

Unity Bank Digest

March 19th, 2019



The Highlights

Inflation declines to 11.31 percent in February

Headline inflation declined to 11.31 percent in February from 11.37 percent in January. This is the second monthly decline since December 2018. The decline, which is in line with the trend of February inflation in the last two years. It shows that the election did not have a negative impact on output. Month-on-month inflation, a better reflection of current prices, also declined to 0.73 percent (9.12 percent annualized) from 0.74 percent (9.19 percent annualized) in January. The sub-indices of headline inflation (food and core) moved in the same direction. In the month of February, food inflation fell by 4bps to 13.47 percent from 13.51 percent in the preceding month and core inflation (inflation less seasonalities) decreased by 1bps to 9.8 percent.

On a state by state basis, Ogun state lost its position as the state with the lowest inflation rate to Kwara (9.36 percent). Other states with low inflation rates were Delta (11.69 percent), and Cross River (9.81 percent). The highest inflation rates were recorded in Kebbi (13.78 percent), Taraba (13.57 percent) and Kaduna (13.54 percent). The moderation in headline inflation is positive for consumer confidence and purchasing power. However, the upcoming Easter celebrations could boost consumer demand for key commodities and result in an uptick in headline inflation. We expect the movement in headline inflation to be a front burner issue at the next MPC meeting on March 25/26.

Foreign trade surplus higher by 125.5 percent in Q4

The National Bureau of Statistics (NBS) reported a 125.5 percent increase in trade surplus to N1.44 trillion in Q4'18. This was due to an increase in export value and a decrease in import value relative to Q3'18. However, there was a 5.1 percent contraction in Nigeria's total merchandise trade, from N9.07 trillion in the third quarter of 2018 to N8.61 trillion in the fourth quarter. This makes the total trade value in 2018

N32.26 trillion, a 39.3 percent increase over the previous year and the highest recorded since 2014.

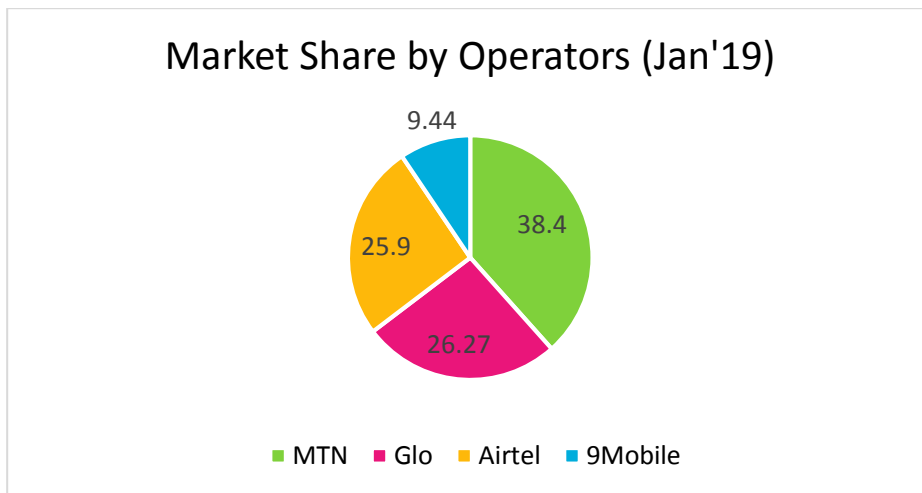
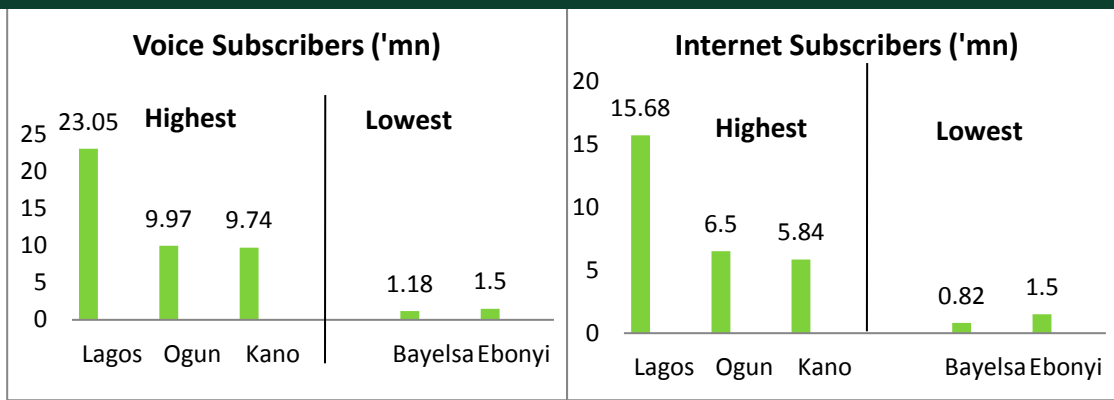
US citizens will require a visa to visit Europe from 2021

US citizens travelling to Europe will need to obtain a European Travel Information and Authorization System (ETIAS) visa from 2021. The ETIAS visa, which is a multiple-entry visa, will be valid for three years and will allow a holder to enter any of the 26 Schengen-zone countries as many times as necessary. Currently, a US citizen may travel to Europe for up to 90 days without a visa. The decision to obtain a visa comes in an effort to maintain a high level of security and to avoid problems related to illegal immigration and terrorism, while promoting tourism. To obtain an ETIAS visa an applicant must have a valid passport, a credit or debit card, and an email account. Minors will still be able to enter the Schengen area without an ETIAS visa and will only need their passports to travel.

Telecom subscribers rose by 6.66% to 172.82 million in Q4'18

According to the NBS, the number of active voice subscribers increased by 6.66 percent to 172.8 million in Q4'18, up from 162.03 million subscribers in the preceding quarter. In the same vein, the active internet subscriber base grew by 5.31 percent to 112.07 million in Q4, up from 106.42 million subscribers in Q3'18.

Of the 36 states, Lagos State had the highest number of active voice subscribers (23.05 million) and internet subscribers (15.68 million), followed by Ogun State with 9.97 million voice subscribers and 6.50 million internet subscribers and Kano State with 9.74 million voice subscribers and 5.84 million internet subscribers. The states with the least active voice subscribers and internet subscribers are Bayelsa State, with 1.18 million voice subscribers and 823,987 internet subscribers, and Ebonyi State, with 1.5 million voice subscribers and 905,908 internet subscribers. According to the report, MTN had the highest share of voice and internet subscriptions, followed by GLO, AIRTEL, and EMTS.



CBN imposes foreign exchange restrictions on textile importation

In a bid to support the revival of the textile sector, the Central Bank of Nigeria (CBN) has prohibited access to foreign exchange by textile and clothing material importers. Cotton lint is the only exception to the forex restrictions. However, this is time bound. The forex ban will also apply to cotton imports in 2020. This measure is expected to discourage smuggling, resuscitate the industry, and support job creation efforts for Nigerians.

However, Lagos Chamber of Commerce and Industry (LCCI) has expressed its concerns over the FGN's decision to include textile in the forex restriction list as it could have a negative impact on employment.

Gubernatorial polls to be rerun in six states

Nigeria's Independent National Electoral Commission (INEC) has arranged for supplementary polls to take place on March 23rd in six of 29 states where gubernatorial elections were held on March 9th.

¹ NCC

The reruns will be held in 6 states - Adamawa, Bauchi, Benue, Kano, Plateau and Sokoto states. Initial votes in these places were declared inconclusive for a combination of reasons, including inconsistent use of smart-card readers, excessive numbers voting and in Rivers state there was widespread disruption, causing the counting of votes to be suspended. Of the 22 states for which results have been declared, the ruling All Progressives Congress (APC) won 13 and the main opposition People's Democratic Party (PDP) secured nine.

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Social Corner

Taxify rebrands to Bolt

- International transportation network, Taxify, has rebranded to Bolt. The ride-hailing company has also unveiled its new logo.
- According to Taxify's CEO, Markus Villig, the purpose of the rebranding was to broaden the scope of operations of the brand. The company has also highlighted its plan to introduce an electric scooter rental service into its markets.
- Bolt, which was launched in 2013, currently has 25 million users from 30 countries across Europe and Africa.



Forbes Billionaires 2019

- Forbes has released its annual list of billionaires across the globe for 2019. Jeff Bezos maintained his position as the richest person with a net worth of \$131 billion.
- Other high-ranking billionaires on the list were Bill Gates (\$96.5 billion), Warren Buffett (\$82.5 billion), Bernard Arnault (\$76 billion) and Carlos Slim Helu (\$64 billion).
- Kylie Jenner, aged 21 years, made history as the world's youngest self-made billionaire. The American entrepreneur and television personality is currently worth \$1 billion.



Facebook, Instagram and WhatsApp suffer most severe outage ever

- Social media applications- Facebook, Instagram and WhatsApp- suffered a severe disruption to their services on March 13/14. The disruption, which lasted for over 14 hours, was the most severe outage for Facebook since 2008.
- Facebook has debunked rumours that the outage was a result of Distributed Denial of Service attack- a form of cyber-attack that involves flooding the bandwidth of a targeted system with high volumes of traffic.



Zinedine Zidane returns to coach Real Madrid

- French football legend, Zinedine Zidane, has returned to coach Real Madrid less than a year after he stepped down in May 2018. Zidane replaces former teammate Santiago Solari.
- Zidane, who was a player at the club between 2001-2006, took over as the club's coach in January 2016. During his 2-year reign, he successfully led Real Madrid to win three consecutive Champions League titles.
- Zidane is currently faced with the challenge of ensuring that Real Madrid qualifies for next season's Champions League. Real Madrid won its first match since Zidane's return against Celta Vigo (2-0).



Bugatti unveils world's most expensive car

- French car maker, Bugatti, has unveiled the world's most expensive car valued at \$11million (£9.5million). This beats the previous record of a Rolls-Royce Sweptail valued at approximately £8-9million.
- The car features include a jet-black



carbon fibre body and a 1,500 horsepower 16-cylinder engine.

Jumia files for New York Stock Exchange (NYSE) IPO

- E-commerce giant, Jumia, has announced its plan to launch an initial public offering (IPO). The specifics such as the timing, share price and valuation of the IPO would be announced in the coming weeks.
- The pending IPO would make Jumia the first African tech start up to list on a global exchange market.
- The online marketplace, which was founded in 2012, is pitching itself to shareholders as the only e-commerce business that is successfully operating across multiple regions in Africa. Jumia boasts of approximately 4 million active customers in December 2018.



Microsoft to open a new office in Lagos

- Microsoft has disclosed plans to open a new office in Lagos, Nigeria.
- The Lagos office will be one of the two development centers in Africa (Kenya and Nigeria) that will be used to develop new cloud services using artificial intelligence and mixed reality experiences.





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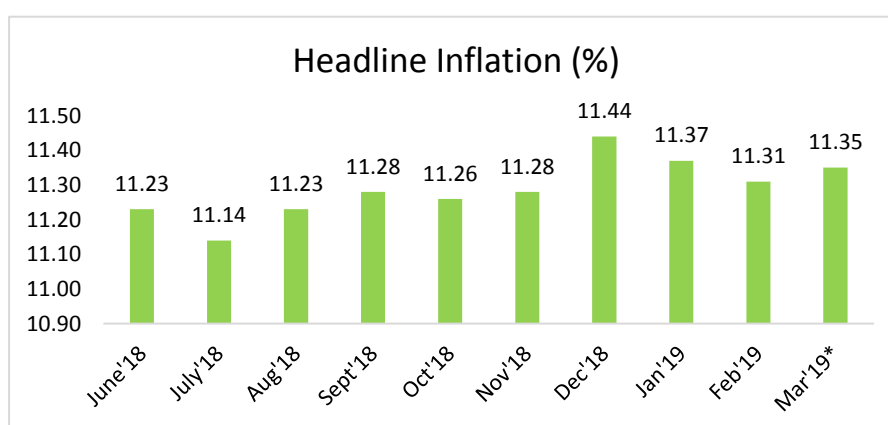


Unifi by Unity Bank



Inflation slides to 11.31 percent in February

- Nigeria's headline inflation rate declined by 6bps to 11.31 percent in February from 11.37 percent in January. The decline suggests a muted impact of the general election on output.
- Month-on-Month inflation also fell to 0.73 percent (9.12 percent annualized) in February from 0.74 percent (9.19 percent annualized) in January. This was despite a shift in consumer behavior in response to the postponement of the presidential elections.
- Both food inflation and core inflation (inflation less seasonalities) declined by an average of 25bps to 13.47 percent and 9.8 percent respectively from 13.51 percent and 9.9 percent in January.
- On a state-by-state basis, Kwara (9.36 percent), Delta (9.60 percent) and Cross River (9.81 percent) had the lowest inflation while Kebbi (13.78 percent), Taraba (13.57 percent) and Kaduna (13.54 percent) recorded the highest inflation rates in February.



Analysis & Outlook

The decline in headline inflation is positive for policymakers. However, the forthcoming Easter celebrations could mount pressure on food prices and heighten inflationary

pressures in the near term. We expect the movement in headline inflation to be a front-burner issue at the next MPC meeting on March 25/26.

Nigeria's foreign trade declines in Q4

- According to the NBS, Nigeria's foreign trade declined by 5.1 percent, from N9.07 trillion in Q3 to N8.61 trillion in Q4'18. This was driven by an increase in exports and a decline in imports.
- Total import value was N3.58 trillion in Q4, 15 percent lower than the N4.21 trillion in Q3, but 69.6 percent higher than the N2.11 trillion in the corresponding period in 2017.
- Contrarily, the total export value increased by 3.5 percent to N5.02 trillion in Q4, from N4.85 trillion in Q3, which is a growth of 28.5 percent from the N3.91 trillion in Q4'17. Exports in Q4 were still dominated by crude oil, which accounted for 84.2 percent of the total exports (N4.23 trillion)
- The trade balance in Q4 was a surplus of N1.44 trillion, which is 125.5 percent higher than the preceding quarter. This was due to a lower import bill and higher export revenue.

Analysis & Outlook

The significant growth in Nigeria's trade balance in 2018 buttresses the fact that the economy is on the recovery path. However, Nigeria is still largely reliant on crude oil. The expected decrease in crude oil output will weigh heavily on total trade in quarter one 2019. Also, we expect the import value in Q1'19 to increase on the back of election spending and the appreciation of the currency.

Business Update

(Review Period: 1st -15th March, 2019)

The Forex Market

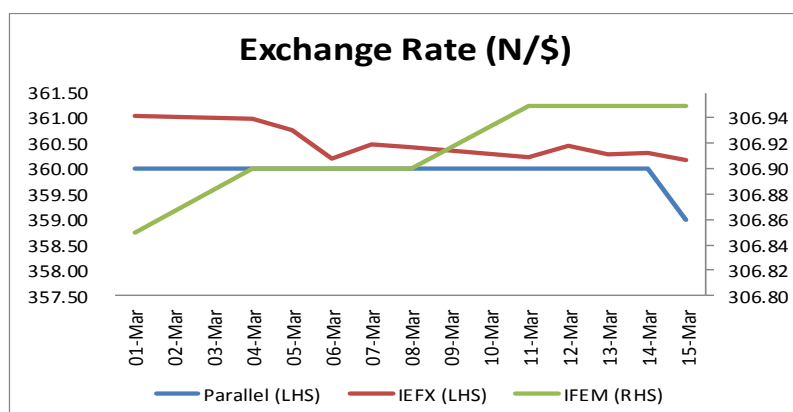
At the parallel market, the currency traded at N360/\$ for the first fourteen days before appreciating by 0.28% to N359/\$ on March 15th. The appreciation could be partly driven by a marginal increase in the CBN's forex intervention to \$297million in the first half of March from \$279.13million in the first fifteen days of February and the absence of the election risk premium. The naira appreciated against the pound and euro by 0.21% and 0.49% to close the period at N471/£ and 406/€ respectively.

At the IEFX window, the currency appreciated by 0.24% to N360.18/\$ on March 15th from N361.03/\$ on March 1st. During the review period, total forex traded at the window spiked by 100% to \$6.21bn from \$3.10bn in the first half of February. This was likely driven by the return of investors after the general elections in Nigeria. On the other hand, the naira depreciated at the Interbank Foreign Exchange Market to N306.95/\$ at the end of the period from N306.85/\$ on March 1st.

There was a steady increase in the level of Nigeria's external reserves during the review period. Reserves gained 1.58% (\$670million) to close at \$42.99billion on March 14th. Nigeria's import cover now stands at 10.70months from its earlier position of 10.54months on March 1st.

Outlook & Implications

The recent rally in oil price (now at \$67.13pb) is expected to boost the level of Nigeria's external reserves in the near term. If sustained, an increase in external buffers is positive for currency stability as it increases the CBN's ability to defend the naira. The naira is expected to trade within the range of N360-N363/\$ at the parallel market, barring any shocks to the forex market.



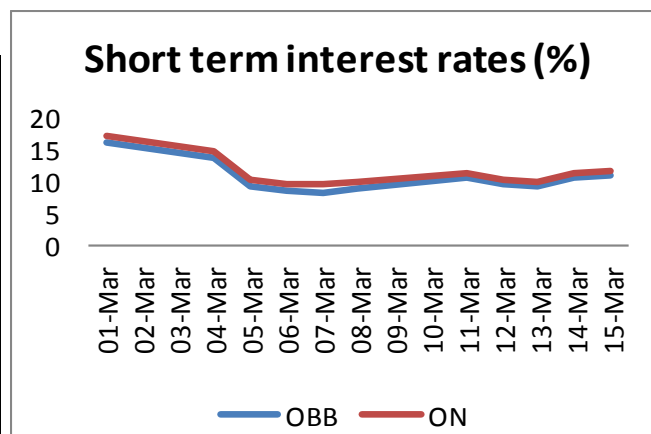
SOURCE: FDC Think Tank, CBN, FMDQ

The Money Markets

During the review period, the average liquidity within the banking system was N241.06bn positive, compared to the position of N4.21bn positive recorded in the first half of February. In response to the increased naira liquidity, the short term interest rates (OBB and ON) declined by 516bps and 575bps to close the period at 11.17%pa and 11.67%pa respectively. Total OMO sales during the period was N2.29trn relative to maturities of N441.68bn. This resulted in a net outflow of N1.85trn. At the last primary market auction on March 13th, the three T/Bills tenors (91-day, 182-day and 364-day) declined by an average of 73bps. At the secondary market, all but the 364-day tenor increased by an average of 71bps. The 364-day tenor at the secondary market declined by 49bps to 12.61% pa. At the Nigerian Inter-Bank Treasury Bill True Yield (NITTY), the 30-day, 90-day and 180-day tenors increased by an average of 39bps.

Tenor	Secondary market rates as at March 1 st , 2019 (%)	Secondary market rates as at March 15 th , 2019 (%)	% change	Primary market rates as at February 27 th , (%)	Primary market rates as at March 13 th (%)	% change
91-day	10.39	11.50	1.11	10.90	10.75	-0.15
182-day	12.70	13.00	0.30	13.01	12.50	-0.51
364-day	13.10	12.61	-0.49	14.37	12.85	-1.52

Tenor	NITTY rates as at March 1 st , 2019	NITTY rates as at March 15 th , 2019	Change
30-day	9.06%pa	9.14%pa	8bps
90-day	11.03%pa	11.77%pa	74bps
180-day	13.60%pa	13.95%pa	35bps



SOURCE: CBN, FMDQ

The Stock Market







The Nigerian Stock Exchange All Share Index (NSE ASI) declined by 2.15% to 31,142.72pts at the end of the review period from 31,827.24pts on March 1st. There was no post-election bounce in the market like in 2015. The bourse's YTD return is now at -0.92%. Total market capitalization also lost 2.19% to close at N11.61trn compared to N11.87trn on March 1st. The market recorded 4 positive days and 7 negative days within the review period.

Outlook & Implications

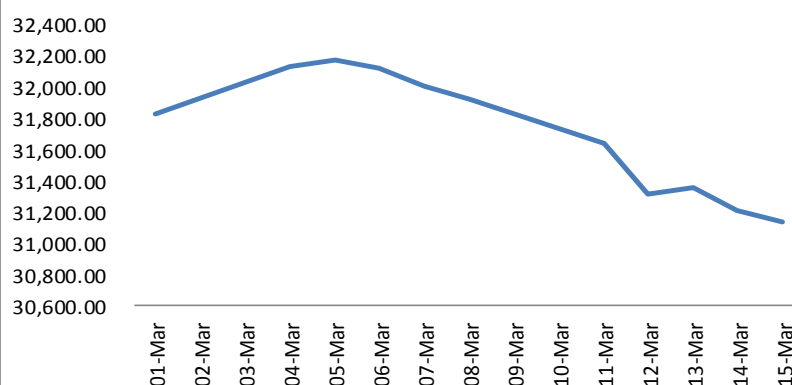
We expect the NSE's performance to be volatile in the near term. Notwithstanding, investors are likely to take advantage of basement prices in large cap stocks.

Corporate Earnings

During the review period the following companies released their FY'18 results:

Company	Sector	Profit After Tax (N'billion)	Dividend (N/share)
Nestle	Consumer Goods	43.08 	38.50
Seplat Petroleum Development Company	Oil & Gas	44.87 	15.35
Guaranty Trust Bank Plc	Banking	184.64 	2.45
Stanbic IBTC Holdings Plc	Banking	74.44 	1.5
United Bank for Africa (UBA)	Banking	78.61 	0.65
Access Bank Plc.	Banking	94.98 	0.25

NSE ASI



SOURCE: NSE

The Commodities Market

- **Brent oil** prices increased by 3.17% in the first half of March to \$67.13pb.
 - This was driven mainly by a decline in output from key oil producing countries such as Saudi Arabia and Venezuela.

Outlook & Implications

- Brent traded within a tight range of \$65-\$68pb (8%-13% above the budget benchmark of \$60pb) in the first half of March. Saudi Arabia's plan to reduce its oil output to below 7mbpd by April is expected to prop up prices in the coming weeks.
- **Natural gas** decreased by 1.05% to \$2.83/mmbtu during the review period, in response to robust US production.

Outlook & Implications

- Increased output from leading producers such as US would push prices further down in the near term. Natural Gas accounts for 12.6% of Nigeria's export earnings. The decline in prices would reduce the country's export revenue and have a negative impact on proxies such as FAAC.
- **Corn** prices declined by 0.54% to close the period at \$3.71/bushel from \$3.73/bushel at the beginning of the review period.
 - Amidst uncertainties around the ongoing US-China trade talks.

Outlook & Implications

- Prices are expected to remain bullish in the near term as the US and China continue its trade talks. Nigeria imports approximately 0.5% of world output. A decline in corn prices will reduce the country's import bill.
- **Wheat** prices dropped by 1.75 % to \$4.49/bushel on March 15th from \$4.57/bushel on March 1st.
 - Depressed by weak global demand.

Outlook & Implications

- Global price of wheat is expected to fall in the near term owing to early prospects of bumper wheat harvest in Europe and Russia. A decline in prices will reduce the country's import bill and could have a positive impact on the operating expenses of bread makers in Nigeria.

- **Sugar** prices lost 0.79% to close at \$0.1252/pound.
 - This was amidst expected trade talks between Brazil and the US.

Outlook & Implication

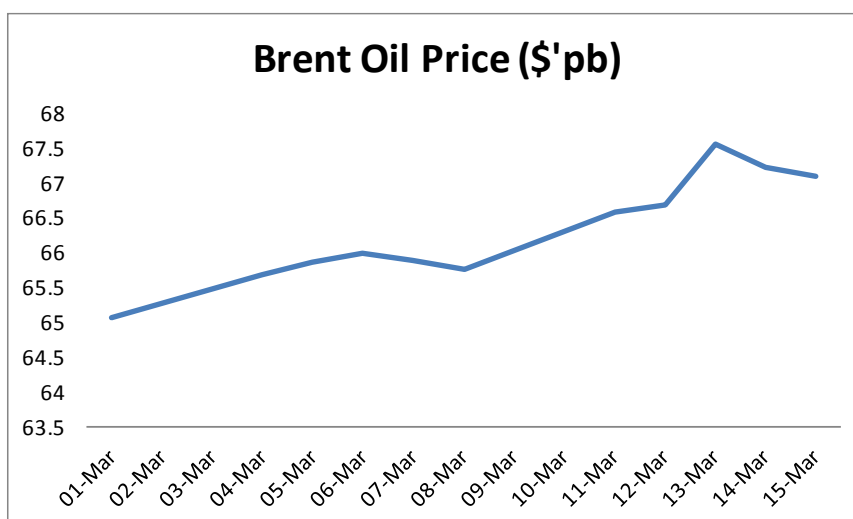
- Forecast of robust global sugar supplies in the near term is likely to have a negative impact on prices. Nigeria imports approximately 1.8% of global output. A decline in prices would result in a lower import bill.

- **Cocoa** prices fell by 0.63% to close the period at \$ 2,203/mt from \$2,217/mt.

- Despite restrictions placed on Uganda's exports.

Outlook & Implication

- Prices are expected to trend downwards in the near term due to increased output from top producer, Ivory Coast. Nigeria is the 4th largest exporter of cocoa, a decline in prices is negative for its export earnings.



SOURCE: Bloomberg, EIA, Newsnow



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Lifestyle



The Growing Problem of Smartphone Addiction²

We are so dependent on our smartphones that we often joke about being addicted. However, what many people still fail to realise is that smartphone addiction is actually a very real problem affecting thousands across the globe. One in ten smartphone users now admit to using their phones in the shower and during sex. The same figures even show that half of people use in while driving.

It's already an enormous problem, but smartphone addiction is likely to grow even more common due to the rising demand for and access to the handsets. That is not to mention the rapid advances in the technology that allow them to perform more duties at even faster speeds.

So what do you need to know about the causes of smartphone addiction and how to fight it?

² <http://www.techaddiction.ca/smartphone-addiction-problem.html>



How Does One Become Addicted To Their Phone?

Smartphones give us the ability to connect with our friends and family, to news and entertainment, to websites from CNN to Number Direct, with just a tap of a touch screen. In short: they have become a crucial part of everyday life.

However, overusing the product in such a fashion is the main reason people are becoming addicted. Some find it difficult to function without their phone by their side. Approximately 72% of people said they are rarely more than five feet away from their handset at any time. This is what is known as nomophobia (an abbreviation of no mobile phobia); the fear that being away from your phone somehow disconnects you from the world.

As with many forms of addiction, smartphone addiction is also something that often stems from other underlying emotional and psychological issues. It can be a side effect of depression or obsessive-compulsive disorder. Overuse of a handset can be a crutch that people with post-traumatic stress, attention deficit and social anxiety lean on too.

The Consequences of Smartphone Addiction

Smartphone addiction, particularly among children, is altering the way we interact with one another. A member of the Kwon civic group in South Korea, Kim Nam-Hee, asked a classroom of 10 year old students compare the hours they spend on their smartphones with the time they spend interacting with relatives. She found a disturbing gap between the amount of digital and human interaction they were engaging in.

The consequences of this are very serious. Human interaction helps a child to develop emotionally and behaviourally in a way that communicating over smartphone cannot. It allows a child to see a person's emotional reaction and distinguish between what are good actions and bad actions. Texting, talking or social networking over a smartphone cannot accomplish this.

Adults are no less likely to become addicted to their smartphones though, and the costs are no less destructive. Staring at a screen, for instance, prevents the brain from releasing something that is called melatonin, our natural sleep chemical. As a result,

our bodies don't register that we are tired. Overuse of smartphones therefore leads to interrupted sleeping patterns and means that we do not function as well throughout the day, affecting our abilities to work.

Fighting Back Against Smartphone Addiction

The first step to beating smartphone addiction is acknowledging you have it. But how do we know if we are addicted to our phones? After all, smartphone addiction is difficult to identify as we all use our phones so frequently. The line between the need to use a device and being addicted to it is very thin. However, there is some telltale symptoms that those concerned about it should be aware of. One that many people may have experienced is known as phantom cell phone vibration; when our body has become conditioned to expect some kind of smartphone interaction, so much so that we imagine the sensation of a vibration.

More importantly though, how do you combat smartphone addiction if you do in fact suffer from it? In South Korea, one of the most heavily affected countries in the world, the science ministry now require schools to teach classes on internet addiction with a particular focus on smartphones. They also organise holidays free of technology in an attempt to detach students from their handsets.

In a culture that almost demands being connected to the internet, smartphone addiction is just as difficult to combat as it is to identify. Many people will be able to use the technology we have at our fingertips in a way that is useful, be it for communication or entertainment, without letting it become a problem. However, if you are spending more time talking to your Twitter friends than your actual friends, if you are more interested in engrossing yourself in the world of a smartphone game than real life, perhaps it's time to take some small steps towards preventing or managing what could be an addiction.



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Nosakhare Omoigui

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For all other enquiries, contact:

Phone number: 07080666000 / 07057323225-30

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Website: www.unitybankng.com

Address

Unity Bank Plc

Plot 42, Ahmed Onibudo Street

Victoria Island

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