

Unity Bank Digest

December 06, 2019



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The Highlights

Monetary Policy Committee maintains status quo

At its last meeting of 2019, the MPC voted unanimously to hold all monetary policy parameters constant. This means that the benchmark interest rate (MPR) remains unchanged at 13.5%pa, the Cash Reserve Ratio (CRR) at 22.5% pa, Liquidity Ratio at 30% pa and asymmetric corridor at +200bps/-500bps. The Committee's decision was premised on the need to fully ascertain the impact of the new Loan to Deposit ratio (65%) as well as other regulatory measures. The CBN Governor, Godwin Emefiele acknowledged the impact of the closure of Nigeria's land borders on headline inflation (now at 11.61%) and food inflation (now at 14.09%). However, the Governor expects the impact to be transient. Nigeria's MPC followed the same trend of other Central Banks in the Sub-Saharan Africa region. The South African Reserve Bank (SARB) and the Bank of Ghana (BoG) also kept their benchmark interest rates unchanged at their respective MPC meetings.

Gross Domestic Product (GDP) expands to 2.28% in Q3'19

According to the National Bureau of Statistics, Nigeria's GDP expanded to 2.28% in Q3'19 from a revised growth of 2.12% in Q2'19. This brings the average growth rate so far in 2019 to 2.2%. A further breakdown of the report shows that the fastest growing sectors were interest rate sensitive and job-elastic sectors. They include Agriculture (2.28%), Manufacturing (1.1%), Construction (2.37%) and ICT (9.88%). On the other hand, the Mining (6.19%), Human Health (0.86%) and Other Services (1.03%) slowed in the quarter under review. The real estate sector remained in the negative territory in Q3'19, recording a growth rate of -2.31%. Other sectors that contracted include Trade (-1.45%), Electricity (-11.81%) and Water Supply (-1.9%). While the growth numbers appear positive, Nigeria's growth rate remains a far cry from the ERGP target of 4.5%. This serves as an indication that the economy is in need of fiscal incentives.

Q3'19 capital importation at \$5.367 billion

Capital importation into Nigeria for the third quarter of 2019 stood at \$5.367 billion representing a year-on-year increase of 87.99% but a quarter-on-quarter decline of 7.78%. Receipts from Portfolio Investments accounted for 55.88% (\$2.999 billion) of total capital inflows while Other Investments and Foreign Direct Investments (FDI) contributed 40.39% (\$2.167 billion) and 3.73% (\$200 million) respectively. Lagos and Abuja recorded the highest capital importation figures among capital importation destinations in the country with Lagos receiving 92.71% (\$4.976 billion) of capital inflow for Q3'19. Capital importation from the United Kingdom was the highest among countries accounting for 37.47% (\$2.011 billion). This was followed by the United States (\$1.232 billion) and South Africa (\$708.77 million).

Federal Account Allocation Committee disbursements increase by N8.529 billion in November 2019

The Federal Account Allocation Committee (FAAC) disbursed a total of N702.058 billion to the three tiers of government in November. This represents a 1.21% increase from N693.529 billion shared in the previous month resulting from increases in Value Added Tax (VAT), Company Income Tax (CIT) and import duties.

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Create a four (4) digit pin

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Social Corner

Arsenal sack manager, Unai Emery

- On November 29th, Arsenal Football Club sacked its manager Unai Emery. The club's decision was premised on the poor results and performance delivered by Emery.
- Unai Emery replaced Arsene Wenger in May 2018. However, fans were dissatisfied with his performance during his 18-months as the club's manager.
- Former player, Freddie Ljungberg has taken over as the interim head coach pending the management's decision on a new manager.



The Future Awards Africa 2019

- The 14th edition of The Future Awards Africa themed "Nigeria's New Tribe" held at Balmoral Convention Centre, Victoria Island, Lagos on the 24th November, 2019. The event was hosted by Falz, Toni Tones, Khafi Kareem and Taymesan Emmanuel.
- The Nigerian singer and Songwriter, Burna Boy won the biggest awards - The Young person of the year and The Future Award Prize for Music.
- Other award winners and categories of awards in the event include:



Prize for film making – Dare Olaitan

Prize for Business – Emmanuel Ademola Ayilara

Prize for Sports – Israel Adesanya

Prize for Literature – Omosirize Obi-Young

Prize for Technology – Zang Luka Bot

Prize for Professional Services – Bukky Akomolafe

Prize for Public Service – Adetola Onayemi

Prize for Journalism - Shola Lawal

Prize for Education – Olaseni Cole

Prize for Arts – Ken Nwadiogbu

Prize for Photography – Tolani Alli

Prize for OAP (Audio/Visual) – Simi Drey

Prize for Fashion – Tubobereni Sandra

Prize for Advocacy – Hamzat Lawal

Prize for Acting – Timini Egbuson

Uber loses license to operate in London

- The Transport for London (TfL) has decided to withdraw the license of the ride-hailing app, Uber on the grounds of passengers' safety and security.
- The failure in Uber's system enabled unauthorized drivers to create accounts and pick up passengers putting them at risk.
- Prior to this, TfL extended the license of the company by 2 months after losing it in 2017 and granting it a 15-month probationary period.
- However, Uber is allowed to operate while it appeals TfL's decision.



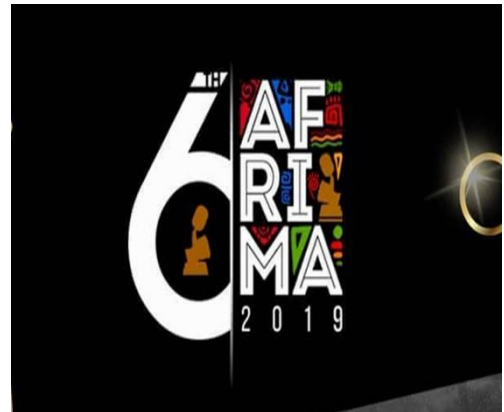
Tottenham sacks head coach

- Jose Mourinho, former manager of Chelsea FC, was appointed to replace Mauricio Pochettino who had coached Tottenham for the past five and a half years.
- During his time as manager, Pochettino led Tottenham to their first ever UEFA Champions League final. In the last four seasons, he also led the club to finish among the top four teams in the English Premier League.
- However, Tottenham has performed far below expectations this season. Currently, the club is fourteenth on the league table. Mourinho has a daunting task before him to improve the club's performance in both the English premier league and UEFA Champions League.



All Africa Music Awards 2019

- The 6th edition of the prestigious music award ceremony was held on the 23rd of November 2019 at Eko Hotel and Suites, Victoria Island, Lagos.
- Nigerian Grammy award nominee, Burna Boy won both artist of the year and best male artiste in western Africa awards. Other winners from Nigeria include Tiwa Savage, Davido, Joeboy and Tuface Idibia.
- The award ceremony ended the four-day event themed 'Feel Africa'. Below is a list of winners of various categories at the event.



Best Female Artist in Western Africa - Tiwa Savage (Nigeria) 'One'

Best Male Artist in Western Africa - Burna Boy (Nigeria) – 'Ye'

Best Artiste, Duo or Group in African Pop - Joeboy (Nigeria) – 'Baby'

Best African DJ - DJ Spinall (Nigeria) – ‘Dis Love’

Artist of the Year in Africa - Burna Boy (Nigeria) – ‘Gbona’

Best Artist, Duo or Group in African Contemporary - 2Baba (Nigeria) – ‘Oyi’

Best Male Artist in Central Africa - Salatiel (Cameroon) – ‘Anita’

Best Female Artist in Central Africa - Shan’L (Gabon) – ‘Ces’t Pas Les Gbes’

Best Male Artist in Eastern Africa - Khaligraph Jones (Kenya) – ‘Leave Me Alone’

Best Female Artist in Eastern Africa - Nikita Kering (Kenya) – ‘Happy With You’

Best Male Artist in Northern Africa - Amiinux (Morocco) – ‘Bini W Biwaen’

Best Female Artist in Northern Africa - Nada Azhari (Morocco) – ‘Jrit’

Best Male Artist in Southern Africa – Sjava (South Africa) – ‘Umama’

Best Female Artist in Southern Africa - Nadia Nakai (South Africa) – ‘Imma Boss’

African Fans’ Favourite - Mohamed Ramadan (Egypt) – ‘Mafia’

Album of the Year in Africa - Afrikan Sauce – Sauti Sol (Kenya)

Best African Act in the Diaspora - Manno Beats (Chad) – ‘Akouna’

Best African Collaboration - Nasty C (South Africa) ft Rowlene – ‘SMA’

Best African Duo, Group or Band - Sauti Sol (Kenya) – ‘Extravaganza’ ft. Bensoul, Nviiri the Storyteller, Crystal Asige & Kaskazini

Best Artist, Duo or Group in African Hip Hop - Nadia Nakai (South Africa) – ‘Imma Boss’

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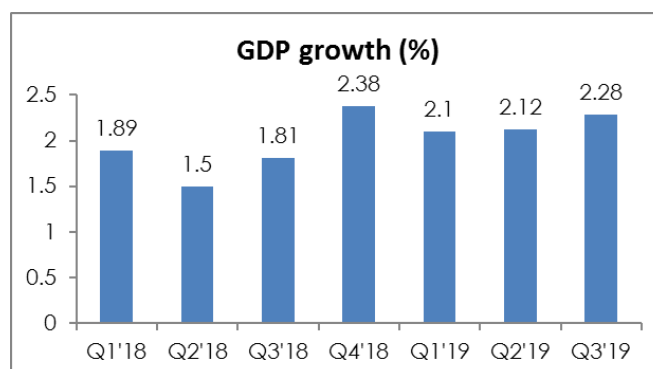
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Main Report

GDP expands to 2.28% in Q3'19

- Nigeria's GDP growth expanded to 2.28% in Q3'19 from a revised growth rate of 2.12% in Q2'19. Average growth rate of 2.2% so far in 2019 is still way below the ERGP target of 4.5%.
- A sectoral breakdown of the GDP report showed that the fastest growing sectors in Q3'19 were the interest rate sensitive and job elastic sectors including Agriculture (2.28%), Manufacturing (1.1%), Construction (2.37%) and ICT (9.88%). On the other hand, the sectors that recorded a slowdown in growth include Mining (6.19%), Human Health (0.86%) and Other Services (1.03%). Contracting sectors include Real Estate (-2.31%), Trade (-1.45%) and Electricity (-11.81%).
- A noteworthy observation is that the GDP recorded in the review quarter mirrored the PMI trend. PMI index increased from 49.9pts in June to 56.2pts in September which was reflected in the manufacturing sector growth (up from -0.13% in Q2'19 to 1.1% in Q3'19).



Analysis & Outlook

The gap between Nigeria's real GDP (2%) and potential GDP (4.7%¹) is an indication that the country is in need of fiscal incentives. The CBN's current interventionist strategy must be supported with investment friendly policies to boost investment, which is a catalyst for growth. Typically, consumer spending increases in the fourth quarter due to festivities and seasonal demand. Hence, we expect Q4 GDP growth to expand marginally to 2.3%.

¹ EIU

Business Update

(Review Period: November 18 – 28, 2019)

The Foreign Exchange Market

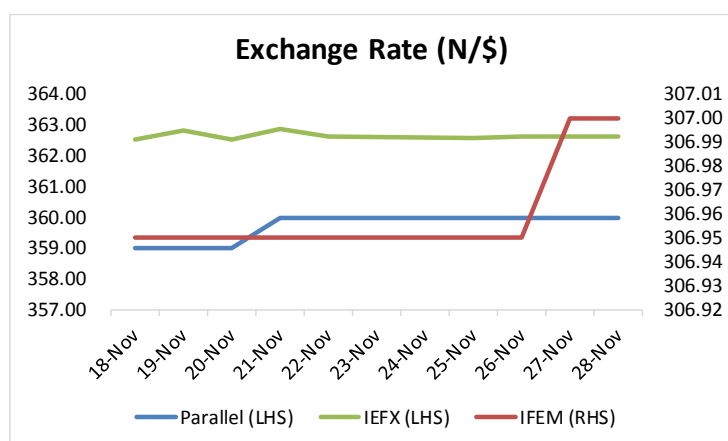
The naira began the period trading at N359/\$ before depreciating by 0.28% to close at N360/\$. This can be partly attributed to the fact that CBN intervened only once in the market with \$341.75million. There was a mixed movement in the value of the naira against the pound and the euro. The naira depreciated marginally against the pound to close at N466/£ from its previous value of N465/£ on November 18. On the other hand, the currency appreciated by 0.76% against the euro to close the period at N395/€.

At the interbank market, the naira depreciated by 0.02% to close at N307/\$ from N306.95/\$ at the start of the review period. In the same vein, the currency closed at N362.61/\$, depreciating by 0.03% from N362.5/\$ on November 18. During the review period, there was a decline in total forex traded at the window from \$3.02billion in the first half of November to \$1.86billion in the second half of November.

The decline in Nigeria's gross external reserves was sustained during the review period. Foreign reserves declined below the \$40billion psychological resistance level, losing 0.43% (\$170million) during the review period. The current level of external reserves (\$39.83billion) is equivalent to an import cover of approximately 9.92 months compared to an import cover of 9.96 months on November 18.

Outlook & Implications

We expect the currency to come under pressure in the coming weeks. The decline in external reserves as well as the restricted investment outlets could result in increased forex demand. However, we expect the CBN to keep a close eye on the value of the Naira and intervene when necessary.



SOURCE: CBN, FMDQ

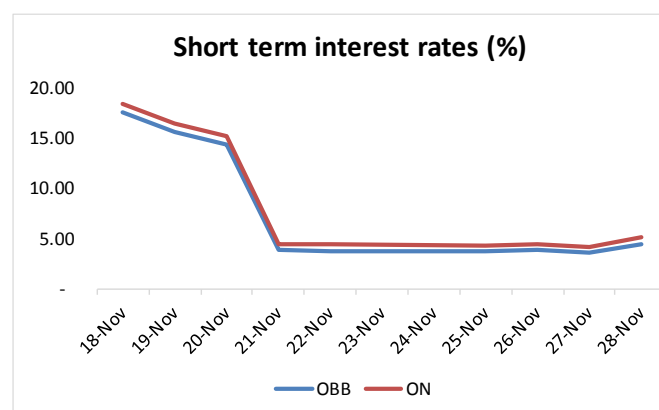
The Money Market

Average liquidity within the banking system declined by 26.1% to N247.25billion in the second half of November from N334.42 billion in the first half of November.

Short term interest rates (OBB & ON) crashed by an average of 1,322bps during the period to close at 4.43% and 5.14% respectively. This is partly attributed to the absence of any OMO sales during the period. On the other hand, OMO repayments totaled N743.5billion.

On November 27, there was a primary market auction worth N150.6billion. There was an oversubscription of N383.33billion which caused yields to decline across board by an average of 157bps. At the secondary market, the 91-day, 182-day and 364-day tenors declined by an average of 76 bps to close the period at 7.42%, 7.3% and 8.5% respectively. On the other hand, the Nigerian inter-bank treasury true yield (NITTY) rates increased by an average of 240bps.

Tenor	NITTY rates at November 18, 2019 (% pa)	NITTY rates as at November 27, 2019 (% pa)	Change
30-day	9.84	12.08	224 bps
90-day	9.72	12.59	287 bps
180-day	9.40	11.49	209 bps



SOURCE: FDC Think Tank, CBN, FMDQ

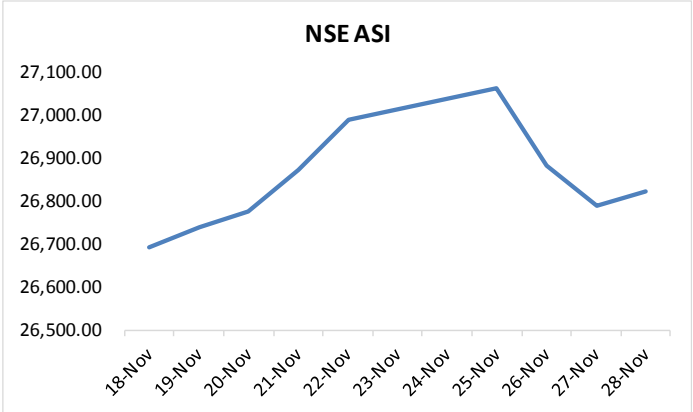
Tenor	Secondary market rates at November 18, 2019 (% pa)	Secondary market rates at November 28, 2019 (% pa)	% change	Primary market rates at November 13, 2019(% pa)	Primary market rates at November 27, 2019(% pa)	% change
91-day	8.41	7.42	-0.99	7.80	6.50	-1.30
182-day	8.00	7.30	-0.70	9.00	7.23	-1.77
364-day	9.10	8.50	-0.60	10.00	8.37	-1.63

The Stock Market

The NSE ASI rose by 0.5% to close at 26,824.50 points on November 28 from 26,691.09 points on November 18. On November 25th, the ASI reached a seven-week high and crossed the 27,000 points threshold. Similarly, market capitalization rose by 0.54% to N12.95 trillion on November 28 from N12.88 trillion on November 18. The market's current YTD return is -14.65%. The market recorded six positive trading days and three negative days within the review period.

Outlook & Implications

We expect investors to continue to take positions in low-priced stocks that show prospects of recovery in the near term.



SOURCE: NSE

- **Brent prices** rose by 2.29% from \$62.44 per barrel on November 18 to \$63.87 per barrel on November 28. The outcome of OPEC+ meeting scheduled for December 5 and 6 has been the key driver of oil prices in recent weeks.

Outlook & Implications

- We expect oil prices to continue trading above \$60 per barrel driven by the expected conclusion of the first phase of the US-China trade deal and the outcome of the OPEC+ meeting in December. Crude oil is Nigeria's major export accounting for about 90% of exports. A rise in oil price would yield higher revenues for the government and boost Nigeria's external reserves.

- **Natural gas** prices fell by 3.5% to \$2.48/mmbtu from \$2.57/mmbtu at the beginning of the review period. The decline in price was driven partly by expectations of warmer temperatures in the US.

Outlook & Implications

- We expect natural gas price to trend upwards in the coming weeks driven by increased US demand. Liquefied natural gas is Nigeria's second main export; higher prices will have a positive impact on the country's export revenue.

- **Corn** prices declined by 1.06% to close at \$373.25/bushel from \$377.25/bushel at the beginning of the review period due to higher corn exports from Brazil.

Outlook & Implications

- We expect corn prices to decline further as global supply rises. Nigeria being a net importer of corn would witness a reduction in its import bill as corn prices decline.

- **Wheat** prices closed at \$526.75/bushel, representing a 3.13% increase from \$510.75/bushel on November 18 driven by lower global supply.

Outlook & Implications

- We expect lower global output levels to drive the price of wheat down in coming weeks. This would lead to a decline in Nigeria's import bill and push down production costs of companies producing wheat based goods.

- **Sugar** prices increased by 0.86% to close the review period at \$12.87/pound from \$12.76/pound on November 18 as supply tightens in India.

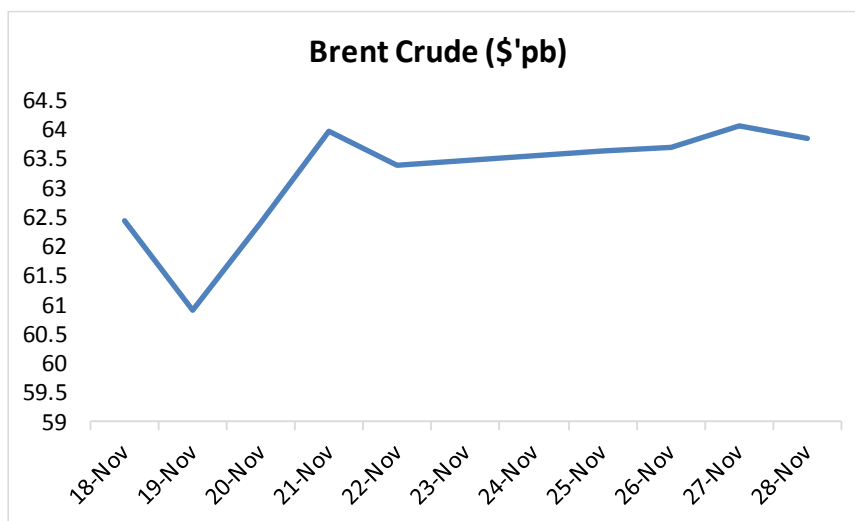
Outlook & Implications

- We expect sugar prices to continue their upward trend in the coming weeks. This will be driven by the 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).

- **Cocoa** prices closed the review period 2.7% lower from \$2,664/mt on November 18 to \$2,592/mt supported by increased output from Ivory Coast.

Outlook & Implications

- We expect cocoa prices to trend downwards as supply from key exporting countries continue to rise. Nigeria supplies about 5% of global cocoa produce. Therefore, a decline in the price of cocoa would lead to a decline in Nigeria's export revenue.



SOURCE: Bloomberg, EIA, Newsnow

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How to use the *Paycode* generated.

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4. Enter the four digit Cashout PIN (NOT your USSD PIN)
5. Enter the Amount tied to the code
6. The cash is dispensed.



Quick-fix saving: how to set aside extra money for Christmas

Culled from The Guardian²

It's late November, but there's still time to save for the festive season. Here's a complete guide to how to do it – whether sharing, swapping or shopping around

Some stores may have opened its Christmas shop in July, but most of us are only just starting to think seriously about the festive season. Hot on the heels of working out how you plan to spend Christmas comes the realization of how much you plan to spend. Presents, food and trips out swiftly add up.

Of course, there are lots of ways to celebrate that do not require a big outlay. But if there are things you know you want to do or buy, and your budget is not limitless, some quick-fix savings will help.

Plan your supermarket shop

For many people, the biggest expense is food. Amy Sheppard, a food writer who shares tips and recipes on Instagram at @amysheppardfood, says her top tip for reducing the cost of eating is meal-planning. "So many people go to the supermarket

² <https://www.theguardian.com/lifeandstyle/2019/nov/17/quick-fix-saving-how-to-set-aside-extra-money-for-christmas>

with no idea what they are going to cook, and they end up spending more as a result," she says. She plans seven to 10 meals in advance, and says this allows her to better plan how to use leftovers.

Sheppard schedules one or two of these store-cupboard meals a week. "When you're doing your meal-planning it doesn't have to be elaborate dinners every day. If you plan to have a tin of soup, or a jacket potato, you will save a lot of money."

Jasmine Birtles, founder of the MoneyMagpie website, suggests going through your cupboards and using up the things you have been stashing at the back. "Every now and then, I only buy perishables that will go with what I have in the kitchen cupboard or the freezer.

Go veggie

Do you know you can save more by eating less of meat? You won't often achieve savings by switching to meat alternatives – veggie sausages and burgers can cost more than meat versions. Instead, you need to move to plant-based meals, which may mean investing more time in the kitchen.



Spend loyalty points and gift cards

"Use your loyalty vouchers," says Birtles. A survey by Esso earlier this year found that people were sitting on unused loyalty points and gift vouchers. Instead of hoarding your points for an unspecified treat sometime in the future, spend them this month and keep your cash in your pocket.

Some, such as those given out by Boots, can be spent at any time, as long as the whole cost of the item is covered, so you can use them for anything you need to get in the shop.

Also, hunt out any gift cards or vouchers you may have squirreled away, perhaps even from last Christmas. Remember, unclaimed gift cards will disappear completely if the card has an expiry date and you don't get to the shop first.

Share things

An expense shared is often an expense halved, so it is well worth seeing if any of your friends are also up for some money saving.

If you are a driver and planning a trip this month, you could save on petrol money by getting a passenger to contribute.

Buying some items in bulk can save you money in the long-term, but in the short-term you will need to team up and share the cost if you want to see the cash.

Organize a swap shop

You will need to agree a few rules in advance. For instance, will people exchange items for good, or is it just a loan? Will unclaimed items be taken back by the person who brought them, or will one of you go to the charity shop afterwards? Is it first come, first served, or will you draw lots if two people want the same thing?

Kitchen or homeware items – vases, picture frames, or even Christmas decorations – could also go into the mix. And even time. If your skill is baking, you might be able to land some free babysitting in exchange for promising to make a birthday cake in the New Year. "Childcare is expensive. If you can share babysitting, or volunteer for each other, that's a big saving," says Birtles.

Check for forgotten spending

Naomi Willis, co-founder of the money-saving blog SkintDad.co.uk, says you should take a look at your bank statement. "Take a long hard look at your bank account and see what you're paying out for, going through direct debits and standing orders," she says. "Smaller bills may go unnoticed through the year, whether it be a gym membership, TV subscription, or a subscription box. Cancelling what you don't need can add up and save you money fast."

If you have ever signed up for the premium version of a bank account, or added family members to free travel insurance offered with your account, check that you still qualify for – and want – the extras you are paying for.

Resist starting your Christmas shopping

Sheppard recommends that you walk past the displays of crackers and nuts that are already filling the supermarkets. "So many people think: 'I'm going to start shopping early and spread the cost', and they get in crisps, savory crackers and the like, but I think that's a mistake," she says. "Either the Christmas food gets eaten before it's needed, or often it gets wasted."

Sheppard says if you hold out and do a single big shop just before Christmas, you are likely to buy far less overall.

The same goes for gifts, and often there is nothing to be gained any more from buying early, says Birtles. "I buy presents throughout the year and it used to be that people like me did best, but over the past few years I have been irritated by how good the sales have been in December."

Contact Information

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

Email address: we_care@unitybankng.com

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