

# Unity Bank Digest

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Finance

Economic News

Lifestyle

Naira appreciates to N860/\$ at the parallel market

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# The Macro



## 1 Cooking gas price spikes 25% further straining consumers

After a 30% drop in May, the domestic price of cooking gas rebounded with a 25% surge, now standing at ₦750/kg, up from ₦600/kg. The recent spike in the price of cooking gas was mainly driven by high vessel prices, elevated global LNG prices, forex scarcity, naira devaluation, and the colossal taxes paid by its marketers.

Higher cooking gas prices, at a time when households' income levels remain stagnant, will only worsen the cost burden and heighten the cost of living crisis. Already, the inflation rate has climbed to an 18-year high of 24.08% in July and is likely to stay elevated in the near term as food and energy prices stay elevated.

However, a glimmer of hope peaks through for the overburdened consumers and beleaguered businesses as the naira at the parallel has recently shown signs of recovery, appreciating for two consecutive days to ₦860/\$ today from a low of ₦955/\$ in the month. With about 65% of domestic gas coming from imported sources, the sustained appreciation of the naira could moderate the rise in domestic cooking gas prices.

## 2 President Tinubu allocates ₦125bn to aid MSMEs amid economic challenges

President Tinubu announced the disbursement of the ₦500 billion (bn) palliative package to mitigate the impact of recent economic policies on people and businesses. Of the ₦500bn relief fund: ₦75bn for boosting manufacturing, ₦125bn for financing micro, small, and medium-sized enterprises (MSMEs), ₦100bn for compressed natural gas buses, and ₦200bn for agricultural intervention. From the ₦125bn allocated for financial MSMEs, the new administration will spend ₦50bn on conditional grants to 1 million nano businesses between now and March 2024 and fund 100,000 MSMEs and start-ups with ₦75bn.

The government's deliberate move to increase support for businesses, particularly small and medium-sized firms (SMEs), which contribute 48% of the GDP and over 50% to the country's labour force, is expected to have a substantial effect on employment and economic growth. Also, providing support for farmers would bolster the food supply and, in turn, reduce prices. However, these agricultural interventions may not have an immediate impact due to factors like crop growth cycles, technology adoption, and learning curves. It is also important to note that the total palliative package constitutes only 0.25% of the GDP, which means more needs to be done to ease the burden on households and businesses (a material palliative should be worth at least ₦10trn (5% of GDP)).

## 3 CBN excludes mortgage and micro-finance banks from cash withdrawal limits

On July 31, the CBN, in its circular, announced the exclusion of mortgage and microfinance banks from its cash withdrawal limit implemented last year. The aim is to ease cost pressures on low-income households, as these are the main customers of these financial institutions. The circular exempts these financial institutions from processing fees for withdrawals above the cash withdrawal limit. This supports their role in providing specialized banking services to the economy.

In December, the CBN imposed withdrawal limits as a move to encourage its cashless policy initiative through the use of alternative transaction channels such as eNaira, mobile banking apps, USSD, internet banking, and cards/POS. The maximum weekly withdrawal limits for individuals and corporate organizations were set at ₦500,000.00 and ₦5,000,000, respectively, with processing fees of 3%-5% charged for individual and corporate organizations respectively, for transactions above the limits.

However, the recent development by the CBN will boost payment transactions and overall banking through microfinance and mortgage banks. It also has the ability to improve financial inclusion as more of Nigeria's unbanked are incentivised to take advantage of the no-processing fees



## 4 Lagos slashes bus fares by 50% and offers food packs to poor families

The Lagos state government has slashed bus fares on government buses (Bus Rapid Transit) by 50% and promised to distribute food packs to poor people in the community. Additionally, the state governor has made arrangements with transport unions to reduce their fares by 25%. This move is to reduce the heightened cost pressures faced by households (particularly the low-income and poor).

Since the implementation of the subsidy removal policy in

June, fuel prices and transportation costs have more than doubled. For instance, a bus from Oworo to VI has risen by 150% to ₦500 from ₦200 before the subsidy removal. The combined effect of higher transport costs and food prices has fuelled inflationary pressures. In June, headline inflation rose by 0.38% to 22.79% and is expected to rise further in July to 23.35%, according to FDC.

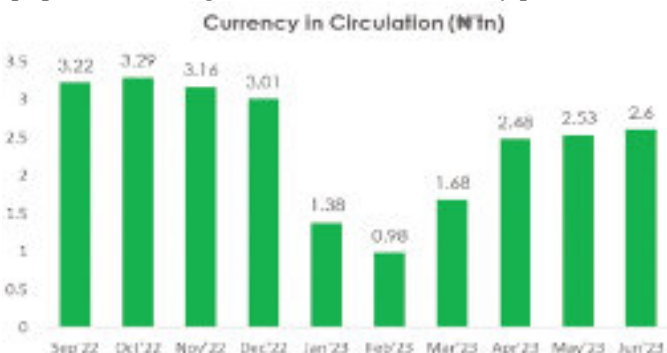
The reduction in transport costs is welcomed news, particularly at a time when prices are rising. Lower transport expenses will make commuting more affordable for households, easing the strain on their budgets and putting less pressure on their disposable income.



### Currency in circulation hits ₦2.60trn in June

Nigeria's currency in circulation rose 4% in June to ₦2.6trn from ₦2.5trn in May. This is the fourth consecutive increase since the low of ₦982bn in February 2023 due to the cash crunch. The rise in currency in circulation follows the sustained coexistence of both the old and new naira notes. Since March 2023, the old notes have been reinjected into the economy after the reversal of the naira redesign policy. Currency in circulation rose to ₦1.68trn, ₦2.48trn and ₦2.53trn in March, April and May respectively.<sup>1</sup>

Noteworthy is that the current amount of currency in circulation remains below the amount of ₦3.30trn pre-naira redesign policy (October 2022). However, the sustained rise in currency in circulation will inadvertently stoke demand-pull inflation. Already inflation is at an 18-year high of 22.79%. A further rise in inflation will worsen the cost-of-living crisis in the country amid stagnant income levels. Consequently, more people will fall below the poverty line. Already, over 60% of the total population in Nigeria is multidimensionally poor.



<sup>1</sup> CBN. 2023. Circular on Exemption of MFBs and PMBs from Cash Withdrawal Limits. <https://www.cbn.gov.ng/Out/2023/CCD/Circular%20on%20Exemption%20of%20MFBs%20and%20PMBs%20from%20Cash%20Withdrawal%20Limits.pdf>

2. India's ban on rice exports-potential threats to global supply, prices and food supply. 2023. The International Journal for Rural Development. <https://www.rural21.com/english/news/detail/article/indias-new-ban-on-rice-exports-potential-threats-to-global-supply-prices-and-food-security.html#:~:text=The%20ban%20would%20halt%20overseas,cent%20of%20Indian%20rice%20exports.>

### Global food price soars as shortage persists

In July, the global food index rose by 1.3% to 123.9 points supported by the spike in commodities like vegetable oil and rice prices. This follows Russia's withdrawal from the Black Sea grain deal and India's restrictions on some rice exports due to unfavorable weather conditions. Prices of commodities like rice and vegetable oil are already hovering at decade-highs, while wheat prices rose for the first time in nine months. The surge in global food prices is raising concerns about food security, especially in import-dependent nations like Nigeria.

Nigeria relies heavily on imported food items like rice and wheat to meet its domestic consumption needs. For instance, Nigeria spent ₦249.22bn on wheat imports in Q1'23, accounting for 4.48% of the country's import bill. Therefore, the sustained rise in global food prices will increase import costs, pushing up the domestic prices of the commodities. On the bright side, the naira at the parallel market has appreciated for two straight days due to the government's effort to stabilize the currency through improved supply. This could provide some respite for businesses and consumers as import costs shrink and domestic prices follow suit.

### External reserves fall by \$274m as the naira depreciates

Nigeria's external reserves lost a whopping \$274 million in two months owing to higher initial-year payments for external debt, increased demands from oil marketers, a backlog of investor requests, payments for school fees abroad, and a surge in summer travel demands. All these factors have collectively intensified pressure on the limited dollar supply. Compounding this situation, the Central Bank of Nigeria (CBN) has been consistently intervening in the foreign exchange market to prop up the naira's stability.

On the flip side, the CBN's intervention efforts have managed to maintain the official exchange rate within the range of ₦799.5/\$ to ₦799.9/\$, while the parallel market rate improved to its present level of ₦860/\$, a shift from a low of ₦955/\$. This improvement is further supported by the securing of a \$3 billion loan by the NNPC for a crude agreement, aimed at bolstering naira stability.

Nevertheless, the continual decline in external reserves could potentially constrain the CBN's ability to uphold the naira's value, potentially leading to its depreciation. In response, the Central Bank of Nigeria (CBN) has unveiled its intentions to acquire additional foreign financing, either through bilateral or multilateral channels. The goal is to enhance liquidity and stabilize the naira's volatility.

# BANK BETTER



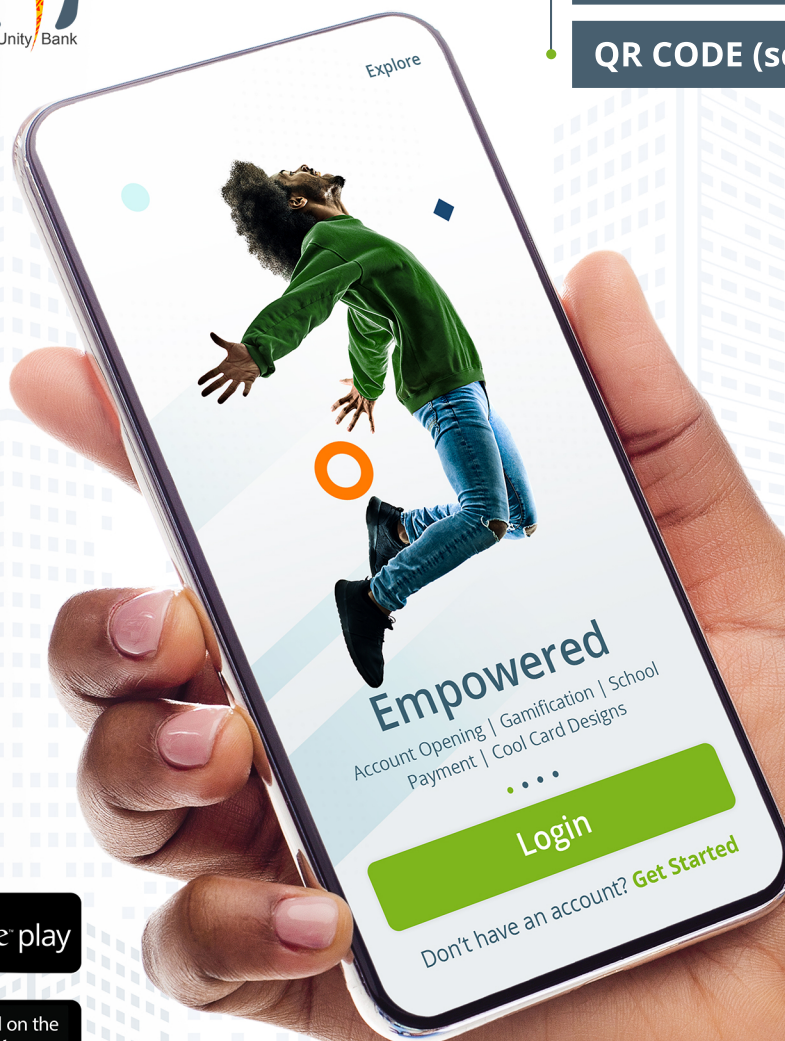
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# Social Story

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## **BRIT Billion Awards: Wizkid becomes the first African winner**



- Wizkid, the Grammy award-winning artist, makes history by becoming the first African to achieve over one billion streams in the UK.
- This earned the global star the revered BRIT Billion award and solidified his global music legend status.
- The prestigious award was presented to him after his London concert at Tottenham Hotspur Stadium on July 29, 2023.
- Wizkid's UK success includes platinum and gold-certified hits and collaborations like Drake's (gold) 'One Dance' and Beyonce's (gold) 'Brown Skin Girl', among others.
- Additionally, his latest album 'Made in Lagos' received a platinum certification.
- In 2016, he became the first Nigerian artist to reach the top of the Billboard Hot 100 through 'one dance' his mega collaboration with Drake.
- Wizkid's BRIT Billion award is a testament to his lasting commercial success in the United Kingdom and his significant influence on the Afro-Beat scene.

Culled from Forbes<sup>1</sup>

Do you identify as shy, meek, or timid in the workplace? Have you struggled to find your voice and use it, when appropriate? Do you allow others to walk all over you? These are questions many professionals answer with a “yes”, particularly women. It can be daunting to find your feet as a professional in the administrative industry. We often work with big, dominating personalities and that can serve to make us feel smaller or like it’s safer to shrink down rather than extend ourselves. For a long time, I have advocated for our industry to embrace a more assertive presence, feeling confident and empowered enough to speak up and stand up.

First, let’s address some misconceptions about assertive behaviour. Often, we may associate assertive behaviour in the workplace as a negative trait and interpret it as aggressive or offensive. Let me be clear: Being a bully or running over other people just

because you can isn’t assertive behaviour. I think someone who is assertive is able to confidently express what they think, feel, and believe. They take initiative in the workplace to help resolve conflicts, solve problems, and present their thoughts and ideas in impactful and meaningful ways. Being assertive is a balance between strength and wisdom. Assertive professionals stand up for their rights and also respect others’ rights. They advocate for themselves. In this week’s blog, we’ll explore the attributes of being more assertive in the workplace.

## **The benefits of being assertive**

When a professional employs more assertive behaviour, they will begin to recognize many ancillary benefits that will serve to make their working lives more balanced and empowering. These benefits can help to change how you view your career and daily working life. I’ve seen many assistants who have embraced a more assertive presence realize in time that they are happier and enjoying their careers more than ever before. I call that a positive shift through a behaviour change! The benefits of being more assertive can include:

- Reduced levels of stress and anxiety

<sup>3</sup><https://officedynamics.com/be-your-own-advocate-mastering-the-art-of-assertive-professionalism/>

**Be Your Own Advocate**  
*Mastering the Art Of Assertive Professionalism*

- A feeling of empowerment and control
- Increased self-esteem
- More confidence
- More pride in your work
- More inner peace
- Higher levels of productivity
- Accelerated career trajectory
- The ability to cultivate more work allies
- The ability to reach resolutions in difficult situations
- Less time wasted worrying
- The ability to choose what situations you want to address

### Tuning the dial

Mastering meaningful assertive skills will mean that you learn when and where to be assertive and how assertive you need to be in particular situations. As is the case with most things, you don't always need to be at a 10! You can increase the odds of having your needs met through assertive actions more so than by being passive or flat-out aggressive. There are three distinct levels of assertive behaviour:

**Low:** Assertion through empathy. When you utilize a low level of assertiveness, you may use traits like empathy to express to someone else that you recognize their viewpoint and feelings. Don't underestimate the power of this level. This level offers an ability to connect with other people in powerful ways. When your colleagues see how in tune you are and how you are able to articulate what you see in them, you will gain more trust and respect. You will become someone others seek out.

**Medium:** Assertion through language. A medium level of assertion usually looks like a professional using specific language when they speak. Rather than only using "you" language, an assistant who uses a medium level of assertion utilizes much more "I" language. This offers the opportunity for them to both stand up for themselves when they need to while still often retaining the goodwill of the person they are standing up to. Words matter! Be thoughtful and observant about the

kind of language you use when you interact professionally.

**High:** Assertion through strength. There are some situations in the workplace that simply call for a high level of assertion. This can be the most uncomfortable level for many professionals to reach. However, you will most certainly encounter instances where you need to employ a high level of firmness. These instances typically arise when a co-worker or leader continues to be rude to you, violate your rights, ignores your requests, or is otherwise disrespectful to you. This level represents the highest level of assertiveness you will ever need to "turn the dial" to.

Choosing when to assert yourself and picking what situations require more assertive behaviour is critical. My best advice is to take a step back before you react. Stop and take time to weigh the pros and cons of a situation before you react to it. Think of what your expected outcome is. Always start with the end in mind. What do you want to see happen? What is a positive resolution? Work backwards from there. Next, evaluate how assertive communication would/could create positive results. Use this formula to help you decide when and where to be assertive. If you decide assertive behaviour is necessary, be sure to clearly communicate your needs or desires. Use direct, tactful language. If you use this approach, you'll start to realize the results you expect happen more often than not.



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