


# Unity Bank Digest

March 17<sup>th</sup>, 2023

Finance

Economic News

Lifestyle



Consumer demand weakens as Naira scarcity persists

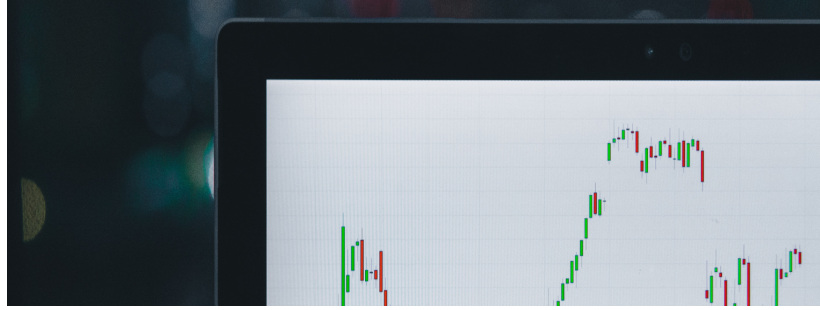
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# The Macro



## Nigeria records first trade surplus in three years

In 2022, Nigeria recorded her first trade surplus (₦1.2 trillion) in three years since the outbreak of COVID-19 as total exports (₦26.8 trillion) exceeded total imports (₦25.6trillion). Nigeria had initially recorded deficits of ₦178.2 billion (bn) and ₦1.9 trillion (trn) in 2020 and 2021 respectively. The trade surplus in 2022 was largely driven by the increased in total exports (oil and non-oil), which exceeded ₦20trn for the first in Nigeria's history. During the year, crude oil, which constituted 78.7% of total export rose to an all-time high of ₦21.09trn largely driven by the oil price rally spurred by the Russia-Ukraine war. Also, non-oil export rose to ₦5.6trn from ₦4.49trn in 2021 due to efforts by the government including the RT200 introduced by the CBN, intervention in the agricultural sector and the improvement of inter-regional trade through AFCFTA. The FY'22 total trade surged 31.8% to ₦52.4trillion (trn) compared to ₦39.75trn in FY'21.

Top traded products			
Imported products	%share of total import	Exported products	%share of total export
Motor spirit ordinary	29.06	Crude oil	77.24
Gas oil	4.11	Liquefied Natural Gas	11.08
Durum wheat	3.50	Urea	2.52
Cane sugar	1.64	Floating drilling	2.23
Used vehicles	1.22	Cocoa beans	1.17

Top trading partners			
Country of origin	%Share of total imports	Country of Destination	%Share of total exports
China	25.25	Spain	9.70
Belgium	10.92	Netherlands	9.03
India	6.88	India	7.71
Netherlands	6.81	France	7.70
United States	5.95	Indonesia	7.44

On quarterly basis, Nigeria recorded a trade surplus of ₦996.78bn in Q4'22 after recording a revised deficit value of ₦409.38bn in Q3'22. A further breakdown of the data revealed that the total value of Nigeria's imports fell by 15.46% to ₦5.36trn from ₦6.34trn in the previous quarter while total exports climbed by 7.17% to ₦6.34trn from ₦5.93trn. The drop in Nigeria's level of imports could be attributed to low forex supply in the country and elevated inflation rate. Meanwhile, the sustained quarterly decline in imports and increase in exports will improve Nigeria's trade balance further in the coming quarter. This can be done through policies to promote oil and non-oil exports, while investing in agriculture to increase the local production of raw materials.

## Nigeria's VAT climbs to N697 billion in Q4'22

According to the latest report by the NBS, Nigeria's total revenue from VAT rose by 11.5% to ₦697 billion in Q4'22. The local VAT revenue amounted to ₦408.1 billion while foreign VAT revenue contributed N159.8 billion to total VAT. This brought the annual VAT revenue to ₦2.49 trillion in 2022, a 24.5% increase when compared to the ₦2 trillion recorded in 2021. Similarly, Company Income Tax (CIT) rose by 6.9% to ₦753.9 billion in Q4'22 from ₦810.2 billion in Q3'22. In terms of activities, the waste management and remediation activities recorded the highest growth level during the quarter of 57.40% followed by household activities which grew by 45.2%. Conversely, the information and communication (-65.8%) and arts, entertainment and recreation (-64.1) activities recorded the lowest decline rate in Q4'22. Among the various sectors, the manufacturing sector had the largest share of sectoral contributions with 31.2%.

Higher VAT revenue will boost FAAC allocation to the three tiers of government. This will enable the state government to undertake developmental projects and pay staff salaries. The relatively sterling performance of non-oil revenue in 2022 bodes well for Nigeria. It is indicative of revenue diversification which is critical for sustainable growth.

However, VAT places additional burden on manufacturers, who already are dealing with rising cost of operation resulting from the spike in diesel and fuel cost, high cost of importation amid weak demand from consumers. Consequently, this will weigh on the manufacturing sector activities and stunt the sector's growth.

## IMF warns the CBN against the sole use of monetary policy to curb inflation

The International Monetary Fund (IMF) has urged the Central Bank of Nigeria (CBN) to adopt new ways of curbing the soaring inflation rate in the country. This comes after the

country's inflation rose to a 17-year high (21.82%) in January despite the nine consecutive interest rate hikes by the Monetary Policy Committee (MPC). In its latest report, the IMF stated that the effectiveness of monetary policies is subject to the independence of the monetary authorities while also adding that monetary policies should not be the only tool for controlling inflation. Using the pandemic as an example, the IMF brought to light the effect of fiscal policies on the inflation rate in Nigeria. The Fund explained that the COVID-19 pandemic heightened inflationary levels as government spending surged and supply chain disruptions intensified the pressure.

Investors expect the MPC to maintain the status quo at its upcoming meeting as it assesses the effectiveness of the policy rate in bringing down inflation in the nation. The elevated interest rate, however, could dim Nigeria's economic outlook as cost of borrowing remains high and production levels drop. Additionally, without a substantial decrease in government deficit financing, consumers will continue to bear the burden of higher prices and elevated inflation rates. This will cause their disposable income as well as consumption levels to dwindle, and result in a slowdown in the country's economic growth.

### **Nigeria's telecom subscribers climb to 225.8 million in January**

According to the latest report by the Nigerian Communications Commission, Nigeria's total active mobile subscribers rose by 1.7% to 225.8 million (mn) in January 2023 from 222mn in December 2022. MTN once again led this increase, with its new subscribers at 2.9mn, bringing its total customer base to 91mn during this period. Year on year, this represents an increase of 2.25% when compared to the 89mn recorded in January 2022. Airtel was able to climb the ranks to become the second largest network operator with 498 thousand new subscribers and a customer base of 60.5 million subscribers while Glo only recorded 44 thousand new subscribers, slightly raising its total subscriptions to 60.3million from 60.29 million in December. Similarly, 9mobile also witnessed a rise in its customer base to 12.8mn subscribers, which is 1.43% more than the 12.6mn recorded in the previous month. In total, the 4 network operators recorded an increase in their customer base by 3.8mn subscribers.

Nigeria's total active mobile subscribers has maintained a steady rise in the past year with the increased usage of Internet of Things (IOT) devices, and combined government efforts supporting this growth. The country, however, still has a long way to go before it can be considered technologically competitive globally, as it is still ranked low among countries with the fastest internet speeds (89th out of the 139 countries). On an average, the country's internet speed stands at 22.78mbps which is 34.37% lower than South Africa's average internet speed of 34.71mbps. This will continue to be a constraint for businesses and cause productivity to fall in the near term.

### **eNaira USSD to ease pain of cash crunch**

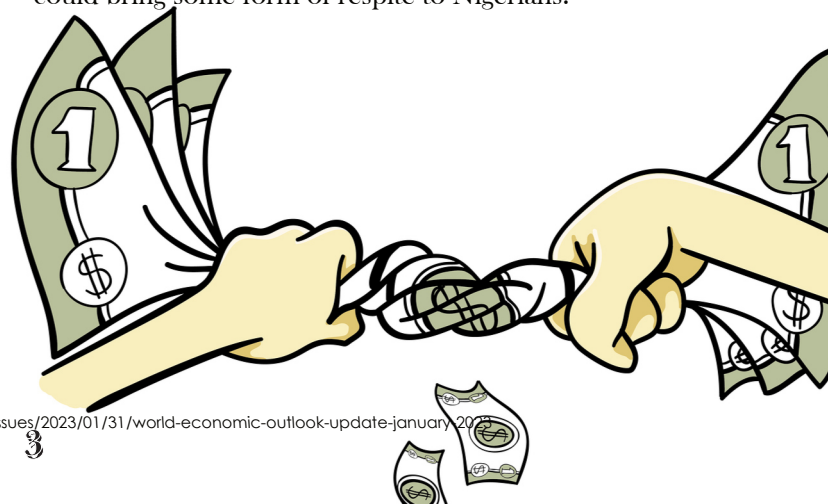
The CBN has introduced the eNaira USSD code to the Bullnet network. This was done in partnership with financial technology companies and super agents such as BULLNET and Chamsmobile Ltd. This partnership's primary goal is to alleviate Nigerians' suffering from the existing cash constraint by offering an alternate route for monetary transactions. By transmitting eNaira directly from their wallets to an ATM, consumers are able to cash out without the requirement for a bank account or bank card and withdraw the cash equivalent. With the USSD code \*997\*50#, the user can also transfer eNaira to a specified bank account for savings or additional transactions.

The apex bank launched the eNaira in 2021 in its effort to foster financial inclusion. The Bank also emphasized that the initiative will increase cross border transactions, diaspora remittances and also complement the e-payment infrastructure as the government plans to move the country towards a cashless economy. The use of the USSD for the eNaira will enhance seamless transitions and ease the burden faced by Nigerians due to the cash scarcity as it aids financial inclusion and reduces the need for cash. However, its success could be limited due to the large unbanked population as well as low levels of awareness or financial literacy.

### **Old ₦200, ₦500 and ₦1,000 banknotes remain legal tender - CBN**

On March 3, 2023, the Supreme Court reinstated the legal tender on the old ₦200, ₦500, and ₦1000 notes and moved the deadline for the old notes to December 31, 2023. Prior to the Supreme Court's ruling, Nigerians battled with severe cash crunch due to the CBN Naira redesign policy in October last year. Despite the deadline extension by the CBN, with a seven-day grace period for old notes to be deposited in banks, the Naira cash crunch persisted, prompting the Supreme Court sitting in Abuja to seek the suspension of the Naira redesign policy until February 22, 2023.

However, the decision by the court to extend the validity of the old Naira notes has so far seemed to bear no fruits as the cash crisis continue to linger. This will continue to weigh on consumer demand, while manufacturers battle with low sales and profit levels. On the bright side, prices of commodities could fall, evident in the expected inflation data for February. The CBN has recently released a circular, concurring to the extension of the validity of old notes. This could bring some form of respite to Nigerians.



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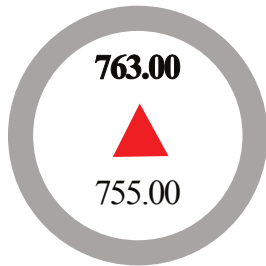
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# The Business Environment

(March 1<sup>st</sup>- 10<sup>th</sup>, 2023)



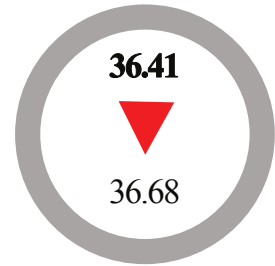
## Forex Market



Forex:Parallel (N/\$)



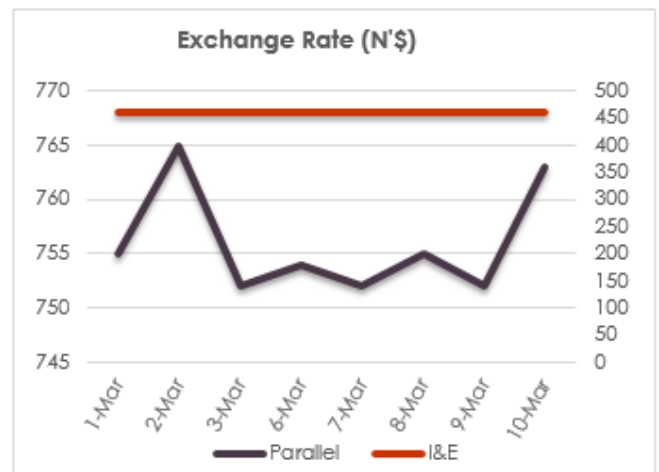
Forex:IEFX (N/\$)



External Reserves (\$/bn)

At the parallel market, the Naira depreciated by 1.06% to close the first ten days of March at ₦763/\$ compared to ₦755/\$ at the end of the last half of February. The depreciation of the Naira was due to the fall in forex supply as the daily average turnover decreased by 45.97% to \$82.83 million (mn) from \$153.30mn on February 24. Conversely, the Naira remained flat in the I & E window at ₦462/\$ throughout the review period.

Gross external reserves maintained steady depletion during the review, falling by 0.74% to close at \$36.41bn on February 09 compared to its value of \$36.68bn on February 27. The decline was attributable to the CBN continuous intervention in the forex market. Meanwhile, the current level of external reserves can only cover 8.24 months.



SOURCE: FDCThinkTank, FMDQ

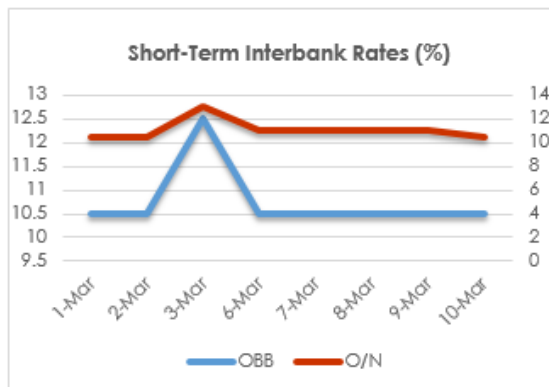


SOURCE: FDCThinkTank, CBN

### Outlook and Implications

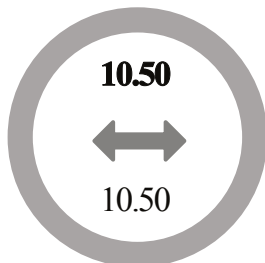
Sustained intervention by the CBN will support the Naira in the coming weeks. However, this means a further depletion of the country's external reserves

# Money Market

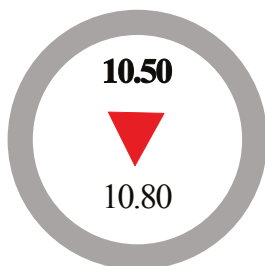


SOURCE: FDCThinkTank, FMDQ

In the first half of March, average banks' opening position surged 62.88% to ₦560.98bn from ₦344.42bn in the last two weeks of February. The rise in liquidity led to a sharp drop in the average short-term interbank rates (NIBOR) by 231 basis points (bps) to 10.5%p.a from 13.22p.a. in the last review period. The OBB rate remained unchanged at 10.5% while ON rates fell by 30bps to close at 10.5%p.a. There was an OMO repayments of ₦50bn within the review period with no corresponding OMO sales.



NIBOR: OBB(%p.a)

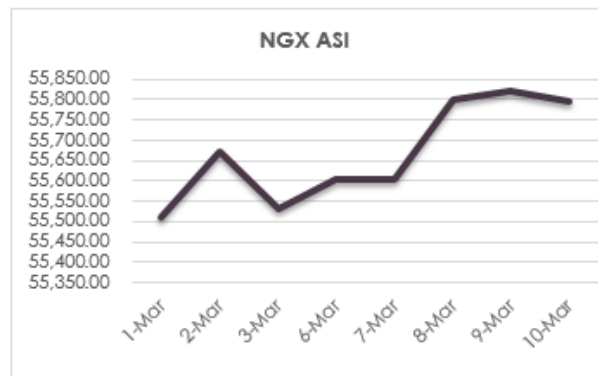


NIBOR: O/N(%p.a)

## Outlook and Implications

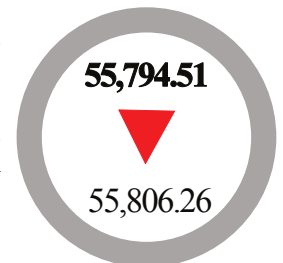
Interbank rates will remain at current levels pending any significant inflows or withdrawals.

# Stock Market

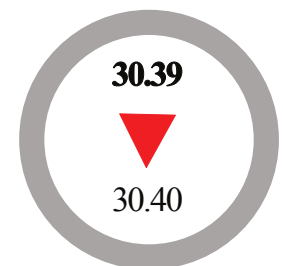


SOURCE: FDCThinkTank, NGX

At the beginning of March, stock market prices fell by 0.56% after the announcement of the Nigeria's president elect. It then dropped further by 0.02% to close the review period at 55,794.51 points from 55,806.26 points on February 28. The negative stock market performance was due to cautious trading by investors as election uncertainties persist. However, the stock market capitalization rose by 0.03% to close at ₦30.39trn from ₦30.40trn at the end of the previous period. Of the 8 trading days, the market gained in 4 days and lost in 4 days. As of March 10, the 52 weeks and YTD returns stood at 44.09% and 8.87% respectively.



NGX ASI



Market Cap. (N'trn)

## Outlook and Implications

We expect election events to weigh on the stock market's performance. The build-up and outcome of the MPC meeting in March 20 and 21 will also influence the NGX performance.

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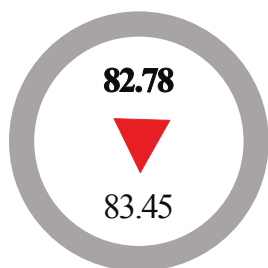
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# Commodities

## Brent prices(\$/b)

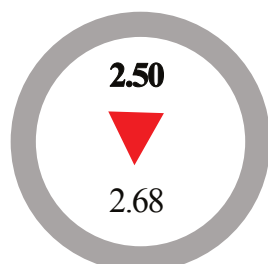


### Outlook and Implications

Brent prices traded between \$83-\$87 per barrel (pb) throughout the review period. It however fell by 0.80% to \$82.78pb at the end of the review period compared to close of \$83.45pb at the end of the second half of February. On average, the price of Brent rose 0.83% to \$83.56pb from \$82.87pb due to demand recovery in China, the top oil importer in the world.

In the coming week, oil prices are likely to fall on demand concerns owing to anticipation of a further hike in policy rate by the US Fed. Conversely, domestic oil production is expected to maintain its upward trend due to the government's continuous efforts to curb oil theft in the country. This will improve oil earnings and increase the country's trade balance.

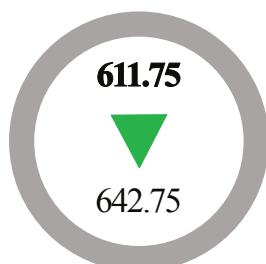
## Natural gas(\$/mmbtw)



### Outlook and Implications

LNG prices were elevated in the first half of the month due to higher demand from Asian countries and a fall in US gas exports. In the near term, we expect LNG prices to trend downwards due to forecast of a milder winter in Europe and its high gas inventories. This would reduce Nigeria's export earnings as well as its fiscal revenue.

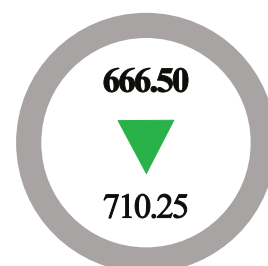
## Corn(\$/bushel)



### Outlook and Implications

We expect corn prices to fall further in the short term as Ukraine and Russia increase supply. Lower corn prices would reduce the risk of imported inflation and support the Naira at the parallel market.

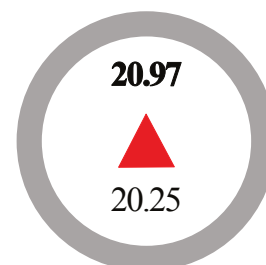
## Wheat(\$/bushel)



### Outlook and Implications

Wheat prices will maintain a bearish trend in the coming weeks as expectations of an increase in Black Sea exports as well as record high yields in Australia keep a lid on prices. This will reduce Nigeria's import costs and cause the cost of wheat-related commodities to fall.

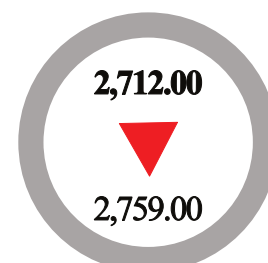
## Sugar(\$/pound)



### Outlook and Implications

Tight supply from India will continue to keep sugar prices elevated in the near term. This will negatively affect Nigeria's trade balance and worsen the cost of production for confectioners.

## Cocoa(\$/mt)



### Outlook and Implications

Cocoa supply in the global commodities market has been limited greatly due to lower crop yields in top producer, Ivory Coast. However, the increased rainfalls in Nigeria could help ease the growing supply concerns and taper cocoa prices in the near term.



# Social Story

## *International Women's Day (IWD) 2023*

- Marked annually on March 8, the International Women's Day celebration is done to celebrate the achievement of women and to raise awareness on the challenges faced by women.
- The celebration this year explored the theme "DigitALL: Innovation and technology for gender equality."
- The IWD has a long history, dating as far back as 1911, when it was first celebrated in Austria, Denmark, Switzerland, and Germany.
- This year, various activities were made to promote women's empowerment and support equity among all genders.
- In Spain, for example, the government released a bill to increase the representation of women in business and politics. It suggested a mandate that women hold at least 40% of the seats on the boards of directors of large companies.
- Also, in honor of International Women's Day, Dr Maggie Aderin-Pocock, a British scientist, was rewarded with a unique Barbie doll made in her likeness.
- The doll was created by the toy company Mattel with a starry dress and a telescope accessory to match.
- Just like the previous years, many women sent in images to show their support and solidarity for the International Women's Day #EmbraceEquity campaign theme.



# Lifestyle

## 8 Great Work Habits That Can Help You Stand Out to Management

*Culled from Walden University*

Whether you're working at a large international corporation, an emerging startup, or a small business, exhibiting great work habits is key to impressing your business manager and boosting your career. Regardless of how long you have been in your field, the overarching principles are the same: Act professionally, show interest, and work hard.

Here are eight work habits that can help you gain the attention and appreciation of business management at your organization:

### 1. Be punctual and professional.

Few things frustrate a boss more than chronically late employees. Come to work dressed professionally and on time (10 minutes early is even better!). Don't watch the clock. Stay late when projects or assignments call for it.<sup>1,2</sup>

Research shows that business managers view employees that arrive early to work as more conscientious and give them better scores on performance reviews. Meanwhile, arriving later and staying later doesn't make the same impression.<sup>3</sup>

### 2. Respect and achieve deadlines.

Adhering to deadlines might be the most critical habit you can cultivate in your career. It shows professionalism and a mastery of your work, as well as respect for your organization, leadership, and

teammates. When managers can trust you to complete your work well and within deadlines, you boost their reputations.<sup>4</sup> When you fail to meet expectations and deadlines, you embarrass leadership, making business managers look ineffective and you a target for dismissal.<sup>2</sup>

### 3. Proactively learn skills.

One of the most effective ways to impress your boss is to proactively seek out and gain new skills and professional certifications. While keeping abreast of trends in your field is useful for maintaining the job you have, if you want to move ahead in your career, you should attain the skills you'll need for your next position. Pay attention to the skills your talented colleagues have and, perhaps more importantly, those you see in the personnel in the managerial positions to which you aspire. You might also consider studying subjects that are knowledge gaps within your



<sup>1</sup>Source: [www.linkedin.com/pulse/10-easy-ways-impress-your-new-boss-lucy-walker/](http://www.linkedin.com/pulse/10-easy-ways-impress-your-new-boss-lucy-walker/)

<sup>2</sup>Source: [www.yahoo.com/lifestyle/work-habits-bosses-love-070007982.html](http://www.yahoo.com/lifestyle/work-habits-bosses-love-070007982.html)

<sup>3</sup>Source: [www.businessinsider.com/how-to-make-your-boss-like-you-2017-11](http://www.businessinsider.com/how-to-make-your-boss-like-you-2017-11)

department and ones your manager praises and admires on a regular basis.<sup>5</sup>

#### 4. Anticipate needs.

If you foresee imminent issues or needs for your department or team, speak up and share them with your manager. You'll not only demonstrate your valuable insight, but also showcase your understanding of "big picture" business strategy, both of which are key managerial traits. Sharing this information also helps cement your reputation as a team player.<sup>6</sup>

#### 5. Take initiative on projects.

After a need has been identified, you can strengthen your manager's impression of you by taking initiative on related assignments and projects. This may include volunteering for assignments during less busy periods, or starting work on upcoming tasks that may eventually be allocated to you anyway. Other times, it might mean pitching a project of personal interest that will allow you to gain new skills or subject matter expertise. Regardless, your enthusiasm to create work for yourself will go above and beyond your job description and command your boss's attention.<sup>4,6</sup>

#### 6. Ask smart questions.

Asking intelligent questions is another great way to demonstrate your worth at work. When you ask questions, you not only learn more about your company, field, and industry, but you show that you're learning and interested in your work.

Try to avoid asking too many questions, however. Bosses tire of answering the same questions repeatedly, so it is helpful to note the answers you receive so you can refer back to them later. Asking too many questions also gives the appearance of lacking confidence in your work or, even worse, ineptitude. Also, be cognizant of your manager's time. An effective way to handle questions is to ask urgent ones when they arise and keep others batched on a notepad or in a document to refer to when there's time to ask them.<sup>1</sup>

#### 7. Admit mistakes.

One of the strongest ways an employee can show his or her worth is by owning up to mistakes. Everyone makes them, but the difference is how you deal with them moving forward. Let your boss know when you've made a mistake, and devise a plan to handle it and avoid a similar situation in the future. And don't forget to apologize, but only once—there's no reason to dwell on the error.<sup>4,7</sup>

#### 8. Communicate effectively.

Managers appreciate employees with excellent communication skills. Whether it's by engaging at appropriate times in meetings, regularly reporting progress on assignments, or reading social cues to choose an ideal time to talk, you will likely catch the eye of managers with these valuable soft skills.<sup>6</sup> Your ability to communicate with many types of audiences, especially executives, is particularly respected.<sup>4</sup>

**“Professionalism, a strong work ethic, enthusiasm, and a team-first attitude are among the most desirable employee traits.”**

<sup>4</sup>Source: [www.themuse.com/advice/47-habits-of-highly-successful-employees](http://www.themuse.com/advice/47-habits-of-highly-successful-employees)

<sup>5</sup>Source: [www.themuse.com/advice/boost-your-resume-the-right-way-how-to-become-strategically-wellrounded](http://www.themuse.com/advice/boost-your-resume-the-right-way-how-to-become-strategically-wellrounded)

<sup>6</sup>Source: [www.monster.com/career-advice/article/10-habits-that-bosses-love-hot-jobs](http://www.monster.com/career-advice/article/10-habits-that-bosses-love-hot-jobs)

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