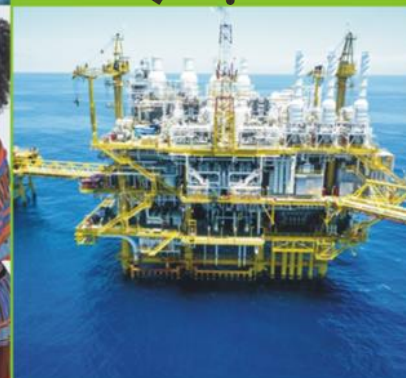
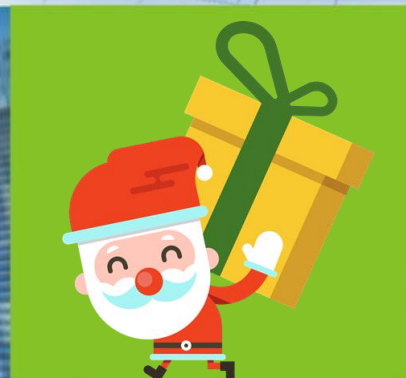


Unity Bank Digest

December 20, 2019

Christmas Edition



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Plot 785, Herbert Macaulay Way, Central Business District, Abuja, FCT

The Highlights



Headline inflation increased by 0.24% to 11.85% in November

Headline inflation sustained its upward trajectory, increasing by 0.24% to 11.85% in November. This is the 3rd consecutive monthly increase and the highest level in 19 months. The uptick in general price level can largely be attributed to the combined effect of reduced supply stemming from the closure of land borders and increased demand typically associated with the festive period. Conversely, month-on-month inflation declined for the first time in six months to 1.02% as the effects of the border closure moderated from October to November. All other inflation sub-indices however increased; food inflation was up 0.39% to 14.48% driven by increase in the price of bread, tubers, cereals, among others, core inflation increased by 0.11% to 8.99%, while rural and urban inflation rose to 11.30% and 12.47% respectively.

President Buhari signs 2020 budget into law

On December 17, President Buhari signed the 2020 budget into law. This comes 12 days after the Senate and the House of Representatives passed the Appropriation Bill on December 5, 2019. The lawmakers increased the budget by N264 billion (2.56%) to N10.59 trillion from N10.33 trillion presented by President Buhari on October 8. The budget is 20% more than the N8.8trn 2019 budget and 16% greater than the N9.1trn budgeted for 2018. The lawmakers retained key variables such as GDP growth rate at 2.93%, oil production at 2.18 million barrels per day and the exchange rate at N305/\$. However, the oil benchmark price was revised upward to \$57 per barrel from \$55, as proposed by the executive arm. With the signing of the 2020 budget (referred to as the Budget of Sustaining Growth and Job Creation), Nigeria's budget implementation cycle is expected to return to January to December cycle.

OPEC+ agrees to deeper oil production cut

OPEC and non-OPEC allies agreed to extend production cuts further by 500,000 barrels per day. This was the outcome of the 7th OPEC and non-OPEC ministerial

meeting held in Vienna, Austria on December 6. This brings the group's total production cut to 1.7 million barrels per day. Saudi Arabia, the de-facto leader of the group voluntarily produces 400,000 barrels per day below its quota. The decision was necessitated by a rising global oil supply sustained by increased production particularly in the US coupled with falling oil prices. The effectiveness of this decision is threatened by non-compliance of some members to the OPEC quotas. Countries like Iraq, Nigeria and Russia have consistently produced in excess of their quotas. The output cut will take effect from January 1, 2020 and will be reviewed at the next ministerial meeting on March 6, 2020.

Moody's downgrades Nigeria's outlook

Global ratings agency, Moody's, revised Nigeria's rating downward from stable to negative. This is in light of the rising debt portfolio of the country, slow fiscal growth, increasing vulnerability to changes in foreign inflows and dwindling external reserves. The report also highlighted concerns about Nigeria's narrow revenue base and poor public finance management institutions. According to the agency, the outlook for economic growth in coming years remains weak at around 2% and revenue is expected to remain low despite the implementation of new measures such as the higher VAT rate from 5% to 7.5%. Nigeria's risk ceiling was retained at its current levels - Foreign Currency bond ceiling at B1, Foreign Currency deposit ceiling at B3, and Local Currency bond and deposit ceilings at Ba1. The negative rating can be reversed if structural reforms and policies to reduce over reliance on foreign investors are put in place to boost the economy.

A quarter of the world's poverty population will be in Nigeria in 2030 – World Bank

Since Nigeria took over from India last year as the country with the poorest people, its poverty rate has continued to increase owing to the absence of jobs and unfavorable economic policies. Statistics have shown that about half of Nigeria's population live in extreme poverty. The annual growth rate in Nigeria has been increasing slowly below the population growth. The World Bank, in its report, stated that the poverty rate in Nigeria will increase by 30 million in 2030 if the current pace of growth and level of unemployment is maintained. The bank projected a further increase in Nigeria's GDP by 2.1% in 2020, which will not keep up with the population growth rate of 2.6% and will result to a GDP per capita of less than zero. The World Bank has advised the federal government to take action to deter this prediction.

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Social Corner



Ballon d'or 2019

- Argentine footballer, Lionel Andres Messi, and American forward, Megan Rapinoe, won the Ballon d'or awards for the best male and female footballers in the world. Messi's win made him the first player to win the award six times.
- The 64th edition of the event was held in Paris, France on December 2 and was hosted by former Chelsea player Didier Drogba and Sandy Heribert.
- Messi's close rival, Cristiano Ronaldo, who was noticeably absent from the ceremony, finished third while Liverpool defender Virgil Van Dijk won second place.
- It was a big night for African players as three Africans finished in the top ten list - Senegal's Sadio Mane (fourth), Egypt's Mohammed Salah (fifth) and Algeria's Riyad Mahrez (tenth).



Anthony Joshua wins heavyweight championship rematch

- Anthony Joshua reclaimed his heavyweight title from Mexican-American, Andy Ruiz Jr.
- The rematch took place in Diriyah Arena, Saudi Arabia on December 7, six months after the first match at Maddison Square Garden, New York.
- The British-Nigerian won back the WBA, WBO, IBF and IBO championships after a thrilling 7-round match.



American rapper, Juice Wrld dies at 21

- Jarad Anthony Higgins, popularly known as Juice Wrld died on the December 8 after suffering a seizure at the Midway international airport in Chicago.
- Juice Wrld rose to fame in 2018 with the release of his hit singles 'All girls are the same' and 'Lucid Dreams'.



Miss Universe 2019

- The 68th Annual Miss Universe competition was held on December 8 at the Tyler Perry Studio, Atlanta with 90 contestants from across the universe. The event was hosted by comedy icon/ TV host, Steve Harvey, and Miss Universe 2012, Olivia Culpo.
- Zozibini Tunzi, representing South Africa, emerged the winner and was crowned Miss Universe 2019 by her predecessor, Catriona Gray of the Philippines.
- Madison Anderson of Puerto Rico and Sofia Aragon of Mexico emerged as the first and second runners-up while Olutosin Araromi, who represented Nigeria, finished her race for the crown in the top 20.
- There are currently five black women holding the world's top pageant titles - Miss Universe(Zozibini Tunzi), Miss USA(Cheslie Kryst), Miss America(Nia Franklin), Miss Teen USA(Kaliegh Garris) and Miss World (Toni-Ann Singh).



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Main Report



President Buhari signs 2020 budget into law

- On December 17, President Buhari signed the 2020 budget into law. This comes 12 days after the National Assembly passed the N10.59trillion Appropriation Bill on December 5.
- The Appropriation Bill, which is tagged the 'Budget of Sustaining Growth and Job Creation', was revised upward by the Senate by N264billion from N10.33trillion proposed by the executive arm. This according to the chairman of the house committee on appropriations was to allow for increased intervention in areas including road infrastructure, social needs of the people, and national security among others.
- For the first time in over five years, the budget has been presented, passed and signed before the fiscal year commences. It is expected that the early signing would enable the budget cycle return to a full year cycle of January - December and allow for a full implementation of the budget.

Analysis & Outlook

The 2020 spending plan is highest ever in the history of Nigerian budgets, with much of the increased outlays reflecting a rise in recurrent expenditure and debt service. The approved 2020 budget assumes a deficit of about N2.2trn, or 1.5% of GDP, which will be financed mainly by foreign and domestic borrowing. The implementation of 7.5% VAT which is also expected to increase the government's revenue in 2020 will likely be insufficient to fund the projects included in the budget. This would likely result in the need for a supplementary budget to fund and implement the expenditure plan. The last time Nigeria had a supplementary budget was in 2018, which was an additional sum of N228.9bn.

Business Update

(Review Period: December 2- 13, 2019)

The Foreign Exchange Market

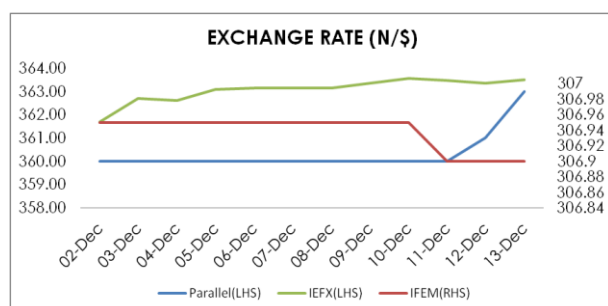
The naira commenced the period trading flat at N360/\$ before depreciating on December 12 by 0.83% to close the period at N363/\$. This can be partly attributed to the fact that the CBN intervened only once in the market with \$341.75million. The naira depreciated against both the pound and euro in the first half of December. Against the pound, the currency fell by 2.10% to close at N476/£ while it depreciated by 0.75% against the euro from N395/€ on December 2 to close the period at N398/€.

In the same vein, the naira depreciated at the IEFX window by 0.49% to close at N363.49/\$ from N361.7/\$. However, the currency appreciated marginally in the interbank market by 0.02% to N306.9/\$ from N306.95/\$ on December 2. During the review period, there was an increase in total forex traded at the window from \$2.20 billion in the second half of November to \$2.98billion in the first half of December.

Gross external reserves declined further by 1.16% to end the review period at \$39.24billion from \$39.7billion at the beginning of the month. The sustained decline in external reserves led to a reduction in Nigeria's import cover from 9.88 months on December 2 to 9.77 months at the end of the review period.

Outlook & Implications

The recent depreciation of the naira may be a likely indication that Nigeria's external sector vulnerabilities are worsening. This increases the possibility of further currency weakness especially as the CBN winds down its activities for the year and reduces its forex interventions.



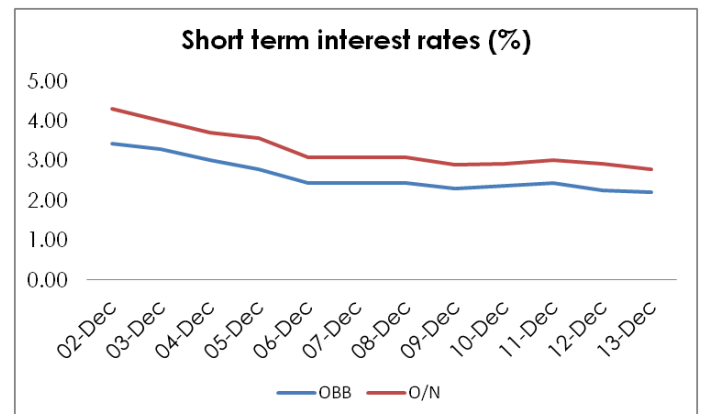
The Money Markets

Average opening position during the review period increased by 88.4% to N464.15billion long from an average position of N247.25billion recorded in the second half of November. The sharp increase in liquidity was partly due to the net inflow of N N680.06billion recorded during the review period. This was because OMO repayments of N1.16trillion outweighed OMO sales of N479.94billion.

In response to increased naira liquidity, short term interest rates (OBB & ON) declined by an average of 136bps to close at 2.21% and 2.79% respectively.

On December 11, there was a primary market auction of N45billion. The average yield on the 91, 182 and 364-day primary T/Bills fell by 134bps. In the same vein, 91-day, 182-day and 364-day tenors declined by an average of 151bps at the secondary market to close the period at 5.00%, 5.35% and 6.62% respectively. The Nigerian inter-bank treasury true yield (NITTY) rates followed the same direction and declined by an average of 458bps.

Tenor	NITTY rates at December 2, 2019 (% pa)	NITTY rates as at December 12, 2019 (% pa)	Change
30-day	13.52	8.17	-535 bps
90-day	13.87	8.12	-575 bps
180-day	10.93	6.97	-396 bps



SOURCE: FDC Think Tank, CBN, FMDQ

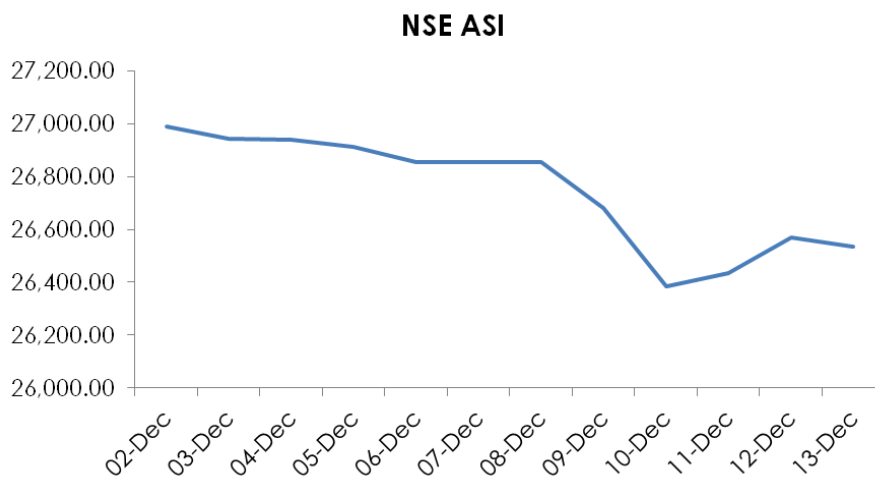
Tenor	Secondary market rates at December 2, 2019 (% pa)	Secondary market rates at December 13, 2019 (% pa)	% change	Primary market rates at November 27, 2019	Primary market rates at December 12, 2019	% change
91-day	7.00	5.00	-28.57	6.50	5.00	-1.50
182-day	7.00	5.35	-23.57	7.23	6.19	-1.04
364-day	7.50	6.62	-11.73	8.37	6.88	-1.49

The Stock Market

The NSE ASI declined by 1.68% to close at 26,536.21 points on December 13 from 26,990.59 points on December 2. The all share index closed below 27,000 points on all trading days during the review period. Similarly, market capitalization fell by 1.69% to N12.81trillion on December 13 from N13.03trillion on the first trading day of the month. The market's current YTD return is -15.57%. The market recorded two positive trading days and eight negative days within the review period.

Outlook & Implications

We expect the profit taking activities by investors on bellwether stocks to sustain the market's bearish performance in the near term.



SOURCE: NSE



The Commodities Market

- **Brent prices** rose by 7.06% from \$60.92 per barrel on December 2 to \$65.22 per barrel on December 13. During the review period, crude oil prices were supported by the decision of OPEC and its allies to deepen production cuts further by 500,000 barrels per day as well as negotiations between US and China towards a phase one trade deal.

Outlook & Implications

- We expect oil prices to continue trading above \$60 per barrel as the effect of the decision to extend oil production cut by 500,000 barrels per day begins to kick in as well as expectations on the conclusion of a phase one deal between US and China. A rise in crude oil prices translates to higher exports earnings for Nigeria as crude oil accounts for about 90% of exports.
- **Natural gas** prices fell by 1.29% to \$2.3/mmbtu from \$2.33/mmbtu at the beginning of the review period. The decline in price was driven by rising natural gas stock piles and 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 as temperatures fall. Liquefied natural gas is Nigeria's second main export; higher prices will have a positive impact on the country's export revenue.
- **Corn** prices rose by 0.26 % to close at \$381/bushel from \$380/bushel at the beginning of the review period due to delayed harvests resulting from unfavourable weather conditions in the US.

Outlook & Implications

- We expect corn prices to decline further driven by increased export prospects for US corn output as a trade agreement between US and China nears. Nigeria being a net importer of corn would benefit from the decline in global wheat price as its import bill would also decline.
- **Wheat** prices closed at \$532.5/bushel, representing a decline of 0.51% from \$535.25/bushel on December 13 despite tightening global supply resulting from reduced US production.

Outlook & Implications

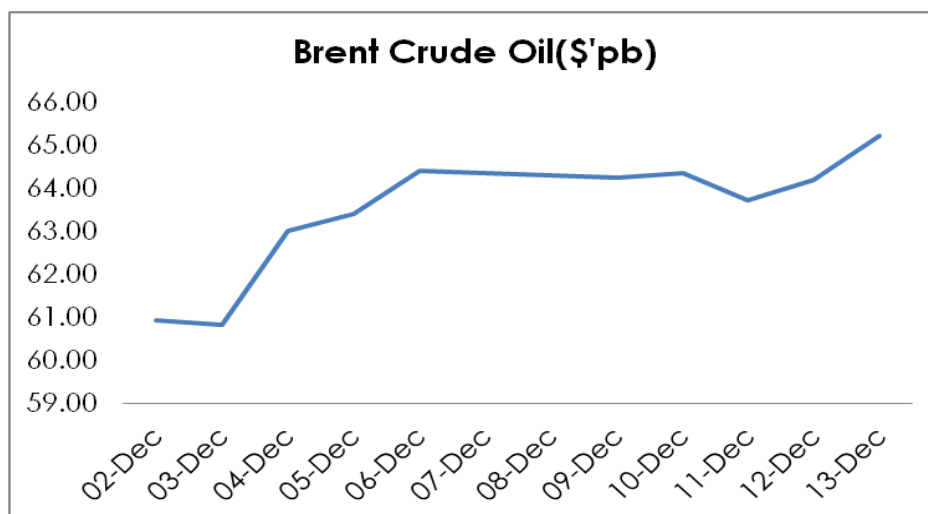
- We expect lower global output levels to drive the price of wheat up in coming weeks. This would lead to an increase in Nigeria's import bill and push up production costs of domestic companies producing wheat based goods.
- **Sugar** prices increased by 5.88% to close the review period at \$13.5/pound from \$12.75/pound on December 2. Reduced supply from India and Brazil as well as rising global demand resulted in the increase in sugar prices during the period.

Outlook & Implications

- We expect sugar prices to continue its upward trend in the coming weeks as strong global demand continues to drive prices up. This is expected to have a negative impact on Nigeria's trade balance, as Nigeria is a major importer of the commodity (10th largest importer globally).
- **Cocoa** prices closed the review period 1.1% higher from \$2,544/mt at the beginning of the month to \$2,572/mt, as supply from major producer - Ivory Coast- declined.

Outlook & Implications

- We expect cocoa prices to trend upwards in the near term as weather conditions affect cocoa output in West Africa. Nigeria supplies about 5% of global cocoa produce. Therefore, a rise in the price of cocoa would cause Nigeria's export revenue to rise.



SOURCE: Bloomberg, EIA, Newsnow

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2. Select 4 on the next page for cardless withdrawal
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How to use the *Paycode* generated.

1. Go to any ATM stand
2. Press any button and you will be required to input the Paycode
3. Enter the Paycode (Code ranges from 8-12 digits)
4. Enter the four digit Cashout PIN (NOT your USSD PIN)
5. Enter the Amount tied to the code
6. The cash is dispensed.

Lifestyle



How to Stay Productive During the Holidays

Culled from Forbes¹

The holiday season is a super distracting time of the year. Most people have a packed schedule during November and December, and likely need to take some time off work. This isn't that much of a problem most times of the year, but because the holidays are a big travel time for everyone, this can make reallocating responsibilities incredibly complicated.

In addition to the general office mayhem that accompanies lots of vacations all at once, there are parties, charity drives, and all sorts of events to get your mind wandering at work. Here are some ways you can stay productive into the New Year.

Make a Plan

One of the easiest ways to combat year-end distractions is to come up with a work plan you can follow for the last few months of the year. Talk to your managers and co-workers to figure out what tasks are most important and when they need to be completed. Create a concrete schedule for when you'll do what, and stick to it.

¹ <https://www.forbes.com/sites/rent/2015/12/22/how-to-stay-productive-during-the-holidays/#2bb5da373b78>

The reason this works so well is it cuts down on your indecisiveness. When you're distracted, it's much harder to make decisions. This means a lot of your time can be taken up trying to choose which job you'll get done today. When you have a detailed plan, you've already done that--it's simply a matter of getting down to business.

Take Time Off

It might seem counterintuitive, but one of the easiest ways to stay productive during the holidays is to take some time off work. Make the most of these days by using them to get through errands that might be distracting you in the office. For example, if you're feeling the urge to shop for gifts online during work hours, dedicate a day off to buying all your presents.

Taking some paid time off will also give you a chance to recharge. Because everyone is more distracted during the holidays, it tends to be a stressful time of the year. Taking some time away will help you feel refreshed and ready to take on the challenges you're facing in the office.

Don't Multitask

When you're in the office, focus on one task at a time. Most people are terrible at multitasking, even if they think they're great at it. Instead of getting many jobs done at once, they actually just slow themselves down by trying to divide their attention. When you multitask, you're also a lot more likely to make mistakes, which means more wasted time when you have to fix issues later.

If you find yourself opening up extra tabs to check your email or trying to write a report while on a phone call, stop. You'll save time by giving one item your full attention.

Exercise

Make sure you're staying on top of your fitness routine during the holiday season. This isn't just to make up for heavy holiday meals and treats--it's also likely to keep your mind sharp. Even though this time of year is meant to be a celebration, it's often very stressful. When you exercise, you help burn off some of the excess energy that might otherwise go toward fretting about issues in the office.

Since exercise reduces the amount of stress you feel, you'll be less distracted at work. If you don't already have a fitness routine, there's no time like the present--figure out a way to add an average of 30 minutes of cardio or strength training to each day.

Collaborate

Your co-workers are going through the exact same issues you are with the holiday season, so don't handle it alone - have team meetings where you figure out how you can all work together to make the end of the year run smoothly. This is particularly important if many of your team members are taking time off. Communicate about how you'll handle the workload when people are out of the office.

If lots of people will be gone on the same days, come up with a plan to make sure the remaining employees aren't saddled with an overwhelming amount of work. Decide to work ahead or delay projects to make sure everyone can handle his or her workload.

Do Your Work

Sometimes the best thing you can do to stay on track is just to remind yourself to stay on track. When you find that you're wasting time, don't beat yourself up--just stop. Getting back on task without agonizing about how hard it is will be far less stressful. Following your pre-made schedule will help make this easier - try to accomplish something concrete every day you're working.

Additionally, reduce outside distractions. If, for example, your office plays holiday music during work hours, it's easy to let your mind wander toward the familiar lyrics. Invest in a good pair of headphones or earplugs to cut down on the noise.

Lifestyle



Pre-Christmas shopping discounts 'could hit 50%'

Sales discounts on clothing and products in the lead up to Christmas could be the biggest in almost ten years, according to one consultancy.

Deloitte, which has monitored the prices of 800,000 products online and in shops since 2011, expects average discounts to hit 50% by Christmas Eve.

Its forecast came as data provider Springboard said shopper numbers were lower than the same time last year.

The firm said shoppers were waiting for deeper discounts before buying.

"Consumers clearly took advantage of early discounts to purchase Christmas presents, and are now waiting for discounts to deepen once again in the days immediately before Christmas as retailers do their best to shift unsold stock," said Diane Wehrle, insights director at Springboard.

Deloitte said current discounts ranged from 8% to 78% with the biggest discounts on clothing, but said the coming weekend - the last before Christmas - could see "a tipping point in promotions".

The consultancy said the price cuts had been driven by UK shops discounting earlier in the season due to Black Friday - the day after the American holiday of Thanksgiving, when retailers drop their prices for 24 hours. The tradition has increasingly been adopted by UK retailers too.

Deloitte said this had created a long run-up for pre-Christmas discounting, with prices falling steadily in the lead up to Christmas Day.

"Consumers have come to expect an increasing amount of pre-Christmas discounting. The result is a blending of promotions, one seeping into the next, and a steady price decline rather than a steep Boxing Day drop, reminiscent of Christmases past," said Jason Gordon, consumer analytics partner at Deloitte.

Post Christmas, Deloitte is expecting deeper discounts, with average reductions of up to 54% on Boxing Day.

Retail expert Natalie Berg said the current retail environment is worrying: "This is the most important time of the year for retailers, and this is a sign of distress."

She added that retailers have become worried and started discounting earlier due to consumers buying less, and once a few big brands start discounting, it is difficult for the rest of the High Street not to join in.

"It's a combination of pent-up demand and the late timing of Black Friday being on 29 November, not 23 November," she told the BBC.

"Generally, there's been a lot of political and economic uncertainty this year so consumers have been quite cautious about spending. That pent-up demand has been released at Christmas, when you spend, but consumers have cottoned on to the fact that there will be pre-Christmas discounts now."

But consumers might not even have to wait for the Boxing Day sales. Deloitte predicts that many Boxing Day discounts could go live online on Christmas Day itself, and on Christmas Eve in bricks and mortar shops.

"The operational challenges that sales present in-store mean some retailers could be offering Boxing Day sale prices on Christmas Eve, for those willing to hit the shops early," says Mr Gordon.



Contact Information

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