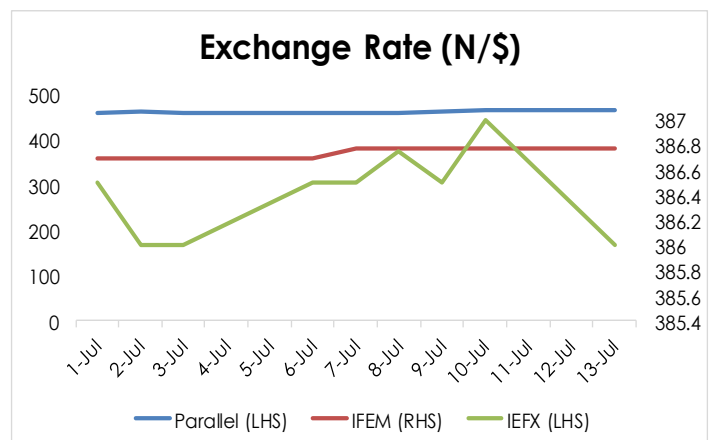
At the parallel market, the currency depreciated from N460/\$ on July 1st to close the period at N465/\$ and hovered around N386/\$ at the I&E window. Forex liquidity remained tight due to lower oil receipts and declining portfolio inflows, amid rising forex backlog.

External reserves depleted by 0.11% to \$36.13bn on July 9th. The reserves level can only cover 9 months of import.

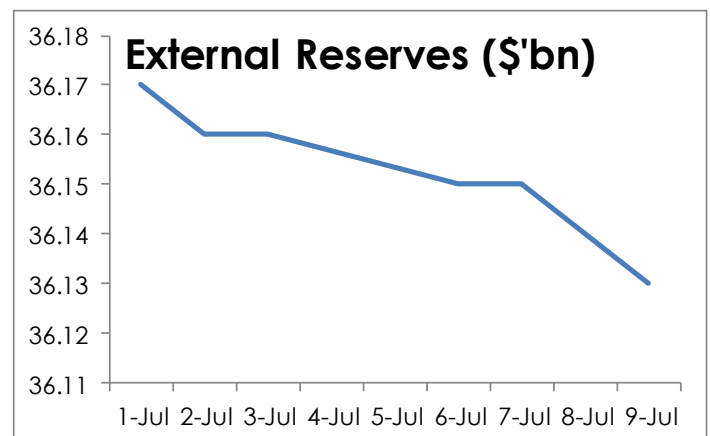
Outlook & Implications

Exchange rate volatility is expected to continue barring any significant change in forex supply. This coupled with the anticipated resumption of international travel will heighten demand pressures.

The naira is expected to trade between the range of N460-N468/\$ at the parallel market in the near term.



SOURCE: FDC Think Tank, FMDQ



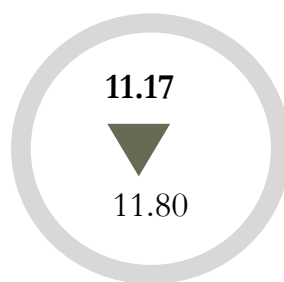
SOURCE: FDC Think Tank, CBN

The Money Markets

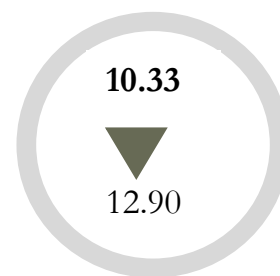
verage liquidity within the banking system closed the review period in a negative position of N20.36bn compared to a positive position of N163.99bn in the second half of June. During the period, market illiquidity was driven largely by CRR debits and funding for CBN's retail forex auction. Relative to the start of the month, NIBOR (OBB/ON) rates declined by an average of 160bps to close at 11.17%pa and 10.33%pa respectively.

Outlook & Implications

In the coming weeks, expected inflows such as FAAC disbursement are likely to flatten the yield curve which has been inverted for approximately two weeks.



NIBOR: OBB (%p. a)



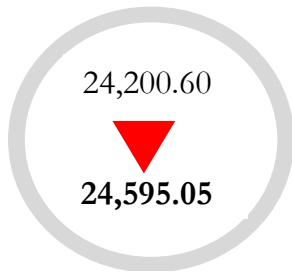
NIBOR: O/N (%p.a)



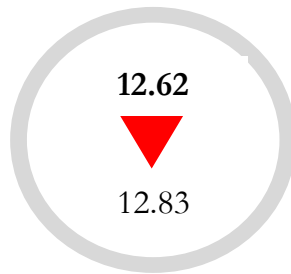
On July 1, there was a primary market T/Bills sale of N88.86billion. The auction was oversubscribed by 272.14% while rates declined by an average of 18bps. The results are shown below:

Tenor	Primary market rates at June 17, 2020 (% pa)	Primary market rates at July 1, 2020 (% pa)	Change
91-day	1.80	1.79	-1bp
182-day	2.08	1.91	-17bps
364-day	3.75	3.39	-36bps

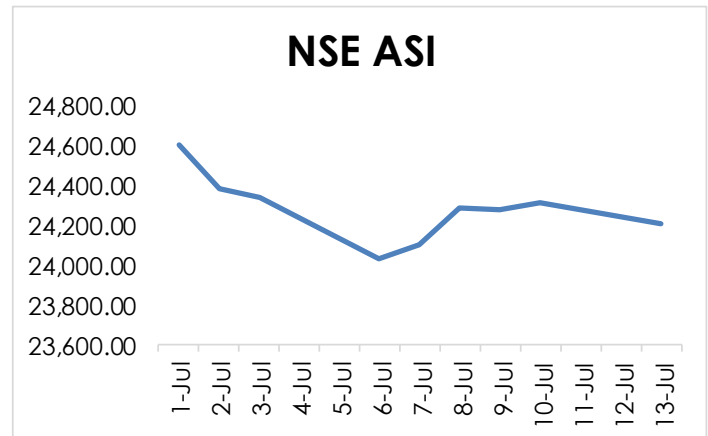
The Stock Market



NSE ASI



Market Cap. (₹'trn)



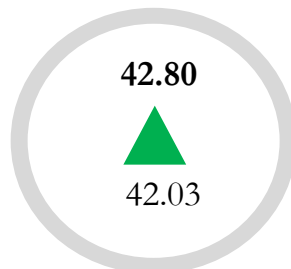
The NSE ASI lost 1.60%, to close the period at 24,200.60 points. In the review period, the market gained in 4 days and lost in 5 days. The bourse traded bearish during the period as weak sentiments pervaded the market. YTD return is now at -9.86%.

Outlook & Implications

We expect the market to remain volatile in the near term as investors remain skeptical about the current policy environment.

The Commodities Market

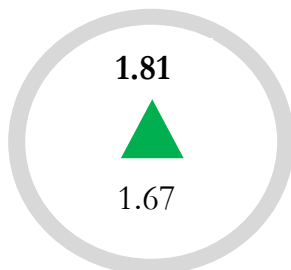
Brent prices (\$/b)



Outlook & Implications

Brent is likely to fall below \$40pb in the near term as OPEC eases output restrictions and demand concerns persist given rising infection cases in the US.

Natural gas (\$/mmbtu)



Outlook & Implications

We expect higher temperatures in the US to boost demand for gas and keep prices elevated in the near term.

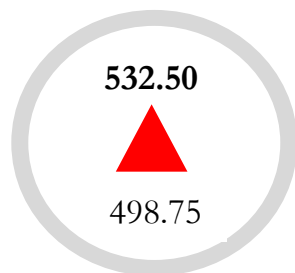
Corn (\$/bushel)



Outlook & Implications

Prospects of higher corn output in the US is expected to keep prices bearish.

Wheat (\$/bushel)



Outlook & Implications

Wheat prices are projected to reverse the upward trend driven by a surplus output in Australia.

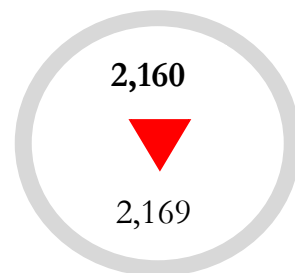
Sugar (\$/pound)



Outlook & Implications

Expectations of increased output in Brazil is projected to push up the global price of sugar in the near term.

Cocoa (\$/mt)



Outlook & Implications

Resurging US COVID-19 cases is threatening chocolate demand and could likely keep prices depressed.

Puzzle—Unity Bank Edition



<i>Funds</i>	<i>Transfer</i>	<i>Balance</i>
<i>Payment</i>	<i>Recharge</i>	<i>Shopping</i>
<i>Verification</i>	<i>Enquiry</i>	<i>Movies</i>

E M D R E C H A R G E V Z
E N O U A S D R Z I W E T
T U Q V P A Y M E N T R M
F D R U I L E V L K S I B
L T I O I E Z F Z D G F A
C Y R Y L R S U N N D I L
B A H A U Y Y U I J A C A
A Z R L N N F P I A W A N
H E G M K S P Q U N G T C
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Africa/Internet Access: The Cloud Above

Culled from Financial Times



Floating 12 miles above the earth, high above commercial aircraft, internet balloons offer the possibility of online connection for hundreds of millions of people living in emerging markets. Loon, a subsidiary of Google's parent company Alphabet, has launched its first commercial project in Kenya. Success will lead more countries to seek a deal. Loon has already proved that its polyethylene, solar-powered helium balloons work by providing internet access to hurricane-hit Puerto Rico. Kenya is a test of whether the service can be profitable. Cheaper than digging cables, the balloons use algorithms to navigate air currents and stay in one place, beaming 4G internet signals down to remote areas.

Like self-driving car company Waymo, Loon is a graduate of Google's moonshots R&D lab. The unit could do with some good publicity. New Alphabet boss Sundar Pichai has implied that costs connected to the company's "other bets" need to fall.

Offering internet access to emerging economies is a worthy, and potentially lucrative, goal. Poverty and low population density in emerging markets stymie online access while US tech giants that have saturated home markets are keen to sign up new customers. As well as services, access would provide more personal data — so long as governments refrain from implementing new privacy laws.



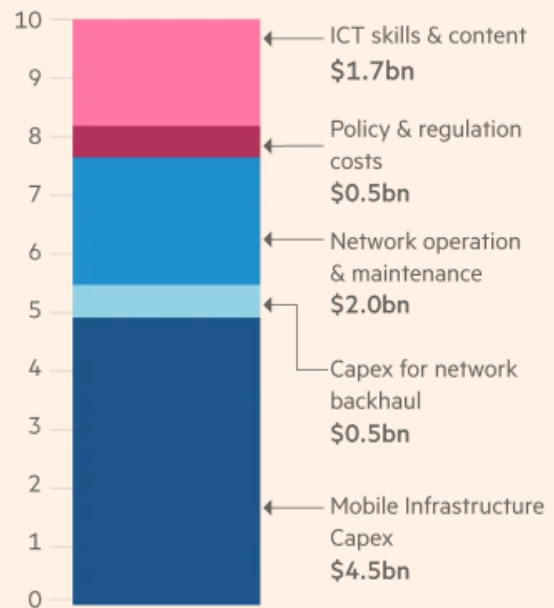
While Google reaches for the sky, Facebook has stayed closer to earth with Free Basics, which works with local telecoms companies to give users access to certain internet sites — including Facebook — for free. It is also working with multiple partners, including China Mobile International and Vodafone, to build submarine fibre-optic cables that will connect Europe, the Middle East and Africa.

Across Africa, online access varies widely. Nigeria has almost 124mn internet users, making it one of the world's biggest online populations. Countries such as Tunisia and Ghana have more mobile subscriptions than people. Yet according to the International Telecommunication Union, a UN agency, internet access costs are still too high for the majority of people in the continent. Just over 25 per cent of the sub-Saharan population is online, according to World Bank data.

A project to achieve universal internet coverage by 2030 could cost \$100bn, says working group Broadband for All. The shorter term target to double broadband connections between 2016 and 2021 will cost \$9bn. For US tech companies, however, the chance of winning more users makes it worth the investment.

Forecast costs of doubling African broadband access

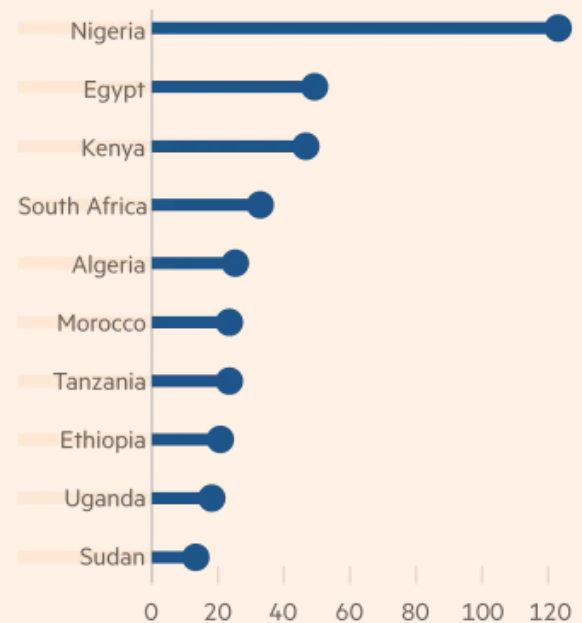
Between 2016-2021 (\$bn)



Source: The Broadband for All Working Group

Countries in Africa with most internet users

Top 10, Jun 2019 (m)



Source: Statista

5 Of The Most In-Demand Soft Skills Companies Are Looking For This Year

Culled from Forbes



LinkedIn recently analyzed hiring trends across its platform to determine both the hard and soft skills companies need most in 2020. The trends align with what I see in my executive coaching practice, where I help leaders manage stress, build resilience, unleash creativity, develop emotional intelligence, and communicate and collaborate better.

Hard skills are often technical in nature and tend to be both teachable and measurable. Design, engineering, economic analysis, and AI all fall in this category.

Soft skills include interpersonal and communication skills, as well as the ability to be creative and to view problems from multiple angles. Self-awareness is also essential here. Leaders, teachers, and coaches can help develop soft skills in others, but they tend to be trickier to measure.

We underestimate (and undervalue) the latter set of skills by calling them “soft.” As I have written before, soft skills are imperative to be an effective leader. Accordingly, Dartmouth University president Philip Hanlon calls them “power skills,” a high-value currency in today’s workplace.

Creativity

For the second year in a row, LinkedIn's analysis finds creativity to be ranked the highest in-demand soft skill. As technical tasks become outsourced to computing and AI, it is the ability to see things differently and to connect the dots in new ways that distinguish great companies from good ones.

Daniel Pink noted this trend fifteen years ago in his book *A Whole New Mind*, where he argued that creativity and other right-brain skills were going to be the key to the future. We were, he said, moving from the information age to the conceptual age. That observation is even more valid today.

Persuasion

The ability to persuade and influence others is required in sales, but its applications are much broader. Leaders are responsible for communicating and igniting the organization's purpose and mission to employees, customers, clients, and other stakeholders. Conveying vision and influencing others to believe in that vision is a fundamentally persuasive skill.

Persuasion also figures more subtly in another essential interpersonal activity, developing one-on-one rapport with colleagues and employees. When leaders can effectively communicate the why of a task, tackling the how becomes far more manageable. Great leaders have a contagious conviction that persuades others to be believers.

Collaboration

The greatest ideas and innovations, argues Frans Johansson in *The Medici Effect*, do not come from "lone wolf" inventors, but from the intersection of different fields and perspectives. In order to think out of the box, we have to break out of our silos. The

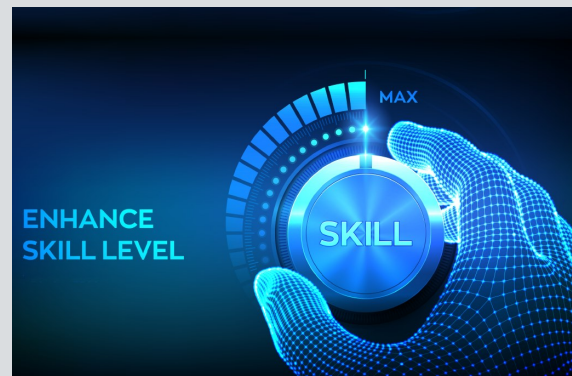
most innovative companies and leaders create an environment that fosters collaboration.

Encouraging cognitive diversity is a complementary leadership skill. The Harvard Business Review finds that teams solve problems faster when they are more cognitively diverse. Leaders must orchestrate collaboration, and a diversity of background and perspective, if they are to stay on top.

Adaptability

"Disruptive" is a popular buzzword to describe ground-breaking ideas and cutting-edge companies. In order to ride the constant waves of change, leaders and their organizations have to learn to be adaptable, agile, and nimble.

The skill sets required to be adaptable are both personal and organizational. Leaders need to manage their stress and build resilience through a growth mindset and healthy habits in order to adapt and thrive in high-pressure environments. They must also be able to pivot and let go of assumptions and preconceived ideas. An open and receptive mind is essential. Organizations, in turn, must be able to respond quickly to unexpected changes in the market. Creativity, resilience, and the ability to collaborate will enhance an organization's adaptability.



Emotional intelligence

Emotional intelligence is the secret sauce that enables all of the other soft skills. We cannot collaborate with or win others over unless we can read them accurately and be empathic. We cannot fully tap into our creativity and agility unless we are self-aware and able to manage our thoughts and emotions.

Emotional intelligence is a foundation for succeeding and thriving in a complex and ever-changing world. Although this set of skills yields the most significant results in the interpersonal realm,

it starts with the individual, and with the tough inner work and self-development influential leaders commit themselves to. Developing mindful self-awareness and self-mastery is the core of my executive coaching work, and leads to the biggest breakthroughs, both personal and professional.

One measure of just how essential soft skills are in today's world comes from Google's process of organizational introspection. Google was founded by a pair of computer scientists and conceived as a company that would be driven by the ideas and needs

of engineers, not managers. As it evolved, however, the company examined what made for its most creative and productive teams.

The results of Google's internal analysis surprised many. Of the eight most important qualities found in its top employees, technical expertise came in last. All of the top characteristics were soft skills.

If soft skills can provide the competitive edge at one of the world's most innovative tech companies, imagine what they can do for your organization.

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