

*Brent Surpasses \$100pb on Russia's invasion
of Ukraine*



Economic News

| Social

| Lifestyle

Unity Bank Digest

February 25, 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

Nigeria's GDP climbs by 3.98% in Q4 2021



Contrary to the growth projections by the CBN and IMF, at 3.1% and 2.6% respectively, Nigeria's GDP expanded by 3.98% year-on-year (YOY) in Q4'21 (3.4% annually). The expansion was largely driven by strong base effect and waning shocks of the pandemic. The positive growth was supported by the contribution of the non-oil sector, which grew by 4.44% YOY, compared to Q4'20. However, the oil sector, which is a major revenue-generating sector and driver of foreign exchange earnings, contracted by 8.06% YOY during Q4'21, despite rising oil prices. This was due to lower oil production. The country struggled to meet its OPEC quota (1.66mbpd) as vandalism and operational challenges persisted.

However, the country's GDP is expected to maintain the increase in the coming quarter. The Nigerian government has estimated a growth rate of 4.2% YOY in 2022, while the IMF has projected a 2.7% YOY rise. Near-term contributors to the projected growth are expected to be the commencement of the Dangote refinery and waning COVID restrictions.

Economic & Business Update

Domestic Airlines jack up ticket fares by 100%

Domestic airlines have increased airfares by 100% due to rising aviation fuel price (now over N400/liter), inflation, forex scarcity, high cost of spare part imports and other technical and mechanical difficulties. The global price of oil has climbed to its highest level since 2014 (\$98pb) and this has subsequently pushed up the prices of other refined petroleum products like jet fuel.

A Lagos – Abuja return ticket is now over N100, 000 and other economy class tickets to various cities in Nigeria are now sold for over N50, 000 against the previous price of N22, 000. The hike in airfares will worsen inflationary pressures in the near term. In the meantime, foot traffic and passenger demand could significantly decline and this would taper the growth of the aviation sector. More so, there could be a marginal increase in the demand for road transport but most passengers would still prefer to travel by air, if necessary, due to insecurity.



UK to invest £10mn aid for energy project in Nigeria



On February 21, 2022, the UK, which is Nigeria's top source of capital imports, announced its decision to provide a sum of £10mn (N5.6bn) to support Nigeria's Conference of the Parties (COP26) commitment and aid the country's energy projects. The UK believes that the assistance would help reduce the associated investment risks and direct the focus of Nigerian investors to low carbon energy projects especially within the deprived communities in the country. The initiative is also intended to drive investment in clean energy infrastructure through domestic

financing.

This decision by the UK government could encourage further investments in Nigeria's renewable and clean energy projects. The world is fast transitioning away from oil and this would help Nigeria take advantage of the benefits of new sources of energy in due time. In addition, reduced CO2 emission is expected to improve the socio-economic and living conditions within the country. This could bolster productivity and in turn growth and development.

Nigeria's inflation eases to 15.60% in January 2022

Nigeria's inflation moderated by 0.87% to 15.6% in January 2022, down from 16.47% in December 2021. The decrease was primarily due to weak 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. A further breakdown of the figures showed that the food sub-index fell to 17.13% while core inflation remained unchanged at 13.87%.



Official inflation at 15.6%, despite the decline, is still growth retarding and 6.6% above the CBN's target ceiling of 9%. We expect inflationary pressures to persist in the near term due to the onset of the planting season and increased energy costs. Fuel scarcity in major parts of the country has triggered an artificial increase in the retail price of PMS (N170-N200 per liter). Also, the price of diesel, which most food distribution trucks are powered on has climbed by 125% to N450/liter from a year ago. The attendant impact is an increase in logistics and transport costs that will eventually push up commodity prices and continue to taper consumer disposable income. More so, the higher the inflation, the wider the negative real rate of return on investments as interest rates remain tepid.



Nigeria's internet subscribers surge by 14 million in Q4'21



Nigeria's internet subscribers grew by 14.03mn to 154.3mn in Q4'21. This represents a 10% increase from the 140.28mn recorded in the previous quarter. The Telco with the largest customer base at the end of 2021 was MTN Nigeria with 58.8mn subscribers, followed by Globacom (39.53mn), Airtel (37.53mn), and 9mobile (5.75mn). Lagos state recorded the highest number of internet subscribers (18.94mn), accounting for 12.3% of the nation's total internet customer base. Kano state was the next highest with 9.59mn internet subscribers, followed by Ogun state with 9.1mn.

The uptick in internet subscribers indicates that the nation has recovered from the decline it experienced last year after the NCC banned the sale of new SIM cards. The rising number of internet subscribers also bodes well for Nigeria's internet penetration, economic growth and development. Internet is becoming more embedded in everyday life and has seeped into major sectors such as finance, health and education. Rising internet penetration will support the country's long term growth outlook and possibly financial inclusion plans.

Buhari submits N3trn supplementary budget to NASS

President Buhari has written to the Senate, asking for a supplementary budget of N2.557trn to be approved. This comes as an amendment to the Appropriations Act which was passed in December 2021. The purpose of the supplementary budget is to provide for subsidies on petroleum products from June to December 2022. This development comes almost a month after the Federal Government postponed the removal of fuel subsidies.

This development will raise Nigeria's fiscal deficit to about N8.92trn. Also, Nigeria's total debt stock currently stands at \$92.63bn, and the IMF has warned of a possible debt squeeze if the nation's borrowing is not reined in. With global inflation at an all-time high and central banks around the world raising their benchmark lending rates, we can expect this to significantly raise the debt service burden of Nigeria. This will make debt repayments even more difficult, as well as stifle economic growth and development.



CBN unveils RT200 FX program to attract \$200bn in non-oil foreign exchange earnings



The CBN has unveiled the RT200 FX program, or “Race to \$200bn” forex repatriation, targeted at increasing the country's non-oil foreign exchange earnings through the utilization of certain policies over the next three to five years. The apex bank stressed the need for Nigeria to add value to the non-oil natural resources of the country as that would boost foreign exchange earnings and reduce reliance on oil inflows. The RT200 program is built on: a value-adding exports facility, a biannual non-oil export summit, a non-oil commodities expansion facility, a dedicated

non-oil export terminal, and a non-oil forex rebate scheme.

These schemes and policies all have the long-term view of supporting Nigeria's non-oil sector and allowing it to reach an adequate level of global competitiveness. An end to the nation's over reliance on oil as the primary source of foreign exchange earnings would allow Nigeria's external reserves to become less influenced by global oil price fluctuations. This would also strengthen the value and resilience of the naira while bolstering the country's long-term economic growth outlook.

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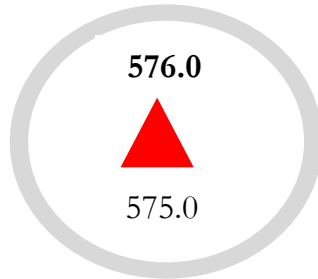
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Business Update

(Review Period : February 14th - 24th, 2022)

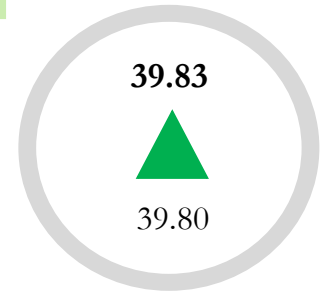
The Foreign Exchange Market



Forex: Parallel (N/\$)



Forex: IEFX (N/\$)



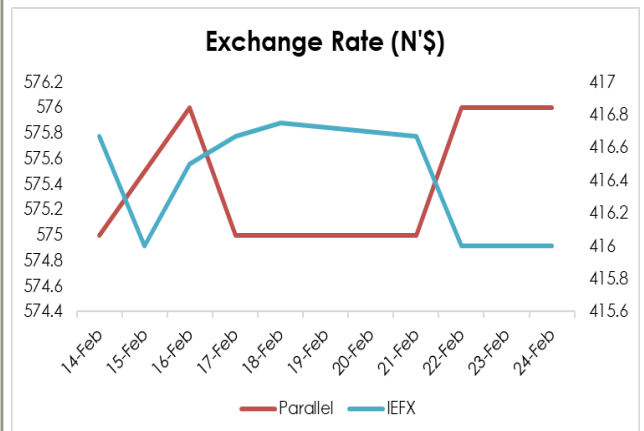
External Reserves (\$/bn)

During the review period, the naira traded within a band of N575 – N576/\$ at the parallel market. The IEFX rate appreciated by 0.10% to close the period at N416.25/\$ at the I&E window, while the average daily turnover declined by 28.05% to \$88.36mn from \$122.8mn in the first half of February.

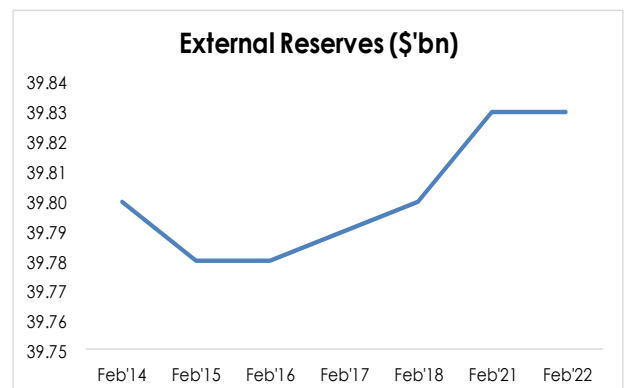
Meanwhile, the gross external reserves ended its one month losing streak by gaining \$50mn to close at \$39.83bn (February 22). This can be attributed to higher oil prices, which have crossed the \$100pb mark. The import cover has fallen by 0.11% to close at 9.04months.

Implications & Outlook

We expect the naira to keep trading at current levels as the CBN maintains its gradual intervention efforts. Higher oil prices will support gross external reserves accretion and this would provide support for exchange rate management.

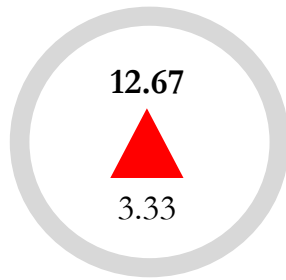


SOURCE: FDC Think Tank, FMDQ

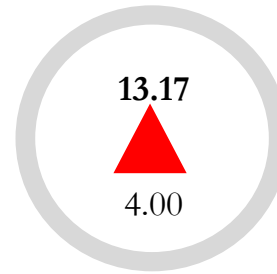


SOURCE: FDC Think Tank, CBN

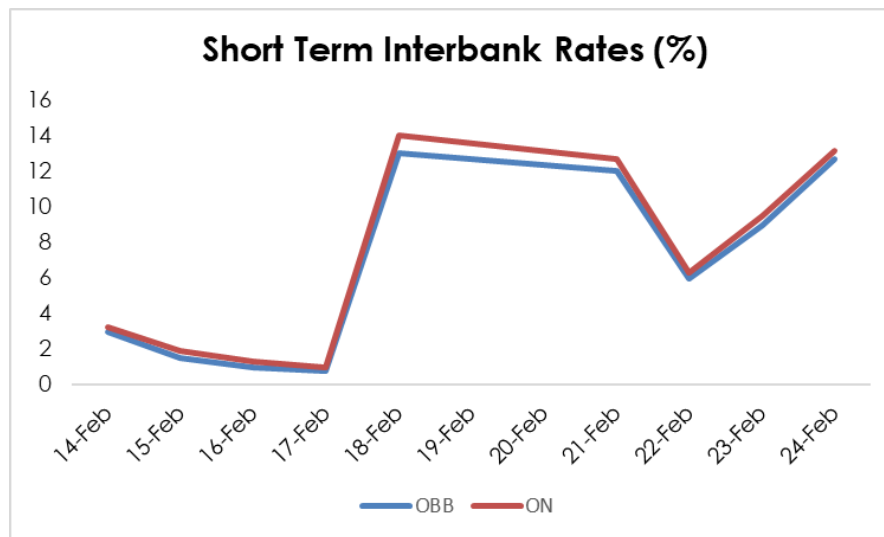
The Money Markets



NIBOR: OBB (%p. a)



NIBOR: O/N (%p.a)



SOURCE: FDC Think Tank, FMDQ

Banks' average opening position for the period declined to N268.45bn from N434.98bn in the first half of February. On average, NIBOR rose by 211bps to 6.78% from 4.67% recorded in the previous period. Meanwhile, the OBB and ON rates closed the review period at 12.67% and 13.17% respectively.

Outlook

The MPC meeting is scheduled to hold on March 21/22. The probability of a tightening is higher due to the likely increase in February's inflation rate (spurred by the fuel subsidy) and the strong Q4'21 GDP growth numbers. In the meantime, interbank interest rates are likely to fall towards the end of February into early March upon receipt of FAAC funds.

The Stock Market

47,272.04



47,202.3

NSE ASI

25.48



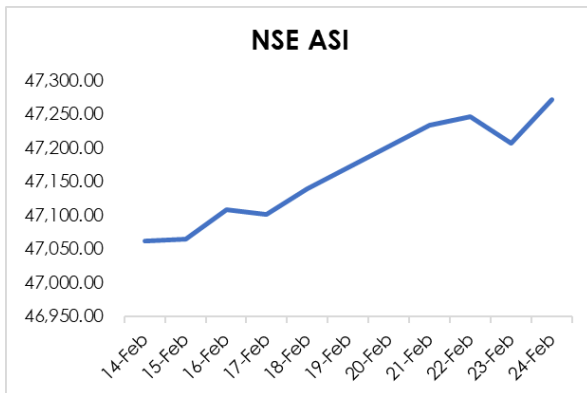
25.44

Market Cap. (₦'trn)

The NSE ASI gained marginally by 0.15% to close the review period at 47,272.04 points from 47,202.30 points recorded at the end of February. Lackluster performance was driven by the release of subpar corporate earnings and the low interest rate environment. The market capitalization also gained marginally by 0.16% to N25.48trn from N25.44trn 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 24, the 52 week and YTD returns stood at 17.53% and 10.66% respectively.

Outlook & Implications

The yields on fixed income instruments have remained relatively low, and this is expected to encourage the rotation of funds into the equities market. Expanding economic activity and elevated oil prices are expected to boost forex supply. This will positively impact the profitability of manufacturers which will impact positively on stock prices.



SOURCE: FDC Think Tank, NGX

The Commodities Market

Brent prices (\$/b)



103.10



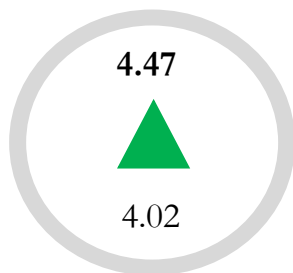
90.58

Outlook & Implications

Brent crude traded between \$89-\$104pb during the review period. It rose to a 7-year high surpassing \$100pb and closing the review period at \$103.10pb, 13.83% above the close of the previous period. Oil price movements within the period were largely influenced by escalating diplomatic tensions between Russia and Ukraine. Russia is a major oil producer and the possibility of an imposition of sanctions on their oil exports drove market sentiment in a bullish direction. This trend is likely to continue in the near term.

Elevated oil prices are expected to bolster FG revenue. However, inability to meet production quotas is projected to keep potential revenue subdued.

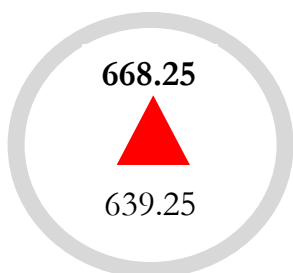
Natural gas (\$/mmbtu)



Outlook & Implications

The price of LNG is projected to remain high in the near term on forecasts of colder than expected weather in the US. However, news that US sanctions on Russia may not target the energy sector could weigh on LNG prices. Nigeria exports natural gas. Rising LNG prices will boost export earnings and bolster FG revenue.

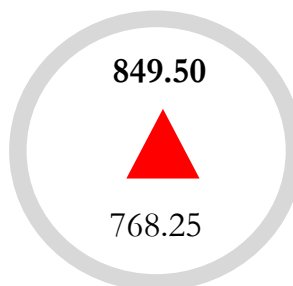
Corn (\$/bushel)



Outlook & Implications

The price of Corn is expected to continue rising in the near term, due to concerns of tightening global supply as unfavorable weather conditions affect major producers like Brazil and Argentina. Additionally, Ukraine is a major corn exporter, the threat of an invasion is also affecting prices. This is expected to raise the domestic price of corn and corn related products in Nigeria.

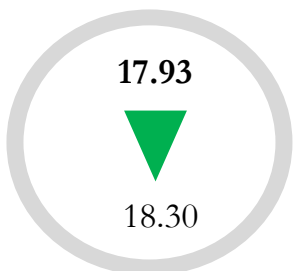
Wheat (\$/bushel)



Outlook & Implications

Wheat price is expected to rise owing to an obscured supply outlook. The Black Sea region is a major hub for wheat exports, given that Russia-Ukraine tensions are prevalent in the area, wheat supply may be affected. This will raise the import cost of wheat and the price of related end products like bread.

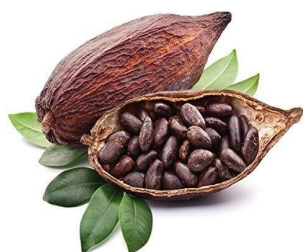
Sugar (\$/pound)



Outlook & Implications

The price of sugar could rise owing to elevated demand for sugar as a raw material in ethanol. Higher prices will raise Nigeria's sugar import bill and likely increase the price of the commodity in domestic markets.

Cocoa (\$/mt)



Outlook & Implications

Cocoa price is likely to rise on growing demand for chocolate and candy globally. However, hedge selling activities from major producers (Ivory Coast and Ghana) are likely to put pressure on prices. Higher prices will support export earnings for Nigeria. Although, gains are likely to be restrained by subdued production.

SOURCE: FDC Think Tank, Bloomberg

*7799#

in Hausa, Yoruba & Igbo



Account
Opening



Airtime
Top-Up



Bills
Payment



BVN
Verification



Funds
Transfer



Balance
Enquiry

Social Corner



Burna Boy stars in the Calvin Klein spring 2022 campaign

- ◇ The American luxury brand, Calvin Klein, has a reputation of collaborating with big-name talents for their clothing campaigns.
- ◇ For its spring 2022 campaign, the brand tapped the Nigerian Grammy award winner, Burna Boy.
- ◇ The decision to feature the self-proclaimed African Giant was made as an incentive to facilitate worldwide adoption and be inclusive of the African market.
- ◇ Some other notable figures included in the campaign are pop singer, Solange Philips, American rapper, Vince Staples, and British singer-songwriter, Arlo Parks.
- ◇ According to Calvin Klein himself, the spring 2022 campaign aims to “discover expressions on community”.
- ◇ To fulfil this aim, the campaign includes a short film crafted by director, Melina Matsoukas, in which the cast's voiceovers explain the importance of connection.



Coca-Cola's bottling company rated Europe's most sustainable beverage company

- ◇ For the 11th consecutive year, Coca-Cola Hellenic Bottling Company (CCHBC) has again been rated Europe's Most Sustainable Beverage Company.
- ◇ It was during S&P Global's Annual Yearbook that this was confirmed in line with the 2021 Dow Jones Sustainability Index (DJSI), a world-leading sustainability benchmark.
- ◇ CCHBC also received a Silver Award by S&P Global.
- ◇ According to the CEO of CCHBC, the brand made a commitment in October 2021 to reach net-zero emissions across the value chain by 2040 and is taking actionable steps to fulfil this commitment.
- ◇ The Managing Director of CCHBC's subsidiary, the Nigerian Bottling Company (NBC) Ltd, attributed the parent company's achievement to operational excellence, self-regulation, global best practices, and strong governance frameworks.



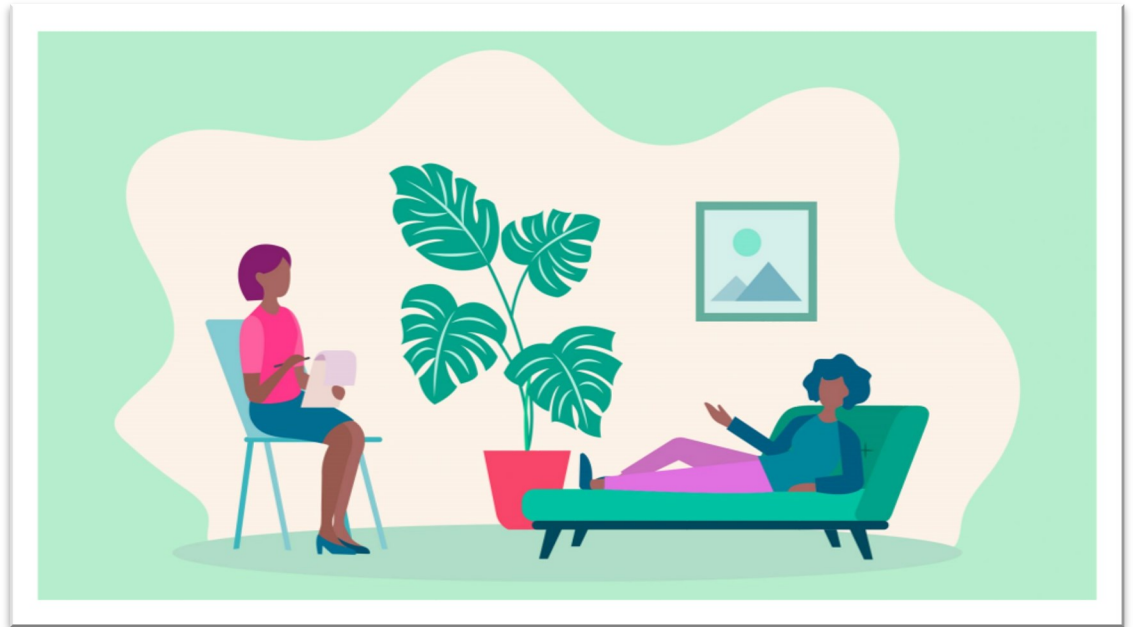
Puzzle

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

Benchmark	Borrow	Budget
Debt	Exchange	Export
Foreign	Growth	Inflation
Inflow	Lending	Policies
Recovery	Subscribers	Supplementary

Planning a Big Move? This Therapist-Approved Trick Will Help You Stay Stress-Free

Culled from the Zoe Report¹



Going through a major life change — whether it's moving into a new home, starting a new job, landing that coveted promotion, getting married, or something else — is super exciting, for sure. But, experiencing these significant changes can also feel overwhelming and scary. "Change brings with it feelings of uncertainty and loss of control, even when the change is positive," says Dr. Jaime Zuckerman, a licensed clinical psychologist. "We are creatures of habit, and our brains like to be able to predict what comes next. When our brains don't know what is coming next, we can become increasingly anxious, worried, and sometimes even depressed."

So, while feeling simultaneously happy and anxious about a positive change may feel counterintuitive, Dr. Zuckerman says, it's actually normal and healthy. Still, it's not always an easy thing to navigate. To help with this, below, Dr. Zuckerman and Nira Shah, LMHC, a psychotherapist, and yoga instructor, share some tips on dealing with big life changes with more joy, ease, and minimal toll on your mental health.

Acknowledge Your Emotions

First and foremost, Shah says it's important to acknowledge the uncomfortable emotions that may come up and allow yourself to grieve the chapter of your life that's coming to an end. "

Recognize what comes up without judgment, and be curious about these feelings, rather than alarmed or wanting to get rid of them," Shah says. "Allow a grieving process. Take time to reflect on what was meaningful about the time leading up to the change or the previous life phase, what you learned, [and] what your favorite moments in it were."

Explore the Worry Thoughts

The worry and "what if" thoughts are also important to acknowledge and work through to release them. A strategy Shah suggests for this is playing out the worst-case scenarios.

Ask yourself: What would you do in the worst-case scenario? How would you feel? "Play out the scenario to the end," Shah says, then consider how likely that is. What is a more realistic scenario? After reflecting on it fully, let it go."

Stay Focused On the Big Picture



While you're navigating the changes, especially in the planning phase leading up to it, Shah recommends stepping back and remembering why the

change is happening in the first place. Stay focused on the opportunities that it will bring. "Balance out each worry with something you are excited about," she says.

Take It One Day at a Time

Another way to make the transition more manageable is by only focusing on the present day instead of allowing the uncertainty of what's up ahead overwhelm you. "My biggest life changes include when I suddenly lost my brother, and when I became a mother," says Babba Rivera, founder of Ceremonia, a clean hair care brand rooted in Latinx heritage, to TZR.



"In both of these moments, although one was extremely devastating and the other was a happy life moment, my best way of coping was to take one day at the time. It is easy to get consumed by the overwhelming feeling of being in the unknown, but breaking it down to weeks, days, and even hours helped me."

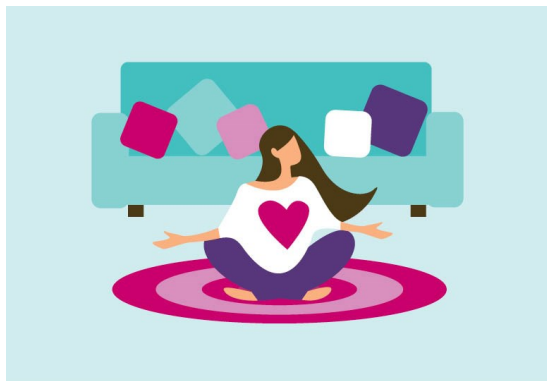
Stick To Routines

As mentioned previously, our brains love knowing what comes next, which is why Dr. Zuckerman recommends sticking to a routine as much as possible during a life transition. "Schedules will help reduce feelings of uncertainty and anxiety," she says. For

instance, if you're in the rhythm of meeting up with a friend for lunch every Wednesday or taking a spin class every Sunday, continue to do those things during your adjustment period to maintain some form of normalcy.

Rivera credits sticking to a routine as one of the things that's really helped her navigate big life changes, whether those changes were good or challenging. "Finding some sort of routine as you go through change that can be your one grounding constant is important," she says. "For me, daily morning walks became my routine [during times of change]."

Practice Self-Care



By now, you're well aware of the importance of making self-care part of your daily life. When you're going through big changes, it becomes even more essential. Self-care, of course, will look different for each individual, but as a starting point, Dr. Zuckerman suggests checking in with yourself regularly to ensure you're sleeping enough, eating well, and not isolating yourself. "Paying attention to your overall wellness is critical during times of change," she says. "Noticing these things earlier on can prevent the onset of anxiety and/or depression."

Practicing mindfulness, in particular, is a wellness ritual Shah highly recommends. "This not only eases stress and anxious moments as an effective coping mechanism but also allows one to connect more deeply with the final stages or place they are leaving by being fully present in it," she explains.

Make the Transition More Manageable



To help make the transition as easy and smooth as possible, Shah advises doing whatever you can and need to make the experience more tolerable. "This could look like your support system assisting, checking resources, taking breaks, [or] breaking down the tasks to smaller steps," she says.

Talking to someone who has been through a similar life change can also be helpful as they'll often have some words of wisdom to share now that they're on the other side. "Ask them how they managed it, how they felt emotionally, what they would have done differently, and any suggestions or information they may have to make it easier for you," Dr. Zuckerman says.

And, for folks that find navigating change extremely distressful, Shah points to therapy as a helpful resource and added support. Asking for help is always a good thing!

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Nosakhare Omoigui

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For all other enquiries, contact:

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Address:

Unity Bank Plc

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