

Nigerian Crypto Investors Defy Crackdown to Ride

Bitcoin Frenzy



Economic News

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Unity Bank Digest

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Nigerian Crypto Investors Defy Crackdown to Ride Bitcoin Frenzy



The cryptocurrency market in Nigeria is fast growing as more individuals seek for alternative ways to improve their finances. This is largely driven by the weak macroeconomic fundamentals (high unemployment rate, rising inflation and weak economic growth). The high rate of return, quick turnover and zero-to-no bottlenecks in cross border transactions also supported the rise crypto exchanges in the country. However, the frenzy over digital currencies prompted the CBN to outrightly ban banks from facilitating crypto transactions. According to the CBN, the high level of anonymity of crypto transactions increases the risk of money laundering and tax evasion. This led to the SEC pausing its plans to regularize cryptocurrency as securities under its remit. The public outcry on this regulation points to the fact that there is an emerging market with a huge potential for job creation and investment that is being clamped down. This would increase investor pessimism as the global economy embraces cryptocurrency. In addition, it emphasizes the need for the government to invest in understanding the crypto market and use it to its advantage.

FG Concessions 12 Highways, Tolls to be Introduced Nationwide



The Federal Government of Nigeria is considering the concessioning of federal highways across the country under the Highway Development and Management Initiative (HDMI). This arrangement will allow private operators to build, operate and maintain the roads. This could lead to a reintroduction of tolls. While this will attract investment, address the poor quality of road infrastructure and create more jobs, it is likely to increase traffic congestion on these roads. Tolls will also put additional pressure on consumers' disposable income, which could spark pushback from the public and an industrial action from labor. The pilot phase will commence with the concessioning of 12 Federal highways which include: Benin-Asaba, Abuja-Lokoja, Kano-Katsina, Onitsha-Owerri, Shagamu-Benin and Abuja-Keffi-Akwanga.

The Highlights

Nigerians can sue shell over oil spillage in the UK

The UK high court has approved that about 50,000 Nigerian farmers and fishermen can bring a case against Royal Dutch Shell over environmental damages due to oil spills in the Niger Delta. This comes after a Dutch court ordered Shell Nigeria to pay compensation for spills that occurred more than 13 years ago. Over the years, indigenes of the Niger Delta (Bille and Ogle)



have complained bitterly about the oil spills that have polluted their land, wells and waterways. This has significantly disrupted their means of livelihoods and standard of living. Over 50% of the indigenes earn their living from fishing. There have been at least 40 oil spills from Shell's pipelines since 1989 and the rise in kidnapping and militant activities in the region can be attributed to this issue. The UK, accepting to try this case, will pave the way for similar claims from other developing countries against British companies.



Domestic oil production and active rigs down in January



Nigeria's oil output fell by 2.19% to 1.34mbpd from 1.37mbpd in Dec'20. Similarly, active rigs dropped to six from seven in Dec'20. Of the 13 OPEC members, crude oil production increased mainly in Saudi Arabia, Venezuela and Iran, while it declined primarily in Libya and Nigeria. Global oil supply is expected to increase as OPEC gradually eases output cuts in the near term. In addition, Saudi Arabia is unlikely to renew its oil production cut and this could suppress oil prices in the coming months.

FG to begin registration of Nigerians for COVID-19 vaccination

According to the National Primary Health Care Development (NPHCDA), the federal government is set to commence online registrations of Nigerians for COVID-19 vaccinations. About 1.6mn doses of the AstraZeneca vaccine have been received and distribution is expected to commence immediately. A URL link for registration will enable over 109mn eligible Nigerians register. They will be identified through the WHO vaccine allocation framework and prioritization roadmap.



In order to facilitate the online registration, the NPHCDA came up with the TEACH strategy of registration and scheduling for crowd populations. This is in line with maintaining COVID-19 measures in minimizing virus spread. A fast roll out of the vaccines could support the economic recovery process.

TEACH Strategy Breakdown

T - Traditional method of vaccinating target population

E - Electronic self-registration of health workers and the general public

A - Assisted Electronic registration for those who cannot self-register

C - Concomitant

E - Registration and vaccination

H - House-to-house registration using volunteers for an additional push

Nigerian banks lose N3.5bn in Q3'20 to cyber fraud



Nigeria Inter-Bank Settlement System Plc

Nigerian banks lost N3.5bn in Q3'20 to cyber fraud, up 534% from the corresponding period in 2019 (N552mn). Over the years, the rapid increase in cyber fraud has remained a huge concern to both existing and potential investors in the financial industry. The Nigeria Inter-Bank Settlement System Plc, in its latest industry fraud report, stated that the highest number of fraudulent cases was committed via web and telephone channels.

Transactions done over phones were responsible for a loss of N410mn in Q3'20. The spike in cyber fraud, if left unchecked, could limit investment inflows into the country and especially the financial industry in the near term.

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Social Corner

Headies Awards 2020/21

- On February 21, the 14th edition of Nigeria's top music awards show, Headies, held virtually due to covid-19 restrictions
- Most parts of the show were pre-recorded but the live event which was hosted by Bovi and Nanci Isime held at Eko Hotels and Suites, Victoria Island, Lagos
- The year in review for the awards ceremony was July 2019 – September 2020
- Major highlights of the ceremony was Fireboy taking the most awards (five) including Album of The Year (Apollo) while Wizkid won the Artist of The Year
- Some other winners include



BEST RECORDING OF THE YEAR - OZYMANDIAS – BRYMO

BEST POP SINGLE - NOBODY – DJ NEPTUNE FEAT. JOEBOY & MR. EAZI

SONG OF THE YEAR - NOBODY – DJ NEPTUNE FEAT. JOEBOY & MR. EAZI

PRODUCER OF THE YEAR - PHEELZ (BILLIONAIRE BY TENI)

BEST RAP ALBUM - GOD'S ENGINEERING – AQ

BEST R&B ALBUM - LAUGHTER, TEARS AND GOOSEBUMPS – FIREBOY DML

BEST ALTERNATIVE ALBUM - ROOTS – THE CAVEMEN

BEST COLLABORATION - KNOW YOU – LADIPOE FEAT. SIMI

NEXT RATED - OMAH LAY

BEST 'ALTERNATIVE' SONG - I WONDER – MOELOGO

SONGWRITER OF THE YEAR - SIMISOLA BOLATITO OGUNLEYE (SIMI – DUDUKE)



Jack Dorsey and Jay Z invest \$23.6mn to fund Bitcoin development in Africa

- Twitter CEO Jack Dorsey and rapper turned business mogul Jay Z have paired up to invest \$23.6mn to fund Bitcoin development in Africa.
- The trust would focus on Bitcoin development teams in Africa and India with the sole aim of making Bitcoin the internet's currency.
- Jack Dorsey announced the fund would be set up as a blind irrevocable trust.
- The duo would also be giving 500 bitcoins, worth \$24mn, to Btrust, an independent endowment.
- This investment in Africa will continue to expand the cryptocurrency market



Elon Musk loses world's richest title to Jeff Bezos as Tesla falters

- Elon Musk has lost his title as the world's richest man to Jeff Bezos following a decline in Tesla's shares
- Tesla shares have fallen by over 20% after reaching a peak of over \$880 in early January
- The decline could be linked to Elon Musk's recent investment in bitcoins
- Tesla had earlier purchased \$1.5bn worth of bitcoins, which contributed to the spike in the price of the cryptocurrency to above \$57,000

Main Report

Petrol landing cost rises to N186/litre, Diesel Price up to N250/litre

- The landing cost of PMS in Nigeria has increased by 17.33% to N186/litre from N158.53/litre in January
- Retail price of diesel has also climbed to trade within N240 – N250 per litre
- This was primarily driven by the sharp increase in global oil prices above \$66pb coupled with the naira devaluation
- A breakdown of the landing cost includes freight (N10.29/litre), lightering expenses (N4.57), insurance cost (N0.25), Nigerian Ports Authority charge (N2.38), Nigerian Maritime Administration and Safety Agency charge (N0.23), jetty throughput charge (N1.61), storage charge (N2.58), and financing (N1.33).
- A higher landing cost implies that the retail pump price of PMS could rise to as high as N196-200/litre in the near term, with an inflationary impact on transport fares and ultimately consumer prices
- The average transport fare paid for intracity trips increased by 6.18% to N354.49 in December from N333.86 in November, while intercity transport fares rose by an average of 4.98% to N2,532.19 from N2,240.66 in November.
- The FG has stated that the state governments will have the final say in the determination of the pump price of petrol. This could mean either of two things a unified price across the 36 states or varying prices if the state governments fail to agree

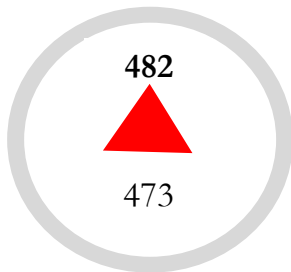
Implications

A further rise in PMS price will stoke inflationary pressures and continue to erode consumer disposable income. Aggregate demand/ consumption levels would remain weak and is unlikely to return to pre-pandemic levels in the near term. The EIU estimates aggregate private consumption to decline by 1.73% to \$364.4bn in 2021 from \$370.8bn in 2020.

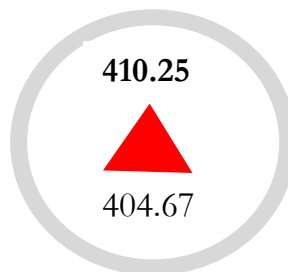
Business Update

(Review Period : February 12th – 26th, 2021)

The Foreign Exchange Market



Forex: Parallel (N/ \$)



Forex: IEFX (N/ \$)



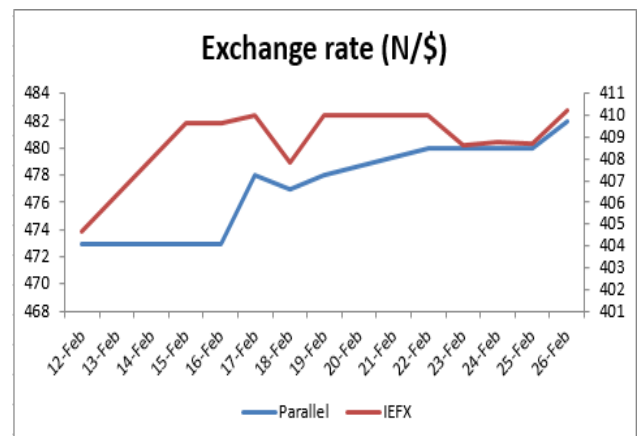
External Reserves (\$/bn)

The exchange rates at the parallel market and IEFX window were volatile during the review period. The parallel market moved from N473 to N478 to N482, while the IEFX window has been oscillating between N404/\$ and N410.25/\$. The average daily forex turnover at the I&E window increased by 27.68% to \$75.74mn compared to \$59.32mn in the first half of February. The gross external reserves level continued to decline in the review period to close at \$35.17bn. The country's import cover fell to 9.44months from 9.6months.

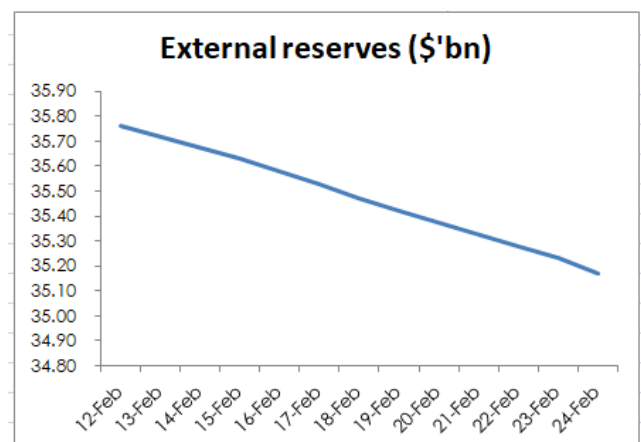
Implications & Outlook

A higher forex turnover at an exchange rate of N410/\$ will mop up more naira liquidity.

We expect currency pressures to ease as the CBN increases its forex supply and relaxes its forex rationing. Also, the high oil price level will slowdown the pace of depletion in the external reserves level.



SOURCE: FDC Think Tank, FMDQ



SOURCE: FDC Think Tank, CBN

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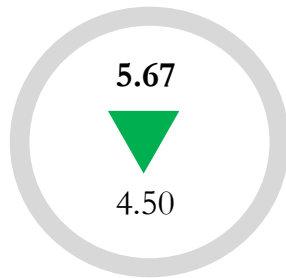
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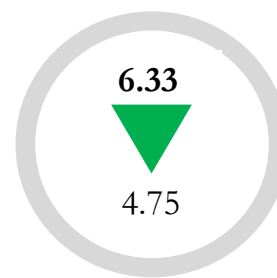
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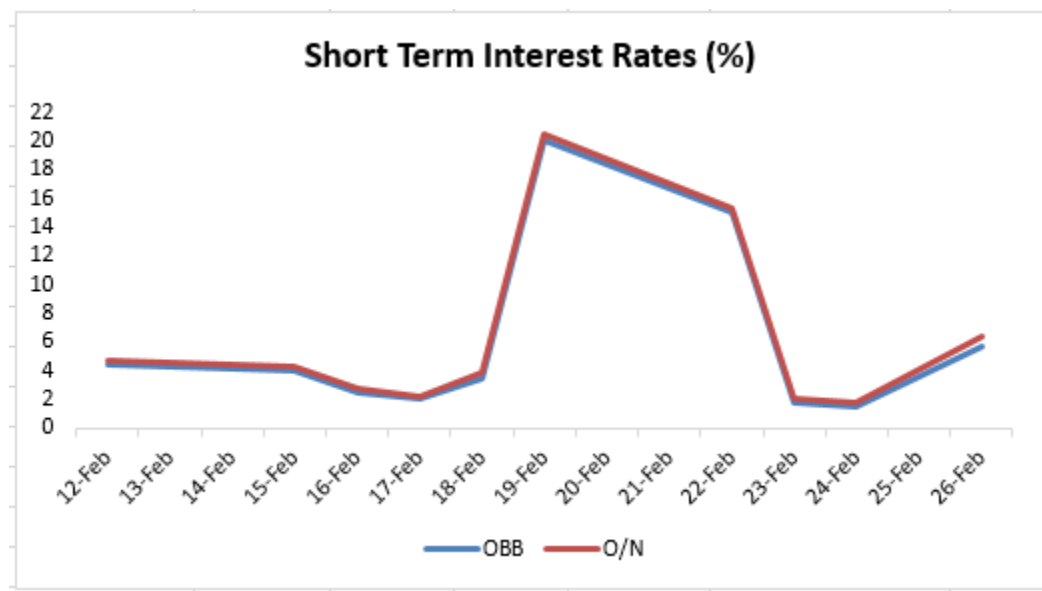
The Money Markets



NIBOR: OBB (%p.a)



NIBOR: O/N (%p.a)



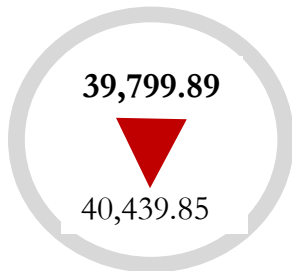
SOURCE: FDC Think Tank, FMDQ

Average opening position in the money markets increased by 58.14% to N418.35bn from N264.55bn in the last fortnight. The increase was driven by the N301bn payment of FAAC funds and an OMO repayment of N423.79bn towards the end of the review period. This led to a sharp decline in average NIBOR (OBB/ON) to 1.67% on February 24 from 15.13% (February 22), 4.63% (February 12) and 5.58% (February 11). At the end of the review period, average NIBOR closed at 6%.

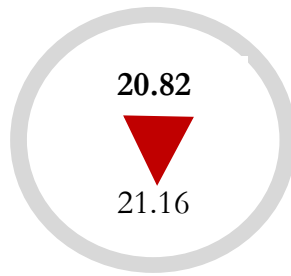
Implications & Outlook

The CBN has been using its orthodox monetary policy tools to mop up liquidity (OMO auctions, CRR debits and forex sales). This trend is expected to continue. Also, the naira convergence at the IEFX window towards N410/\$ will mop up liquidity and

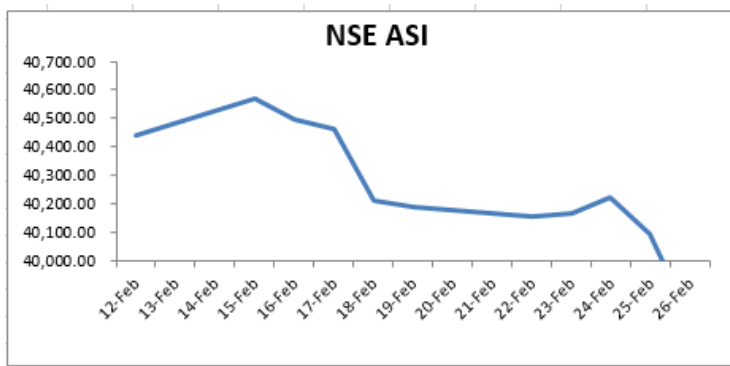
The Stock Market



NSE ASI



Market Cap. (₹'trn)



SOURCE: FDC Think Tank, FMDQ

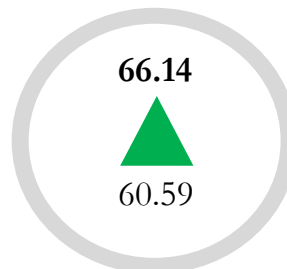
The NSE ASI lost 1.58% to close the period at 39,799.89 points. During the review period, the market lost in 8 trading days and gained in 3. The 52-week return is positive at 47.55% while the YTD return stood at -1.17% on February 26.

Implications & Outlook

The stock market is likely to remain bearish as investors continue to move funds from equities to fixed income securities due to rising yields.

The Commodities Market

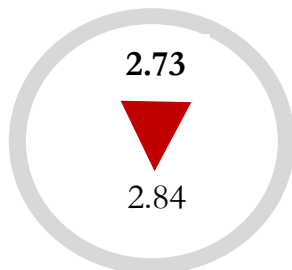
Brent prices (\$/b)



Outlook & Implications

OPEC and its allies would be meeting in the first week in March to discuss the outlook of ongoing output cuts. The two largest players in this alliance Saudi Arabia and Russia are at loggerheads. While Saudi is in favor of maintaining the status quo, Russia is supporting a further ease in the cuts. The outcome of the meeting will influence the direction of oil prices in the next two weeks. Saudi Arabia's plan to reverse its 1mbpd production cut will cap recent gains in oil prices. Oil prices above \$66pb is positive for Nigeria's export earnings and will slow the pace of external reserves depletion.

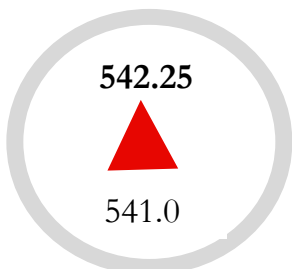
Natural gas (\$/mmbtu)



Outlook & Implications

Global LNG prices are expected to remain bearish as demand tapers ahead of the spring season. This would reduce LNG export earnings.

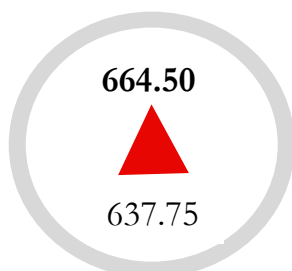
Corn (\$/bushel)



Outlook & Implications

Corn prices to remain high on strong global demand for Chinese corn. This will increase Nigeria's import bill. We therefore expect prices of corn related products like cereals to be elevated.

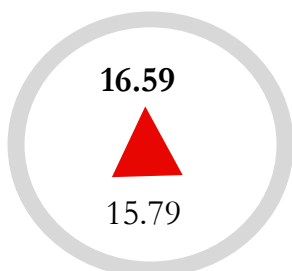
Wheat (\$/bushel)



Outlook & Implications

We expect prices to maintain the upward trend. This is negative for Nigeria. Increased wheat import costs will feed into the price of flour and other wheat related commodities like bread in the near term.

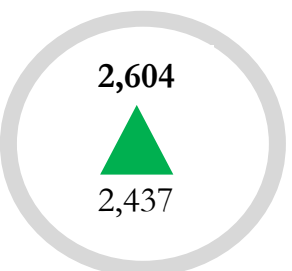
Sugar (\$/pound)



Outlook & Implications

Unfavorable weather conditions in Thailand and Brazil coupled with rising demand for ethanol will continue to support sugar prices. This will also push up the country's sugar import bill.

Cocoa (\$/mt)

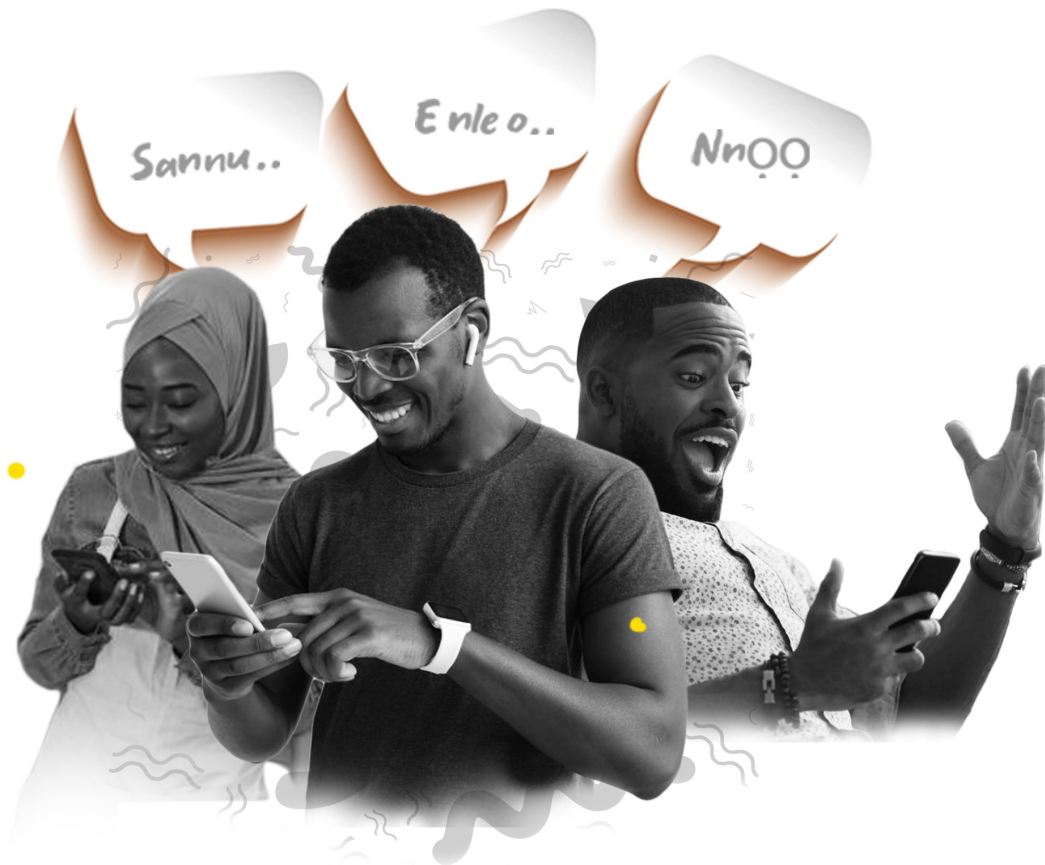


Outlook & Implications

Cocoa prices edged higher on hopes of recovery in chocolate demand amid increased vaccine rollouts. Higher cocoa prices will boost cocoa export earnings.

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Six ways to train yourself to be more

optimistic

-Culled from NBCNEWS

Do you tend to see the positive, even in trying situations? Or do you immediately assume the worst and focus on the negative? These few tips will help train your brain to be more optimistic.

Convinced it's time for a shift in perspective (and to take advantage of the perks that come with it)? You'll be happy to hear that experts believe optimism is a trait that can be learned pretty easily. "Previous studies have shown that optimism can be altered with relatively uncomplicated and low-cost interventions even something as simple as having people write down and think about the best possible outcomes for various areas of their lives, such as careers or friendships," said postdoctoral research fellow Kaitlin Hagan, co-lead author of the Harvard study. "Encouraging use of these interventions could be an innovative way to enhance health in the future."

"Optimism can definitely be a learned trait," agreed Iyer, who says she works with many clients to cultivate a more optimistic outlook. "Just because you have been a pessimist for most of your life does not mean that you are destined to always be a pessimist. In fact, there are many effective ways to adopt an optimistic mindset."

Here are a handful of tactics that will help you begin to see the glass half full.

1. 'Try on' a positive lens

Yes, shifting your perspective is as easy as consciously thinking happy thoughts.

"For my clients who have historically tended to be pessimistic, they habitually view things as negative. I will ask them to challenge themselves to always consider that there may be another way of looking at things," says Iyer. Experts refer to the tactic as "positive reframing."

"For example, if a client expresses that an entire day was ruined because it was dark or rainy outside, I would challenge him to focus on what may have been gained during that time. Often, he will reply that he did end up spending time indoors relaxing, reading or cuddling up to somebody he loves. Instead of looking at events in the most negative possible light, I encourage clients to make an active effort to 'try on' positive lenses as much as possible. After a while, this will become effortless, a more automatic and optimistic

Lifestyle

frame of mind.”

Making this conscious effort not only shifts your viewpoint in the short term, but it may actually train your brain to think more positively. As Davidson's research revealed, the more we consciously re-frame scenarios in a positive light, the more we train our brains to fire up circuits in different regions, eventually altering our response to negative experiences.

2. Take note of the company you keep

We all have those friends who are chronic complainers or gossips. After spending a few hours with them we find ourselves jumping on the Debby Downer bandwagon. It's clear: Negativity is contagious.

Luckily, positive emotions can be contagious, too.

“Just as some diseases are contagious,” Christakis says, “we've found that many emotions can pulse through social networks,” says Nicholas Christakis, an HMS professor of medical sociology and of medicine who has researched the contagion of emotions within the larger context of social networks. His research found that happiness may be a collective phenomenon: having a happy spouse, or a friend or neighbour, who lives within a mile of you appears to increase the probability that you will be happy as well. Which means it's time to add some optimists to your network.

“Start noticing who you spend time with on a daily basis. If you start connecting to people who are optimistic and grounded in life, you will start to be affected by their positive energy,” says Ward. “The same goes for the time you spend with pessimistic people. The more you spend time with negativity, the more negative you are bound to feel.”

3. Turn off the news

Five minutes of the morning news is enough to send

anyone's mood in a downward spiral.

“The news and current state of media and politics can make it very hard for people to be optimistic. The reality is that the moment you turn on the news or read the paper, you are likely to be barraged with negativity and a bleak outlook on the world,” says Iyer. “This, however, is an imbalanced view on the world, so I suggest that people try to limit their consumption of the news. I typically recommend allowing yourself just enough time to learn the news, after which I suggest that you turn off the media and instead spend time doing activities that help maintain your health and a positive outlook. If you feel a need to process the current state of political or world affairs, you may want to consider having a healthy discussion about it with a friend or family member; this still allows you to absorb the information but can also offer you a good level of discourse and balanced views on the news.”

4. Write in a journal for a few minutes each day

Researchers define gratitude as the appreciation of what is valuable and meaningful to oneself or a general state of thankfulness — no doubt a mental state that fosters an optimistic outlook. But it can be easier said than done to remain grateful throughout day-to-day stressors.

A smart way to ease into it is by journaling, a popular technique for cultivating gratitude that takes just minutes each day.

“I will often ask my clients to keep gratitude journals. At the end of each day, they will write down one or two things that they experienced or witnessed during the day that filled them with gratitude, says Iyer. “It is really important to note that this could be anything — a cup of coffee that filled you with joy, a random act of kindness by a stranger or even breathing in some fresh air on your morning walk. This will allow you to focus on the positives of your

day and cultivate an optimistic mindset, a perfect note on which to end your day."

Writing down what you are grateful for is linked to greater feelings of optimism.

One study published in the Journal of Personality and Social Psychology found that writing in a journal about what you are grateful for was linked to greater feelings of optimism, while another published in the Journal of Happiness Studies found that keeping a journal in which you write down your own acts of kindness can also give you optimism a boost.

Writing down what you're grateful for comes with some pretty impressive physical benefits as well, including better sleep, improved heart health, reduced aches and pains and fewer depressive symptoms.

While you have your journal open, jot down some of your accomplishments as well. "It may sound corny but start acknowledging your personal and professional achievements. Doing so creates a sense of self-esteem and healthy self-esteem builds confidence. When you feel confident, you feel much more optimistic about life," says Ward.

5. Acknowledge what you can and cannot control

"While some people may be unable to deal with uncertainty, positive individuals are able to adapt and thrive. Accept what you can and cannot control in the situation," says Hershenson. "For example, if you lose your job you cannot control the fact that you were fired or laid off. You can control whether you take steps to find a new job as well as whether you take care of yourself with proper nutrition and sleep."

Practicing mindfulness is a great way to help combat the tendency to ruminate over daily stressors, which is a breeding ground for negativity.

"We often ruminate endlessly without really focusing on the task at hand," says Weiss. "If you can learn to be in the present space (while allowing other thoughts to enter your brain but then pushing them gently away) without judgement or thought about past or future, you will find that there's less room for pessimism," says Weiss.

6. Don't forget to acknowledge the negative

It is important to remember that making an effort to be more optimistic does not mean walking around wearing rose-colored glasses. While it's good for our mental health to see the positive in situations, not acknowledging the negative can hinder you in the long run.

"Optimism can be detrimental if it keeps you locked in a fantasy and you are in denial about your current reality. You may be optimistic about finding a more lucrative job or loving relationship, but if you do not address the issues that are keeping you from those goals, you will not be able to create what you want," says Ward. "A combination of optimism and realistic thinking helps people navigate through life. Realistic thinking does not mean never seeing the bright side of life; not at all. It is simply a way of supporting your optimism with the action steps so that you can create a positive future as opposed to being stuck in fantasy."

Contact

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