

*Fuel Scarcity Ravaging Most Parts of
Nigeria*



Economic News | Social | Lifestyle

Unity Bank Digest

February 17, 2022

Unity Bank Towers
Plot 42, Ahmed Onibudo Street,
Victoria Island, Lagos, Nigeria.

Head Office Annex
Plot 785, Herbert Macaulay Way,
Central Business District, Abuja, FCT

www.unitybankng.com

Theme Story

Fuel Scarcity Heightening Transport Costs



Fuel scarcity is fast ravaging Lagos, Abuja, Jos, Niger and other states. This came after the FGN announced that the fuel subsidy removal scheduled for H2'22 had been postponed indefinitely to accommodate more talks with the unions. The removal of subsidy was supposed to boost government revenue in the near term. While most analysts believe that the scarcity was induced by marketers hoarding fuel, news of adulterated PMS with high methanol content began to surface and is being recalled from the markets.

On the strong expectation that the scarcity will subside soon, the immediate impact on consumers could be severe. Fuel shortages, typically lead to panic buying that eventually skyrockets the price of available PMS and heightens black market activities. More so, the long queues at filling stations will exacerbate traffic congestion, especially within Lagos state and thus reduce productivity and output levels. Intra-city transport costs have increased further as a result, following the spike of 283% to ₦470.83 in the last four years. Unfortunately, with Brent at a 7-year high of \$90pb, oil production wavering due to theft and the government pulling back on deregulating the downstream petroleum sector, investments into the industry are bound to remain weak and this will in turn taper revenue levels. Also, idle refineries continue to gulp government funds. The NNPC recently, disclosed that a total amount of ₦100bn (₦8.33mn monthly) was spent on the rehabilitation of refineries in Nigeria from January to December 2021. But there is hope as the Dangote refinery is scheduled to kick off operations by Q3'22.

Economic & Business Update

Emirates Airline resumes flights to Nigeria



Following a break in operations within Nigeria, Emirates airline has resumed flights to and from the country. The flight carrier had originally halted operations in Nigeria due to strained diplomatic relationships between the Nigerian government and the UAE. The two governments had initially disagreed regarding COVID-19 safety restrictions, with the issues eventually evolving into a diplomatic spat, forcing each to place flight restrictions and travel bans on the other.

Due to the current amicable status between the two countries, Nigerian flight operator, Air Peace, has announced that it will be resuming flights to Dubai from the 1st of March. Dubai is one of the most popular travel destinations for Nigerians and it serves as a significant hub for both tourism and business activities. The resumption of Emirates airlines flights in Nigeria is positive for international trade and travel, especially between Nigeria and the UAE.

Nigeria's inflation eases to 15.60% in January 2022

Nigeria's inflation moderated by 0.87 percentage points to 15.60% in January 2022 from 16.47% in December 2021, due to waning demand post the yuletide season. On a month on month basis, the country's inflation increased to 1.47% in January 2022 from 1.82% in December 2021. Annual food inflation, which takes into account all volatile agricultural goods, decreased to 17.13% in January 2022 from 17.37% the prior month. The elevated level of food inflation can be attributed to the rise in prices for bread, cereals and other food stuff such as yam, fruits and potatoes. The annual core inflation rate, which excludes the prices of agricultural produce, remained at 13.87% in January 2022 the same as the previous month.

The country's inflation had previously been falling since April 2021 before breaking this trend and accelerating in December 2021. The moderation in headline inflation in January could be a return to this declining trend. The static nature of core inflation despite the decline in headline inflation can predominantly be attributed to the elevated cost of energy such as petrol, LPG and diesel, which is negative for the real income of consumers. In addition, a falling inflation rate implies reduced negative real returns on investment which is positive for attracting foreign investment flows into the country and supporting economic growth .



FIRS resumes taxes on bonds and short-term securities



The Federal Inland Revenue Services (FIRS) has announced that it will resume collecting taxes on income (profits) derived by companies on bonds and short-term securities. Prior to this, in 2012, the federal government had exempted bonds and short-term government securities from income tax for a 10-year period, which elapsed in 2021. This combined with the already numerous tax systems in place – Company income tax (30%), Value added tax (7.5%), education tax (2.5%) and other import and excise duties - signals a significant reduction in the income and profit after tax for corporates. The business environment has become tougher and it explicitly increases the risk of divestment to other neighboring countries, especially in the face of the African Continental Free Trade Agreement (AfCFTA). What this implies is a possible decline in production levels that will in turn dampen economic growth. Not only that, in a bid to cut costs and stay afloat, companies will be forced to downsize, possibly cut salaries and pass the burden to the consumers in form of higher prices. This will heighten inflationary pressures, erode consumer disposable income and in turn worsen aggregate demand/consumption levels significantly.

Eight million Nigerians fall below the poverty line – World Bank

In its 2021 “Nigeria Development Update” report, the World Bank stated that an additional eight million Nigerians have fallen below the poverty line due to rising inflation that is depressing economic activities. This brings the new total poverty head count to 101 million people as against 93 million people the previous year. It also means that approximately 51% of the country's total population (200mn) are living below a dollar every day, i.e. at least 5 in every 10 Nigerians are poor. With this, Nigeria is retaining its current title as the poverty capital of the world, ahead of Senegal and Rwanda.



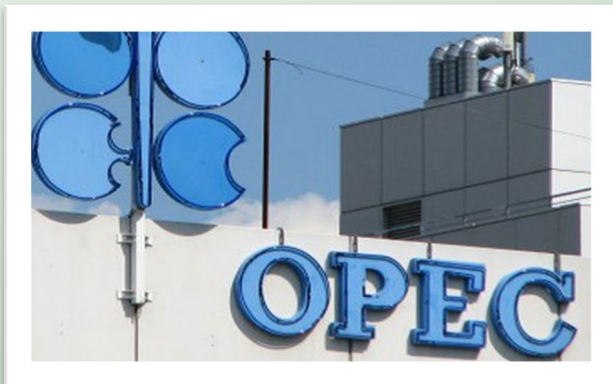
Rising costs of commodities and services continues to taper disposable income and deter the living standards. Sadly, this trend could remain as we expect inflation, which currently stands at 15.63% to maintain the upward trend due to lingering factors like the exchange rate pass through, supply chain disruptions and higher energy costs. More so, the sharp rise in money supply, as spending on political campaigns begins from Q3/Q4, will also worsen inflationary pressures. In all, this simply means that more people could fall below the poverty line, forcing millions into misery. Nigeria's misery index is 48.93%. With no jobs, the risk of a civil unrest ahead of the 2023 election climbs.

Currency in circulation rose by 17.67% to N3.33trn in Dec'21

Statistics from the Central Bank of Nigeria shows that the currency in circulation grew by 17.67% to N3.33trn in December 2021 from N2.83trn in January 2021. Currency in circulation is the amount of money issued by monetary authorities that is available to conduct transactions less the amount taken out of the economy. The recent hike in currency in circulation can be attributed to the CBN interventions in the foreign exchange market, increase in ways and means advances and possibly improved economic activities that triggered an increase in demand for the naira. It could also be attributed to the combination of central bank intervention policies, rise in the FinTechs companies and mandate by the CBN to grant easy credit access to the real sector. In addition, credit to the private sector and government also rose by 18.51% and 10.73% to N35.73trn and N13.73trn respectively during the review period. An increase in money supply is expected to fuel inflationary pressures in the near term. Also, if disbursements towards the private sector and major job creating sectors like agric and manufacturing continue with proper monitoring, this could support employment levels and output in the coming months. However, credit to the government will continue to worsen the domestic debt levels.



Oil production up to 1.46mbpd, OPEC+ maintains production quota



According to Reuters, oil production in Nigeria increased by 50,000bpd, from 1.41mbpd in December 2021 to 1.46mbpd in January 2022. More noteworthy, is that production levels are still far below the OPEC instated quota of 1.68mbpd and the 2022 budget benchmark of 1.88mbpd due to theft and vandalism. The marginal rise in oil production coupled with high oil prices (\$93pb) could support the government's fiscal coffers, subsequent FAAC disbursements and temporarily boost external reserves levels that will improve the CBN's forex intervention measures. Meanwhile, OPEC and its allies including Russia, at their first meeting of the year maintained their conservative stance (400,000bpd) to increasing global oil supply despite the outcry of the US and India. Higher global energy prices have continued to fuel inflation in major consuming countries, which has now triggered a new wave of monetary policy tightening, particularly in the US, UK and Europe. The rise in oil price increases Nigeria's import bill on refined petroleum products and this will continue to taper government revenue. More so, the possibility of rate hikes, will increase the country's debt service costs and external debt burden.

Economic & Business Update

IMF releases article IV review for Nigeria

The IMF concluded its Article IV consultation with Nigeria in January. In the report, the multilateral organization disclosed that the Nigerian economy was recovering from a historic downturn due to government policy support, rising oil prices and international financial assistance. While the fund projects a 2021 full year optimistic growth of 3%, it also expects fiscal deficit to widen in 2021 to 5.9% of GDP (from 5.78% in 2020) in spite of the recovery in oil prices. This reflects implicit fuel subsidy payments and higher security spending.



Given the recent economic developments in the country, the IMF believes Nigeria has the capacity to repay its loans. However, significant risks, including the country's pandemic recovery trajectory, oil price uncertainty, and security challenges could negatively threaten growth prospects. The organization further stressed the need for major reforms in the fiscal, exchange rate, trade, and governance areas in order to sustain long-term and inclusive economic growth. With the review mildly positive, capital and remittance inflows into the country could stay steady, further supporting external reserves accretion and the CBN's ability to support the naira in the near term.



unity
bank
...Succeeding Together

**BANK
BETTER.**

WITH **unifi**
by Unity Bank

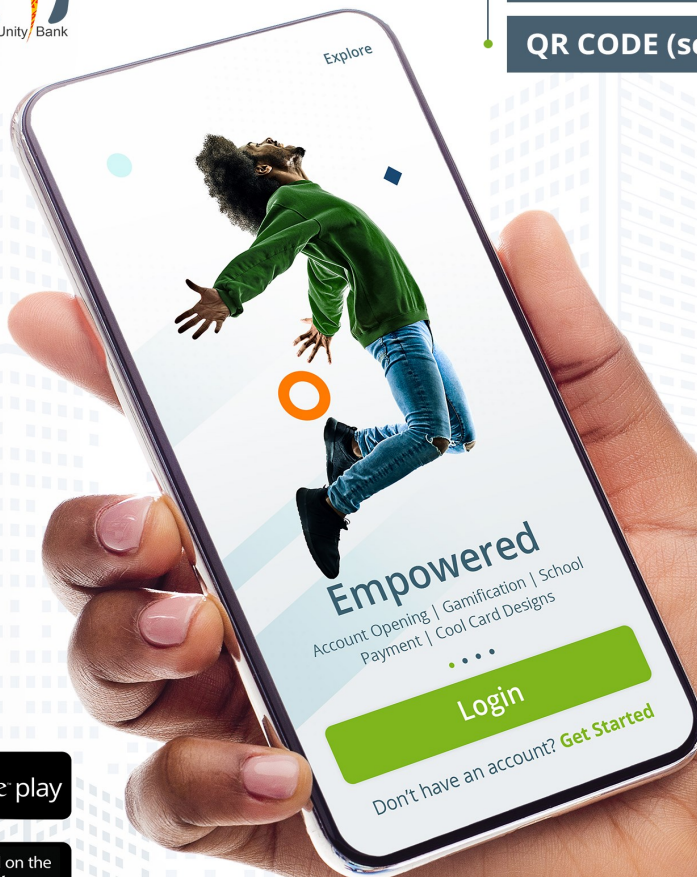
DO MORE WITH **UNIFI**

TRANSACTION

AIRTIME RECHARGE

myBANK STATEMENT

QR CODE (scan 2 pay)



0705 732 3225

unitybankng.com

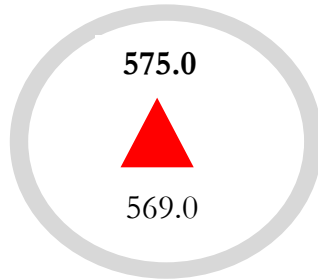
@unitybankplc



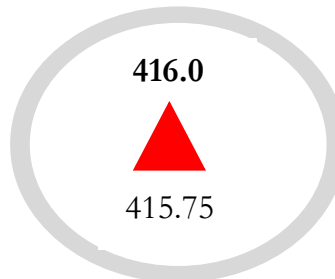
Business Update

(Review Period : February 1st – 11th, 2022)

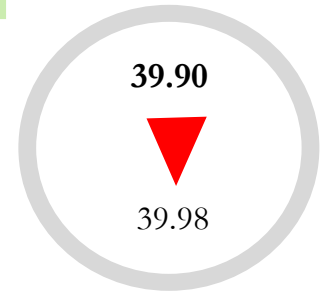
The Foreign Exchange Market



Forex: Parallel (N/ \$)



Forex: IEFX (N/ \$)



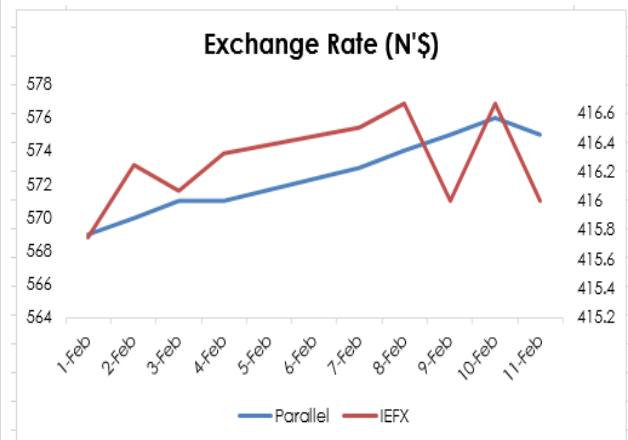
External Reserves (\$/bn)

At the parallel market, the naira traded at N569/\$ at the start of the review period before depreciating by 1.05% to close at N575/\$. The IEFX rate also depreciated by 0.06% to close the period at N416/\$. Average daily turnover at the I & E window declined by 7.36% to \$122.8mn from \$132.56mn in the last half of January.

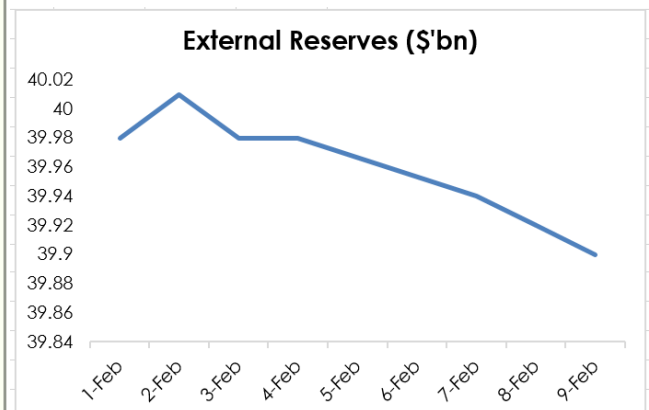
Meanwhile, gross external reserves continued to decline as the CBN maintained its forex interventions. The reserves lost 0.35% to close the period at \$39.90bn with an import cover of 9.05months

Implications & Outlook

We expect the CBN to continue its intervention activities in the forex market in order to support the naira. A stable currency in the near term will reduce the blended rate for manufacturers and possibly taper import costs. However, the drawdown on reserves will continue, further weakening government's coffers.

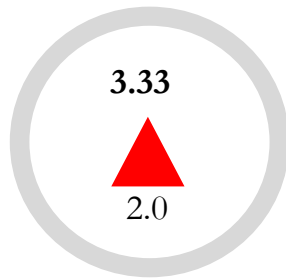


SOURCE: FDC Think Tank, FMDQ

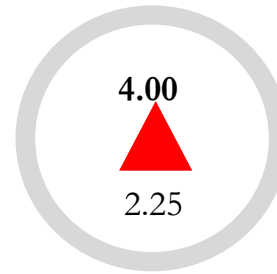


SOURCE: FDC Think Tank, CBN

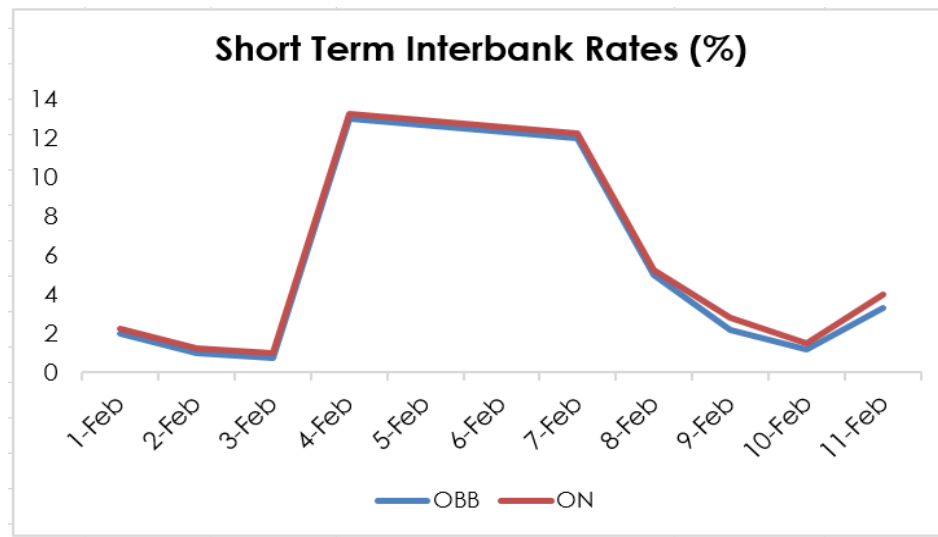
The Money Markets



NIBOR: OBB (%p.a)



NIBOR: O/N (%p.a)



SOURCE: FDC Think Tank, FMDQ

During the review period, the average opening position for banks climbed sharply by 127.56% to N434.98bn from N191.15bn recorded in the last half of January. The sharp rise in money market liquidity significantly reduced interbank rates. On the average, the short term interbank rates (NIBOR) fell by 338bps to 4.67% compared to 8.05% in the previous period. Meanwhile, the OBB and ON rates closed the period at 3.33% and 4.0% respectively.

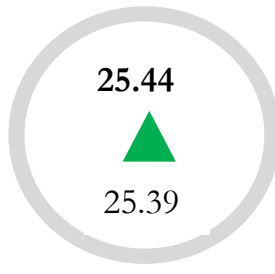
Outlook

The CBN will likely continue its use of unorthodox monetary policy tools like OMO and CRR debits to manage money market liquidity in the coming weeks. Although, we expect that interbank interest rates will remain at current levels in the near term, pending any withdrawals or injections into the system. More so, with the new wave of the global monetary policy tightening, the CBN could be under pressure to increase the anchor rate (MPR) at its next meeting in March. The aim will be to subdue inflationary pressures stemming from increased money supply.

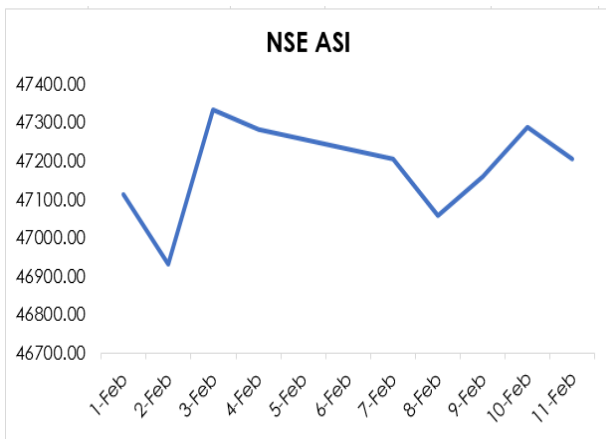
The Stock Market



NSE ASI



Market Cap. (₹'trn)



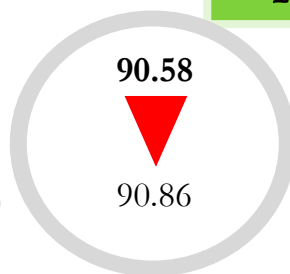
SOURCE: FDC Think Tank, NGX

The NSE ASI gained 1.24% to close the review period at 47,202.3 points from 46,624.67 points recorded at the end of January. This was driven by the release of corporate earnings and the low interest rate environment. The market capitalization also increased by 1.27% to N25.44trn from N25.12trn recorded at the end of the previous period. Of the 9 trading days, the market gained in 6 days and lost in 3 days. As at February 11, the 52 week and YTD returns stood at 15.09% and 10.5% respectively.

Outlook & Implications

The release of more corporate earnings results especially from bellwether stocks in the banking industry will largely dictate the stock market performance for the second half of February. Also, investors are likely to keep rotating funds in favor of equities as the yields on fixed income instruments remain low.

Brent prices (\$/b)



The Commodities Market

Outlook & Implications

Brent crude traded between \$89-\$93pb during the review period. It climbed to a record high of \$92.69pb on February 7 before declining to close the review period at \$90.58pb. Movements in the price of oil were largely driven by the decline in US crude inventories and supply tightness coupled with geopolitical tensions in major producing regions such as the Middle East and Russia. Additionally, the possibility of a completion of the nuclear talks between the US and Iran has investors cautious about a potential boost in global oil supply from Iran.

An increase in oil prices will keep supporting FG revenue. Although gains could be offset by lower oil production levels.

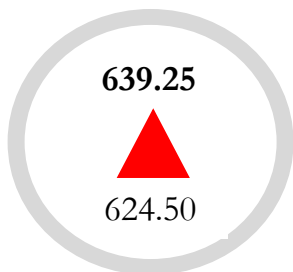
Natural gas (\$/mmbtu)



Outlook & Implications

The global price of LNG is expected to continue to stay high in the near term as tension persists between Russia and Ukraine. The Japanese government's decision to divert some of its LNG imports to Europe may be insufficient to taper prices. LNG accounts for 12.8% of Nigeria's exports, therefore rising LNG prices will boost FG revenue.

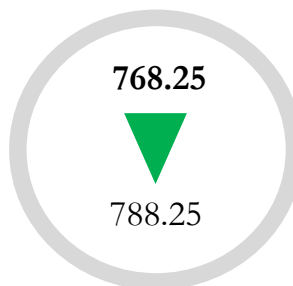
Corn (\$/bushel)



Outlook & Implications

The price of Corn would maintain the bullish trend in the near term, owing to concerns over growing supply tightness amidst unfavorable weather in Brazil - the third largest corn producer globally. This will raise the cost of importing corn into Nigeria and in turn increase the domestic price of corn related products like cereals and also animal feed.

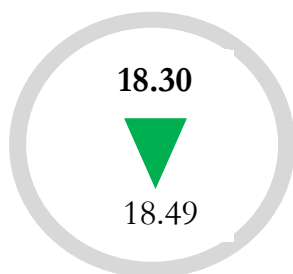
Wheat (\$/bushel)



Outlook & Implications

Wheat price could keep declining in the coming period on projections from the USDA of an increase in supply. This could reduce import costs on wheat and possibly taper the price of pasta and flour, which is a major input material for the production of confectionaries like bread.

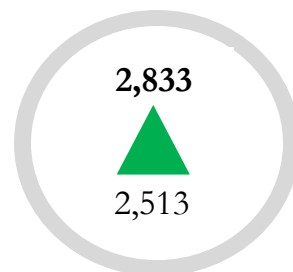
Sugar (\$/pound)



Outlook & Implications

The price of sugar could remain soft on expectations of improving global supply from India and Thailand. Lower prices will reduce Nigeria's sugar import bill and likely taper the price of the commodity in domestic markets.

Cocoa (\$/mt)



Outlook & Implications

Cocoa price will likely stay elevated due to rising chocolate demand amid global supply shortages. Ivory Coast and Nigeria - major producing countries - are currently battling adverse weather conditions that is limiting supply. For Nigeria, the gains from higher prices will be capped by low cocoa production/supply.

SOURCE: FDC Think Tank, Bloomberg



Pay your
school fees
with **UniFi**



Social Corner



NBA Africa launches Nigerian office

- ⇒ On February 5, 2022, The National Basketball Association (NBA) Africa launched its Nigerian office and its third in Africa after those in South Africa and Senegal.
- ⇒ NBA Africa, which was first announced in May 2021, was created to manage all the league's basketball and business development initiatives in Africa, including the Basketball Africa League.
- ⇒ The launch was attended by guests such as former NBA and WNBA players, strategic investors and partners, and various stakeholders in the sports, entertainment, and media industry.
- ⇒ The event was graced with musical performances by singer, Ayra Starr and popular Disc Jockey, DJ Spinall.
- ⇒ The highlight of the launch was the presentation of Africa's first floating basketball court at the Lekki-Ikoyi link bridge the night before.
- ⇒ The primary focus of the venture is to grow the Basketball Africa League and launch additional NBA academies in Africa.



Nigerian Idol 2022 begins

- ⇒ The seventh season of Nigerian idol premiered on popular cable channels like DSTV and Africa Magic on February 6, 2022.
- ⇒ The entertainment reality show has kicked off with an interesting twist by introducing two new celebrity judges, D'banj and Simi to the panel alongside Obi Asika.
- ⇒ The weekly show will start by covering auditions leading to theatre week, with live shows commencing later in March.
- ⇒ Viewers can anticipate top-notch talent, emotional moments, moments of laughter and candid advice throughout the season.
- ⇒ The headline sponsor of this year's season is Bigi Drinks and the co-headline sponsor is Binance.
- ⇒ This season will be available to stream on the online streaming platform across Africa, the United Kingdom, Australia, and New Zealand.
- ⇒ The season will end on May 22 and the winner will take home N50 million worth of prizes.



Puzzle

O G O J Y B W Y A J I Z G T N A Z H X E O U A S R
 R W C P C S S J B Y R H N U I S W F F Y N A L J T
 B X K K G E I D T B Z E L V G L T P J N M I O R N
 X K T S Z M D R H K R A W H E Q I P G Y B L C O F
 H S W Q P U H K W B M E S W R P M A V E N Q I F D
 D I V C I O V I G O S C O C I Y O R I F U J U G Q
 O D G Y M O N O C E N S W S A O D V P A O I R H T
 L L L F F S S W O R L D B A N K G I E U V O J Z U
 G S X F M X D K X W H C C B I V I Y S R K K B Z F
 M P R F W R N G V X R E R G D M T C U B T Y Z A H
 Y W Z I B T O M J N R W Y R O D V Q G F U Y P W J
 L C Q T F X B I H I C H F J L B N F K U J S R X Y
 N X P X W F R T I D M F G Z S K Q R B S O N A K C
 P P U Y O Q S B Z G K O E E Y H X S A I F R N H D
 F K N L P H D N Y H R P C B B W E H G J I Y E P D
 M B B H Y M Y G N W L T T F Y I A H H F I K I A C
 A K J H R Q U E Y I O S I T T H C V E U J S X T U
 Q P S V S M B Q F R T R J I K C U V G W K E L S S
 V E S Z D W O H H B R K R W V O R R C Q O N B P P
 J S M Y U Z V U A X D U Y E K O R H H N F A V P R
 M E P L Q S D L T C C M I L I U E P H W P Q E Z A
 C Z D I B X O K A E S J Q N L W N C X Z W Z G V I
 X Q C E G W R L S M W X V V D D C V F H F H Q B L
 B Z B E D B T C I D H G F Z S Z Y S N F O Z J E N
 L L A B T E K S A B K E M N B F N P R H Y V Z J D

Brent	Bonds	Basketball
FIRS	Economy	Currency
NNPC	Nigerian Idol	NBA
Sector	Poverty	PMS
World Bank	Subsidy	Securities

10 Ways to Identify Your Talents and Utilize Them

Culled from *Life Hack*¹



Lifestyle

So, you're stuck? Welcome to the crowd. With constant peer pressure from social media to define ourselves in 140 characters or less, it's no surprise that who we *actually* are gets lost in the shuffle. But once we get away from those glowing screens of identity-makers, how do we decide what our strengths are and how to use them? Identify your talents and start using them now with these ten simple tips:

1. Take a life assessment

Think these tests are a one size fits all approach? Think again.

To understand your potential in life, taking the life assessment would be effective. This free assessment helps you to understand your performance in different aspects of life, and help you identify the field of life that requires more of your attention.

Also, personality tests are an objective way of understanding what makes you tick. The Meyers-Briggs Type Indicator is a popular tool to help you define the patterns in your seemingly complex personality. It can determine where your motivations in life lie.

Once you know which category you fall into, you can start seeing your strengths and weaknesses more clearly in everyday life. Use this to your advantage by walking

into a job interview, first date or any other high stakes situation and playing to your newly discovered strengths.

2. Find what makes you feel strong

Ever have those moments when everything feels easy and light? You know that you have the answer or are capable of finding the answer? When we are drawn toward a sense of ease that is usually our inner talent scout speaking up.

Notice when you feel your strongest and create more opportunities to feel that way. If you're naturally good with kids, see if you can volunteer time at an after-school program or babysit for a friend who needs a little help. Let your strengths lead your schedule.

3. Find what you spend the most money on

We often put our money where our mouth is when it comes to what we desire. Using easy and free applications like Mint to go back through your finances is a great way to notice where you pour your dollars.

When you follow the green, you discover what you value, and chances are you have a knack for what you value. If you go back through your yearly spending and notice that your biggest expense is that group fitness class you love, use that as a sign of your athleticism. Sign up for a road race, try a new kind of class or simply just commit to a healthy lifestyle.

4. Ask your friends what your best and worst qualities are

You know they are going to be brutally honest. But the great thing about asking a handful of trusted

friends about your qualities is that they all usually say the same thing. It's enlightening to hear different people see you in the same light and this is definitely an indicator of talent.

Use your friends' perspectives here to work on what you'd like to do better. Are you compassionate but also a little bit on the chatty side? Use your compassion to slow down, breathe and give others the right of conversational way. Use your natural talents to improve those parts of your M.O. that might need a little work.

5. Ask your family what you loved as a child

Sometimes the people who have known us the longest are the people who know us the best. Ask your family what you used to do as a kid – maybe you always played alone, with friends, made up stories, wrote, drew, acted out scenes, played baseball, read books. More than likely these are things you still love today, but some things we easily forget as we grow into responsible, mature, serious adults.

Take these recollections as a hint to get busy playing again. See how much of your childhood you can recreate in your adulthood by following your sense of play. Using your talents in recreation gives your brain a chance to play, making you more productive in every other area of your life.

6. Write in a journal

Let your thoughts flow onto a few pages every morning and walk away from them for the rest of the day. Stream of consciousness writing can be very effective at identifying your talents. Come back after a week and re-read your pages. You'll notice a lot of your thoughts circle back to one

opportunities to set new goals that are aligned with those strengths.

7. Look for talent in others

Sometimes being inspired by others' talents makes us realize what we're good at, too. If you are a writer and you read something that absolutely connects with your soul, try to define what exactly lit you up.

Conversely, if you see talent in others and feel jealous (don't you worry, we *all* do this) you can use this to your advantage as well. Ask this person to mentor you, give you advice or simply chat over coffee. Reaching out and seeing talent in others will open up opportunities and connections while helping you define your own.

8. Take stock of your book/music/movie collections

The media we consume says a lot about what we value, but what we own says something even larger. This is a true identity maker. I am extremely aware of what books I read on the subway because I know that I'm outwardly identifying something hidden about myself on my morning commute.

Glance through all of your collections, what is the one resonating idea? This is probably something that lights your fire. Dig further into this, is there a convention, a class, a workshop you could take to use this talent? How can you connect with others who enjoy the same thing as you? All of these avenues lead to connections and potential networking, so go ahead with your talented self.

9. Remember what you have been thanked for

When people thank us for something, they have

been helped in some way. Notice what you are thanked for on the regular. Are you a good listener? A good teacher? A good motivator? All of these things are talents even though they seem small.



Remember that your talents shouldn't just be in service to other people, but to you as well. If you're in a constant mode of selflessness, use your talent as a caregiver to take care of yourself. Know that as you give to yourself, you're growing your ability to give to others.

10. Be open to change

Know that as we age, our tastes change and our strengths grow. Don't allow yourself to be complacent by telling yourself the same story over and over again. If you say, *I'm not athletic because I didn't play sports in high school*, you're not giving your current self a chance to identify new talents.

Being open to change means letting go of preconceived notions and honestly absorbing the world around you. This kind of openness will lead you to discover new talents and help prepare you to tackle any challenge life throws your way.

Contact

Would you like to open an account with us?

Kindly direct all account opening enquiries to:

Nosakhare Omoigui

08078148762, 08160956889

nomoigui@unitybankng.com

For all other enquiries, contact:

Phone number: 07080666000 / 07057323225-30

Email address: we_care@unitybankng.com

Website: www.unitybankng.com

Address:

Unity Bank Plc

Plot 42, Ahmed Onibudo Street

Victoria Island

Lagos

Connect with us on Social Media: @UnityBankPlc



IMPORTANT DISCLAIMER: *This commentary has been prepared by UNITY BANK. Opinions and any other content including data and market commentary in this document are provided by us for personal use and informational purposes only. Nothing contained in this document constitutes investment, legal, tax or other advice and is not to be relied on in making an investment or other decision. Any pricing included in this communication is indicative and is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has been obtained from sources believed to be reliable but UNITY BANK does not represent or warrant that it is accurate and complete. Neither UNITY BANK, nor any officer or employee thereof accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents. Any securities recommendations made herein may not be suitable for all investors. Past performance is no guarantee of future returns. Any modeling or back-testing data contained in this document is not intended to be a statement as to future performance. UNITY BANK is incorporated as a public limited liability company in Nigeria and is regulated by the central bank of Nigeria (CBN)*