

PMI down 2.04% to 52.8 points



Economic News

Social

Lifestyle

Unity Bank Digest

August 07, 2020

Unity Bank Towers

Plot 42, Ahmed Onibudo Street,
Victoria Island, Lagos. Nigeria.

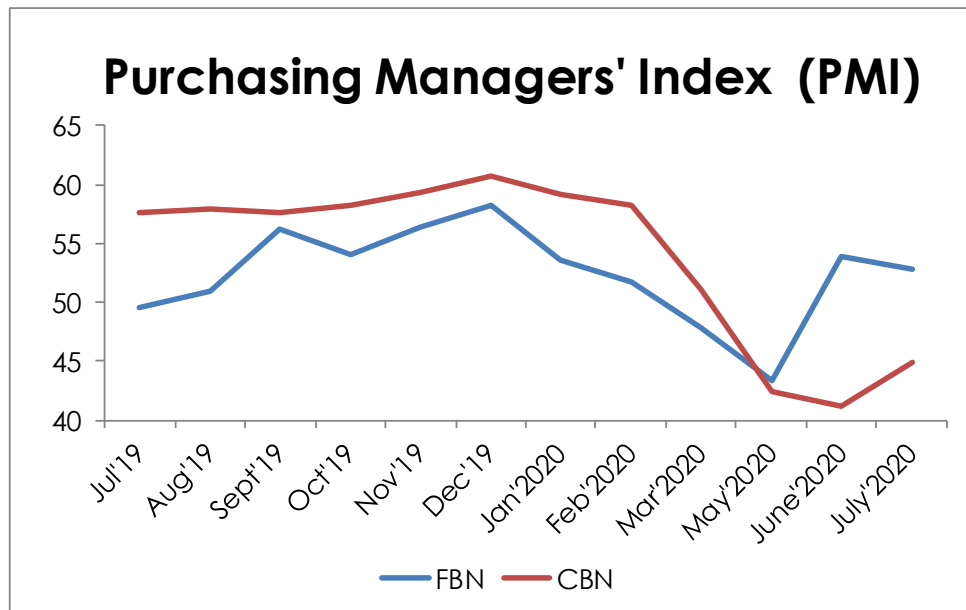
Head Office Annex

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Purchasing Managers' Index (PMI)

still in expansion territory



The FBN PMI reading remained in the expansion territory in July. It however eased 2% (52.8points) compared to the 53.9 points recorded in June. This is reflective of the reopening of more businesses and a boost in general economic activities in the month. 14 airlines resumed domestic flight operations in July. All five sub-indices improved especially employment and supplier delivery time.

We expect the PMI reading for August to inch up further to 54 points as more businesses and companies resume operations, while maintaining social distancing and other COVID-19 preventive measures.

Commodity prices to spike as Third Mainland bridge closes



The third mainland bridge was closed for maintenance on July 24th for a period of 6 months. The immediate impact of the closure has been increased traffic congestion in the Lagos metropolis. In the coming weeks, this is likely to have a negative impact on productivity, output, commodity prices and food inflation (currently at 15.18%). In addition, price differential across markets are likely to widen owing to logistics challenges of transporting commodities. This will result in a reduction in the average food consumption as consumers rationalize their spending amidst job losses and declining disposable income.

Covid-19 Dashboard in Nigeria (As At August 6th)

Total Cases - 45,244

Testing— 310,729

Casualties - 930



States with the highest cases

	Infected cases	Number of deaths
Lagos	15,627	192
FCT	4,241	45
Oyo	2,825	31
Edo	2,340	93
Rivers	1,911	53

States with the lowest cases

	Infected cases	Number of deaths
Kogi	5	2
Yobe	67	8
Cross River	68	8
Taraba	72	4
Zamfara	77	5

- **Fatalities as a % of infected = 2.06%**
- **Infected as a % of tested = 14.56%**
- **Testing as a % of population = 0.16%**

The Highlights

Inflation inches up to 12.56% - Set to spike further

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.

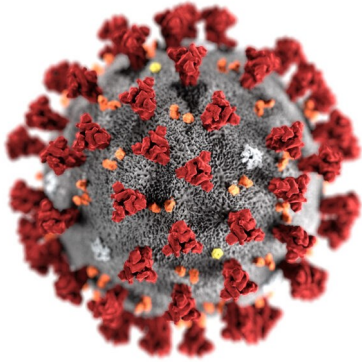
The good news is that the commencement of the harvest season could drive down commodity prices in the short term. However, the exchange rate adjustment will stoke inflationary pressures and keep inflation expectations tilted more to the upside.



Naira falls to N475/\$ at the parallel market

One month after the official exchange rate was adjusted to N380/\$ from N360/\$, the currency has depreciated to N475/\$ at the parallel market. This is despite the CBN's attempt to converge the different exchange rates towards the IEFX rate (now at N389.25/\$). This is due to the speculative premium at the market as investors remain skeptical about the exchange rate policy direction.



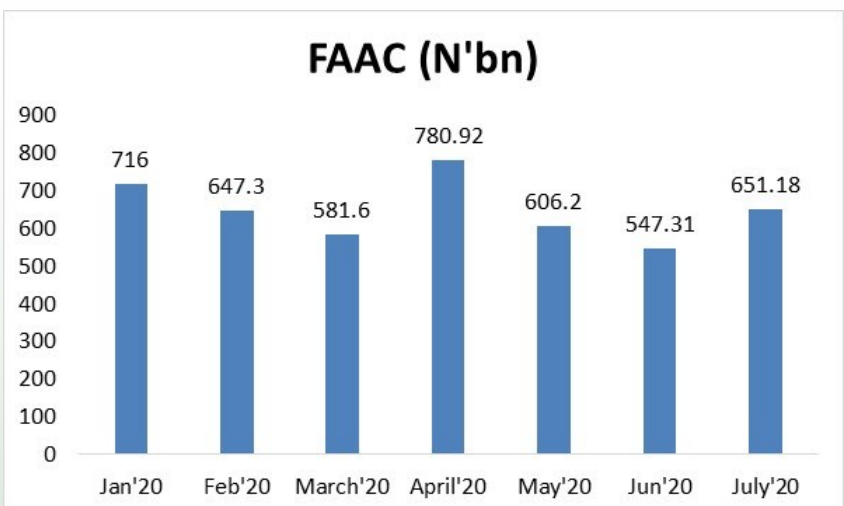


COVID-19 Impact monitoring (June 2020)

In its monthly COVID-19 impact monitoring report, the National Bureau of Statistics reported that only about 64% of urban respondents were working in June. This means that approximately 36% of urban respondents were idle at home despite the easing of lockdown restrictions. The report also highlighted the sectors making a quick comeback from the lockdown-induced contraction in activities. Commerce, service and agricultural sectors recorded the highest recoveries as identified by the respondents that are back to work.

FAAC disbursement up by 19% to N651.18 bn

The Federal Account Allocation Committee (FAAC) disbursement in July to the federal, state, and local governments jumped by 18.98% to N651.18 billion (bn) from N547.31 bn in June. FAAC is an accumulation of revenue from oil, the value-added tax (VAT), exchange rate gains and statutory revenue. The pick-up in FAAC disbursement was largely attributed to the increase in oil receipts, VAT collections and tax receipts. The gross statutory revenue also increased by 26.71% to N524.53 bn in the month. The balance in the excess crude account increased to \$72.41 mn as of July 16, 2020. We expect oil prices to improve in the short term due to positive sentiment from the development of a vaccine that could cure COVID-19. Higher oil prices of \$44.25 per barrel (pb) which is above the budget benchmark of \$28pb will support FAAC allocations in the coming month. Higher FAAC disbursement will boost government expenditures, increase consumers' disposable income and ultimately, aggregate demand.





Social Corner



Ballon d'Or 2020 award canceled

- Ballon d'Or, the most prestigious and one of the oldest Golden Ball awards for football players, was canceled due to the COVID-19 pandemic.
- Due to this, Lionel Messi - Cristiano Ronaldo will remain in an all-time duel for overall supremacy for another 12 months.
- In line with this, the Women's Ballon d'Or Kopa awards for the best young player and the Yashin award for the best keeper were also canceled.

Premier League season is finally over

- The 2019/20 Premier League season is finally over. This was the longest campaign in history, spanning 353 days due to the global pandemic.
- After 30 years, Liverpool was confirmed the Premier League champions with seven games to spare, a total of 99 points and an unassailable 23-point lead over Manchester City, which came second.
- In the last one year, Liverpool has won the Champions League, the UEFA Super Cup and World Club Cup.



Main Report

MPC maintains status quo on all parameters



- In line with market expectations, the monetary policy committee (MPC) voted to maintain the status quo on all monetary policy parameters.
- Decision:
 - Monetary policy rate (MPR): 12.5%;
 - Asymmetric corridor: +200/-500 basis points;
 - Cash reserve ratio: 27.5%; and
 - Liquidity ratio: 30%
- The decision was premised on a marginal improvement in economic fundamentals as activities picked up. In addition, the need to avoid further pressure on the naira amid rising consumer prices influenced the MPC's decision.

Outlook and Implications

The impact of the decision on the markets will be neutral. Inflationary pressures will persist with inflation rate (12.56%) remaining above T/Bills rate (91 day: 1.79%). The negative real rate of return will reduce the efficacy of money as a store of value and lower national savings and investment.

DoubleEdge

HYBRID ACCOUNT



ONE ACCOUNT, DOUBLE BENEFIT...

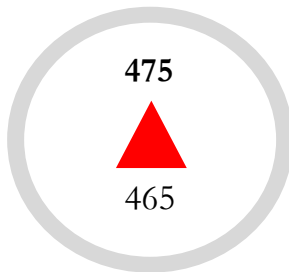
- Combines features of current and savings account
- Non-clearing customised cheque
- Opening minimum balance of N20,000



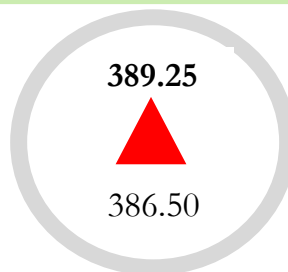
Business Update

(Review Period : July 15th - 29th, 2020)

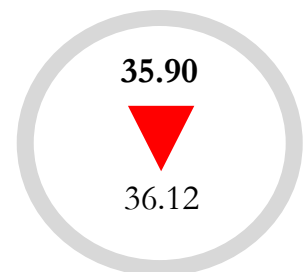
The Foreign Exchange Market



Forex: Parallel (N/\$)



Forex: IEFX (N/\$)



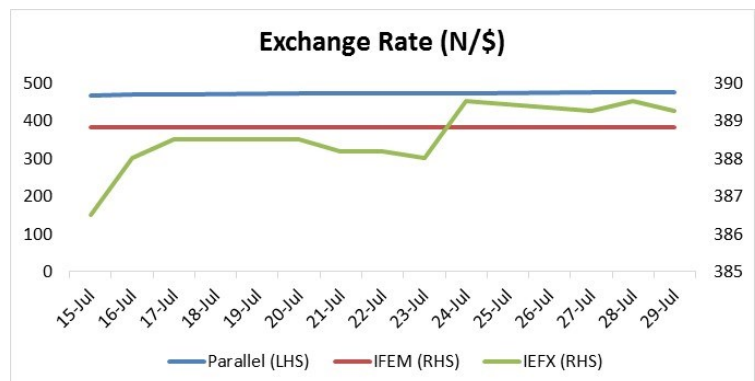
External Reserves (\$/bn)

At the parallel market, the currency depreciated from N460/\$ on July 15th to close the period at N475/\$ and hovered around N386/\$ - N389/\$ at the I&E window. During the period, there was a build up in forex demand as domestic airports resumed operations.

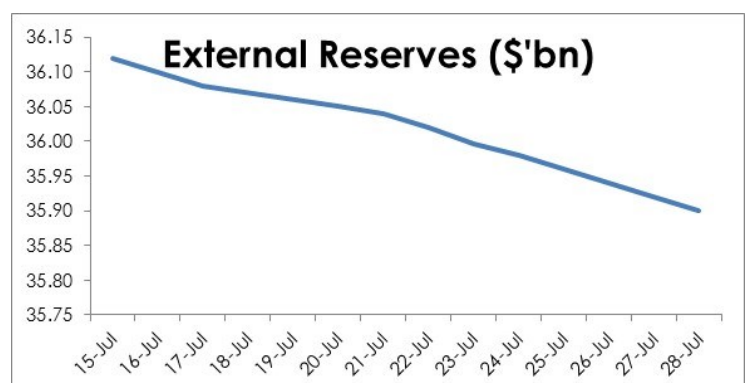
External reserves depleted by 0.61% to \$35.90bn on July 28th. The reserves level can only cover 8.94 months of import.

Outlook & Implications

In the near term, we expect the forex market to remain volatile as external reserves continue to decline.



SOURCE: FDC Think Tank, FMDQ



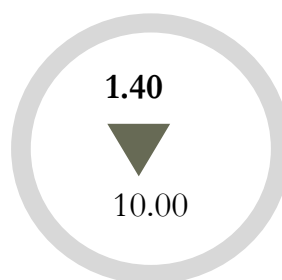
SOURCE: FDC Think Tank, CBN

The Money Markets

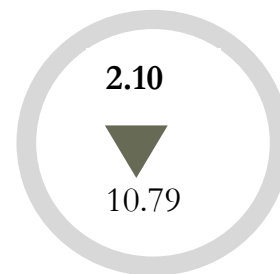
@verage liquidity within the banking system closed the review period in a positive position of N456bn compared to a negative position of N9.7bn in the first half of July. During the period, liquidity jumped by 60.57% on July 16 due to bond coupon payments worth N40.68bn. Inter-bank interest rates (OBB/ON) rates declined by an average of 865bps to close at 1.40%pa and 2.10%pa respectively.

Outlook & Implications

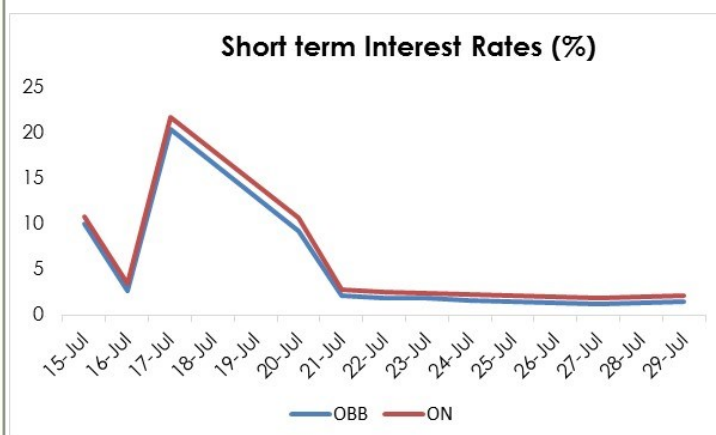
In the coming weeks, the CBN will continue to use tools such as CRR debits and forex funding to mop up liquidity from the system and raise interbank interest rates.



NIBOR: OBB (%p. a)



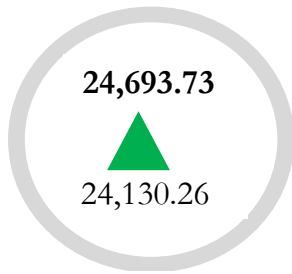
NIBOR: O/N (%p.a)



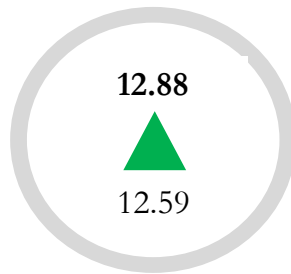
On July 29, there was a primary market T/Bills sale of N265.95billion. The auction was oversubscribed by 76.07%. The results are shown below:

Tenor	Primary market rates at July 15, 2020 (% pa)	Primary market rates at July 29, 2020 (% pa)	Change
91-day	1.30	1.20	-10bps
182-day	1.80	1.50	-30bps
364-day	3.35	3.40	5bps

The Stock Market



NSE ASI



Market Cap. (A'tm)



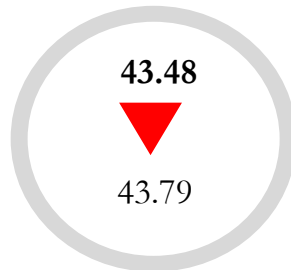
The NSE ASI gained 2.33%, to close the period at 24,693.73points. In the review period, the market gained in 5 days and lost in 6 days. At least 10 companies released their corporate earnings for Q2'20 during the period. The results were largely underwhelming as most corporates felt the pinch of the COVID-19 pandemic. YTD return is now at -8.00%.

Outlook & Implications

In the coming weeks, there is a probability of more negative results as Q2 was the peak of the lock-down restrictions. This will result in weak investor sentiment and reflect on market performance.

The Commodities Market

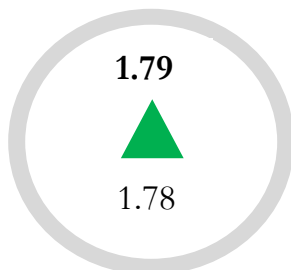
Brent prices (\$/b)



Outlook & Implications

In the coming weeks, we expect a weaker dollar to support demand and keep prices at current levels (\$43-\$44pb).

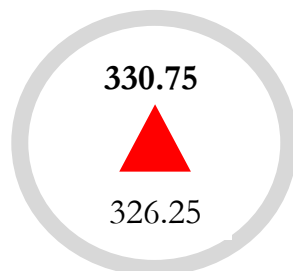
Natural gas (\$/mmbtu)



Outlook & Implications

We expect ample global supply to depress global LNG prices in the near term.

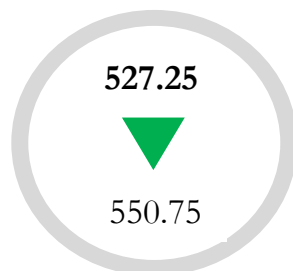
Corn (\$/bushel)



Outlook & Implications

Prospects of improved US supply is likely to reverse the current trend and push prices down.

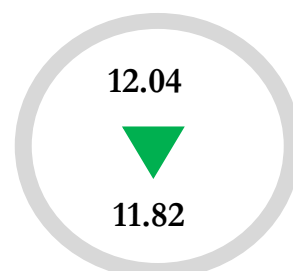
Wheat (\$/bushel)



Outlook & Implications

Increased wheat output in top exporter Russia will keep prices depressed in the near term.

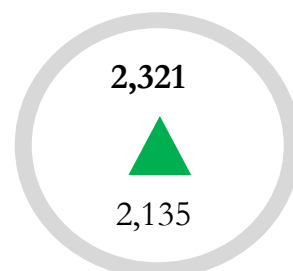
Sugar (\$/pound)



Outlook & Implications

Supply concerns in Thailand, a key producer of sugar, could push prices up.

Cocoa (\$/mt)



Outlook & Implications

Improved global demand will likely keep prices elevated in the near term. Outlook for supply of the cocoa has also been impressive as favorable weather conditions support the growth of new seedlings in Nigeria.

Puzzle—Unity Bank Edition



Balance

Block Account

Selfrecharge

BN

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Bet9jawallet

USSDONPOS

Withdrawal

**7799#*

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Fighting Fraud

Why We Can't Afford To Let Scams Be Part Of The 'New Normal'

Culled from Forbes

Online fraud has always been a source of rich pickings for criminals, but coronavirus and its associated lockdown has made the internet even more of a happy hunting ground for scammers and con artists.

According to financial services giant Aviva's Fraud Report, 1 in 5 (22%) of people in the UK have received

emails, texts, phone calls and other communications that mentioned coronavirus and which they suspected to be a financial scam – which equates to around 11.7 million people.

The report says almost half (46%) of those who received a communication they suspected to be a financial scam didn't report it, the most common (41%) reason being they didn't know whom to report it to.

Aviva says 1 in 12 (8%) people have been the victim of a financial scam which is related to coronavirus, with 4 in 5 (78%) victims saying the fraudsters pretended to be from a company they already deal with, and 41% saying the experience negatively affected their mental health.

The variety and scope of frauds being perpetrated has expanded to embrace circumstances associated with the pandemic. For example, as the first relaxation of lockdown was announced and the prospect of summer holidays became real, crooks swung into action straight away.

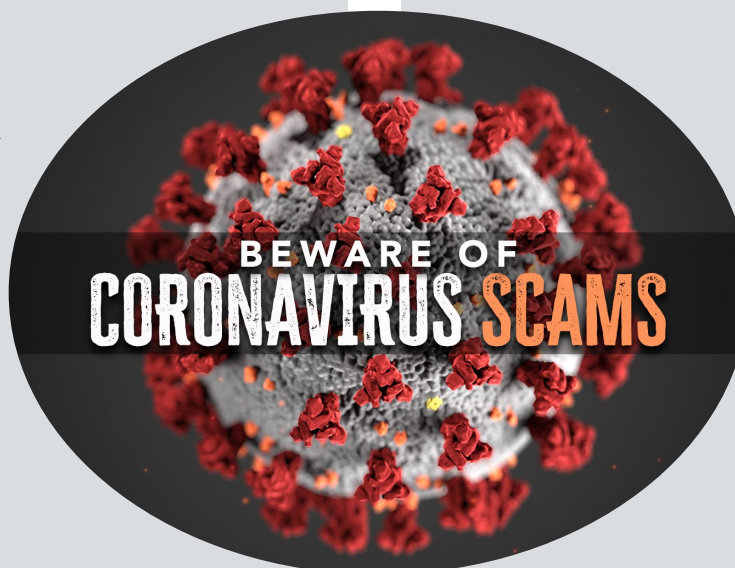
Katy Worobec, who heads the economic crime unit at UK Finance, a trade body for the financial services sector, said: "Criminals are exploiting the impact of the coronavirus pandemic on people's holiday plans to commit fraud, whether it's advertising fake listings for caravans or pretending to offer refunds for cancelled flights.



It's important that auction websites and social platforms take swift action to remove fraudulent posts and listings being used to promote holiday scams."

Advice on avoiding scams includes the following:

- Be suspicious of any 'too good to be true' offers or prices – if it's at a rock bottom price ask yourself why
- Do your research before making any purchases and ask to see vehicles over video if you're unable to see them in person
- Read online reviews from reputable sources to check websites and bookings are legitimate
- Use the secure payment methods recommended by reputable online retailers and auction sites and don't accept requests to pay separately via a bank transfer
- Where possible, use a credit card when making purchases over £100 and up to £30,000.
- Access the website you're purchasing from by typing it into the web browser and avoid clicking on links or attachments in social media posts or emails
- Question uninvited approaches and contact organisations directly to confirm requests using a known email or phone number
- Only give out your personal or financial information to services you have consented to and are expecting to be contacted by.



Vulnerable victims

Lockdown restrictions have left many people struggling on reduced incomes, making them more vulnerable to fraudsters offering enticing deals. It's obvious from the recent arrest of a suspected ghost broker who has allegedly targeted NHS workers, that fraudsters don't have any scruples about who they rip-off.

Car Insurance Scam

The cost of car insurance can be a significant expense, especially for young or inexperienced drivers, or those struggling to make ends meet, which makes them soft targets for criminals.

We're warning drivers to be extremely suspicious

of cheap insurance advertised on social media or websites, especially where the deal on offer looks too good to be true. This is usually because it is. Being aware that criminals are exploiting drivers desperate to save money and, knowing

the warning signs of ghost broking scams, can help people from falling victim.

"Criminals prey on peoples' fears and anxieties during times of crisis, so we're concerned that the economic downturn caused by the coronavirus creates fertile ground for ghost brokers."

Fraud in the future

Fraudulent activities during the lockdown may have boomed, but we are likely to be feeling the consequences for some time to come – at least that's the thinking of Tamas Kadar, CEO and co-founder of SEON, which helps companies tackle fraud: "The real fallout of the current fraud 'boomtown' will not be felt fully for many, many months.

"Use of the personal and financial data harvested from the vulnerable in recent months will be carefully timed by fraudsters. We should plan to avert longer-term disasters as the stolen data makes its way back to market. This means encouraging openness and transparency – not calling out or attacking the businesses involved."

Kadar argues that companies fighting fraud deserve recognition for the position they now find themselves in regarding online crime: "Companies in the business of preventing fraud are now the front line against serious criminal organisations. That's a fact. But stopping bad people is a cat-and-mouse game and right now fraudsters are staying out in front.

"Recent history shows us that the fraud industry has lost its focus and is quite publicly losing the chase, especially as many businesses have jumped into digital transactions as a lifeline during Covid-19."

It may be the case that some fraud prevention tactics are actually helping fraudsters evolve more quickly.

Jendruszak also counsels against what he calls 'data breach fatigue', which can cause fraud prevention to become a tick-box exercise that commands a decreasing amount of investment: "Fraudsters know this. And they prey on this level of mass acceptance. If the urgency to prevent fraud is not addressed on an emotional level in a business, as well as on a technology level, we will soon be standing at the edge of an unbridgeable chasm."

Stark warning

That's a stark warning, and it is to be hoped that businesses keep their customers' best interests at heart. But it is also beholden on customers themselves to join the fight against fraud and report suspect activity and cases of fraud whenever possible.

Crooks don't care who they steal from as long as they get away with it, so businesses and individuals alike should be on alert for scams at all times.



Contact

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nomoigui@unitybankng.com

For all other enquiries, contact:

Phone number: 07080666000 / 07057323225-30

Email address: we_care@unitybankng.com

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