



Unity Bank Digest

December 20th, 2023

Finance

Economic News

Lifestyle

FAAC allocation to climb by 110% in 2024

Unity Bank Towers

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Victoria Island, Lagos, Nigeria

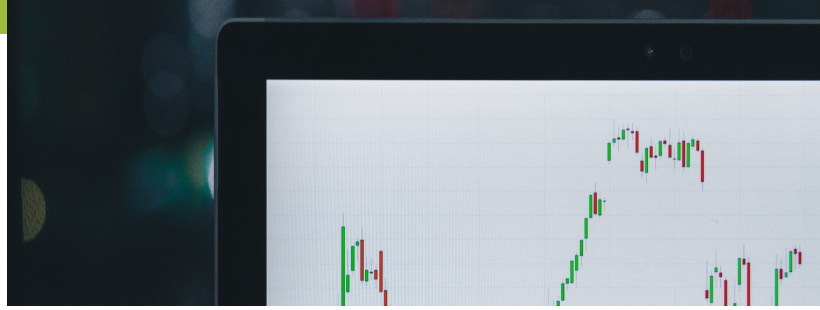
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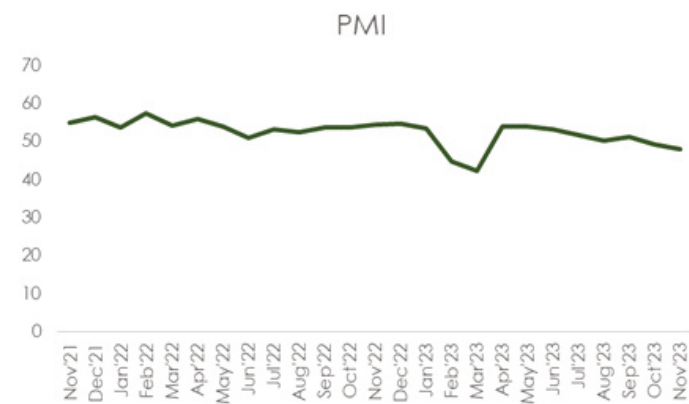


The Macro



Business activities hit an eight-month low in Nigeria

In November, the Purchasing Managers' Index (PMI) dropped to 48 points from 49.1 in October—the lowest level in eight months. Heightened inflationary pressures amid weak consumer demand contributed to the steep decline in output levels. During the review period, input costs climbed, with the rate of increase between October and November being the fastest in two years. This was partially due to the weaker exchange rate, elevated fuel cost and higher input prices. Consequently, new orders and output in November declined.



The contractionary PMI is a signal of reduced manufacturing activities in the economy, particularly in the country's private sector. As a result, output from the manufacturing sector is expected to drop, reducing employment opportunities for consumers and weakening their purchasing power. Businesses, on the other hand, will experience a drop in profit levels owing to reduced demand for goods and lower production levels. With the country's headline inflation expected to climb to 27.5% (FDC's prediction), its PMI could decline further in the near term, worsening its negative consequences.

Nigeria's trade surplus hits ₦1.89 trillion in Q3'23

In Q3'23, Nigeria recorded a notable trade surplus of ₦1.89 trillion (trn), surpassing the ₦708.88 billion (bn) recorded in the preceding quarter (Q2'23). Total trade in goods for Q3'23 amounted to ₦18.8trn, reflecting a 47.57% increase from ₦12.74trn in the second quarter of 2023. The devaluation of the naira, stable crude oil prices, and a gradual recovery in oil production have played crucial roles in the rise in Nigeria's trade surplus.

During the review period, total exports in the country rose to ₦10.35trn, marking a remarkable increase of 60.78% compared to Q2'23 (₦6.44trn) and 74.36% (₦6.34trn) compared to the Q3'22.

Similarly, total imports in the country rose to ₦8.46trn, indicating a 47.7% (₦5.73 trn) increase from Q2'23 and a 33.33% (₦6.34 trillion) rise from Q3'22. Spain emerged as Nigeria's top export trading partner for Q3'23, surpassing the Netherlands, which held the top position in the previous quarter. Interestingly, the top five trading partners collectively accounted for 45.98% of the country's total export value. Meanwhile, China retained its position as Nigeria's top import trading partner, with imports valued at ₦1.97trn, constituting approximately 23.33% of the country's total imports.

Top traded products			
Imported products	% share of imported products	Exported products	% share of exported products
Petroleum oil	82.50	Motor spirit ordinary	22.71
Natural gas	9.82	Gas oil	8.71
Urea	1.06	Durum wheat (not in seeds)	3.92
Other petrol gases	0.90	Cane sugar	1.86
Superior quality cocoa beans	0.41	Used vehicles	1.64

The most exported product from Nigeria in Q3'23 remained petroleum oils, and oils obtained from bituminous minerals, crude, representing a substantial 82.5% of the total export at ₦8.54trn. Liquefied natural gas constituted 9.82% of total exports, and urea, whether or not in aqueous solution, constituted 1.06%. On the other hand, the leading imported commodities were motor spirit ordinary valued at ₦1.92trn (22.71% of total imports), gas oil at ₦736.7bn (8.71% of total imports), and durum wheat (not in seeds) totalling ₦331.8bn

Top traded partners			
Country of origin	% share of imported products	Country of destination	% share of exported products
Petroleum oil	23.33	Motor spirit ordinary	12.31
Natural gas	11.78	Gas oil	9.81
Urea	9.48	Durum wheat (not in seeds)	9.56
Other petrol gases	6.64	Cane sugar	7.33
Superior quality cocoa beans	5.95	Used vehicles	6.96

(3.92% of total exports of total imports).

The consistent trade surplus in Nigeria, where exports surpass imports, holds promising implications for both consumers and businesses as it means a narrowed current account deficit, and reduced external pressures. Nigeria has achieved a positive trade balance for four consecutive quarters, marking a substantial 166.2% increase from the previous quarter. This positive momentum signifies a notable turnaround from the trade deficit of ₦409.4bn recorded in Q3'22 to ₦1.89trn in Q3'23. For consumers, this trend can contribute to increased economic stability, while businesses may benefit from a more favorable trade environment and potential growth opportunities.

Nigeria incurs \$9 billion in damages due to 2022 flooding

In 2022, Nigeria experienced the most severe flood in over a decade, with economic damages between \$3.79bn and \$9.12bn. According to the NBS, the floods extensively impacted 33 out of 36 states, affecting approximately 64% of Nigerian households causing unparalleled disruption and destruction of homes, properties and farmlands.

The impact of the floods was more pronounced in rural areas (74%) compared to urban areas (40%), widening the rural-urban disparity. With 99% of its households impacted, Bayelsa was the most affected by the floods, followed by Jigawa (94%), Nasarawa (70%), Kogi (70%), Delta (57%), and Anambra (23%).

Over the years, climate change has severely affected the Nigerian economy, causing erosion and floods. This results in increased costs for construction and furniture materials and lower income for farmers whose farms are destroyed. However the issue of climate change is not restricted to Nigeria alone. In West Africa, climate change has intensified flooding issues, with severe seasonal rains 80 times more likely and 20% more intense than pre-industrialization levels.¹ This alarming environmental context invokes the urgent need for strategic measures to fortify Nigeria's resilience against catastrophic events like floods. Such measures include establishing early warning systems, implementing flood risk financing and insurance mechanisms, and a dedicated emphasis on post-disaster recovery efforts.

This proactive stance aligns with the UAE government's substantial investment of \$30bn in climate crisis mitigation for developing nations, creating a collaborative initiative to diminish the probability of future floods and mitigate the



adverse economic impact. The increased effort seeks to shield both people and businesses by reinforcing resilience to climate-related challenges and establishing sustainable measures for food security.

Food importation into Nigeria rises by 80% in four years – Federal Government

Food imports in Nigeria increased by 80% between 2019 and 2023, the highest in almost five years. The rise in the level of importation in the country could be attributed to declining food production spurred by unfavourable weather conditions and rising input costs. Resultantly, the drop in domestic food production has left a significant portion of the population—88.5 million Nigerians—grabbed with insufficient food consumption. The looming food insecurity also poses a significant threat to approximately 25 million Nigerians in 2023.

Growing reliance on external food sources exposes the fragility of the domestic agricultural sector and brings about complex economic implications such as lower employment opportunities (35% in 2021 from 36% in 2020), less raw materials for the manufacturing sector, and an increased risk of poverty among farmers. In Q2'23, the agricultural sector slowed to 1.30% from 1.50% in the preceding quarter. Also, its contribution to GDP has steadily declined in the past five years, from 26.15% in Q4'18 to 29.31% in Q3'23. Over the years, the government and the World Bank have introduced various programs and projects, such as the International Fund for Agricultural Development (IFAD)-financed programs, including the Value Chain Development Program and the Livelihood Improvement and Family Enterprises Project for the Niger Delta program, to curb the high level of food insecurity in the country. As of 2022, Nigeria had an overall GFSI (Global Food Security Index) score of 42 points, ranking 107th out of 113 countries in the index. Among the food insecurity sub-indices, Nigeria struggles with affordability as changes in food costs and a lack of food safety net programmes cause food prices to soar.

Furthermore, increasing reliance on imported food worsens the risk of a growing trade deficit, which could affect foreign



World Weather Attribution. 2022. Climate change exacerbated heavy rainfall leading to large scale flooding in highly vulnerable communities in West Africa. <https://www.worldweatherattribution.org/climate-change-exacerbated-heavy-rainfall-leading-to-large-scale-flooding-in-highly-vulnerable-communities-in-west-africa/>

exchange reserves and exchange rate stability. This, in turn, may create challenges for local businesses in the food production sector, which is battling reduced agricultural output. On the other hand, consumers may face higher food prices as the risk of imported inflation grows. Higher food prices will also shrink consumers' purchasing power, impacting the overall living standards of a significant part of the population.

FAAC allocation is expected to climb by 109.74% to ₦14.04tn in 2024

In a significant development for Nigeria's fiscal landscape, the federal government's Revised 2024 – 2026 Medium-Term Fiscal Framework projects a 109.74% increase in the federal allocation to states and local government areas to ₦14.04tn in 2024 from ₦6.69tn in 2023. The government's revenue is also estimated to rise by 124.43% to ₦26.61tn in 2024, with factors such as exchange rate effects, increased oil production, and the removal of subsidies driving the projection. Between January and September 2023, the Federation Account has received ₦7.48tn in revenue, with states and local governments receiving ₦2tn and ₦1.54tn, respectively.

The rise in the Federal Account Allocation Committee's (FAAC) allocation could bolster the federal government's spending on infrastructure, social services, and development projects. This increased government spending will boost economic activities in the region, providing businesses with more profit-taking opportunities. This will also provide higher tax revenues for state governments, thereby reducing their reliance on FAAC funds. This could also translate to improved public services, upgraded infrastructure, and a business-friendly consumer environment. However, the success of these changes hinges on the prudent management of the increased funds to ensure sustained and equitable economic growth, i.e.,

prioritizing spending on long-term investments like infrastructure (capital expenditure) rather than day-to-day expenses (recurrent expenditure), as the former is more beneficial for overall economic growth.

The threat of Naira cash scarcity returns to Nigeria

Nigerian banks are grappling with the challenge of meeting customer withdrawal demands, leading to a cash shortage in some parts of the country. This is coming after the CBN assured customers of an adequate cash supply and attributed the current cash shortage to the surge in panic cash withdrawals across the country. As a result, point-of-sale operators have resorted to purchasing cash from traders and petrol station attendants, doubling their charges this month to ₦200 from ₦100 for a N5,000 withdrawal.

The current cash shortage is likely to result in similar outcomes as seen in the first quarter of the year. This includes an uptick in the adoption of digital payment channels, increased cash hoarding, heightened withdrawal costs, and a potential upswing in the prices of goods and services within the informal economy. Moreover, the cash scarcity is expected to further diminish consumers' confidence in banking, contributing to a surge in currency circulation outside banking institutions. In March 2023, currency in circulation outside banks surged by 71.4%, reaching N1.45 trillion and stoking inflationary pressures in the country (up 0.13% to 22.04%). The country's GDP also slowed to 3.52% in Q1'23 from 3.98% in Q1'22, while PMI fell to its lowest level this year, both indicating reduced economic activities.

In the near term, the unexpected cash shortage (given the CBN's directive to accept all denominations, including old notes), will worsen panic bank withdrawals as individuals fear insufficient cash for the festive season. This, in turn, will lead to a mild economic contraction attributed to constrained economic activities.



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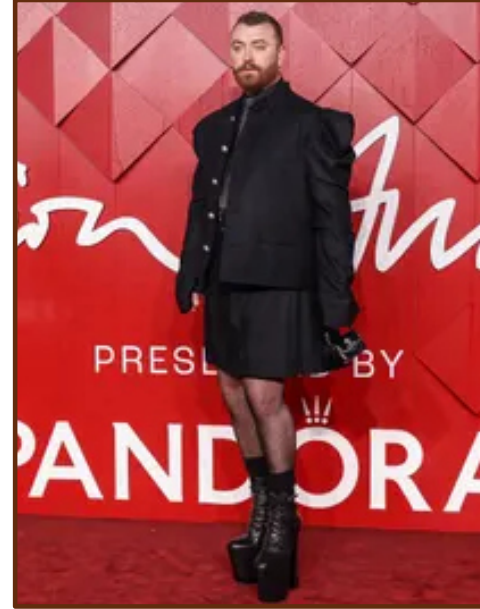
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Social story

BRITAIN FASHION AWARDS 2023



- London's Royal Albert Hall lit up with star-studded glamour for the Pandora-presented British Fashion Awards 2023 on December 4.
- Hosting duties were expertly handled by British TV presenter Maya Jama and musician Kojey Radical, adding their unique flair to the prestigious event.
- The spotlight rightfully shone on the deserving winners of the Britain Fashion Awards, with designers Sarah Burton and Jonathan Anderson, alongside model Paloma Elsesser, being honoured for their outstanding contributions.
- Additionally, the legendary Italian fashion maestro Valentino Garavani, widely known as Valentino, was bestowed with the prestigious Outstanding Achievement Award, a fitting recognition of his enduring impact on the industry.
- The red carpet welcomed prominent Hollywood stars like Pamela Anderson, Anne Hathaway, Gwyneth Paltrow, and famous artists like Stormzy.
- Notably, the red carpet also saw the presence of Nigerian sensation Tiwa Savage, whose impeccable style stole the spotlight.
- As London's Royal Albert Hall sparkled with glamour and talent, the 2023 Fashion Awards proved once again to be a captivating spectacle, highlighting the dynamic and ever-evolving nature of the fashion industry on a global scale.



Lifestyle



Top Tips: How To Professionally Dress For Confidence

Culled from [fashion capital](https://www.fashioncapital.co.uk/insights/top-tips-how-to-professionally-dress-for-confidence/)²

Many of us will, at some point, struggle with confidence in the world of work. In fact, in one recent survey of UK workers, nearly 60% of respondents said they had experienced feelings of imposter syndrome. These feelings of self-doubt and unworthiness are incredibly common, and nearly twice as many women experience this compared to men.

But what does this have to do with how you dress? The way you dress can have a huge impact on how you feel on the inside, whether that's in your day-to-day life or in the workplace. One of the main benefits of having a personal style and fashion is that it gives you the freedom to express your personality and creativity in a way that makes you feel confident in yourself. On top of this, what you're wearing is usually the first impression you make on other people.

Smart suits and dresses may come to mind when you think of dressing

professionally. You might also recall the huge shoulder pads associated with power dressing, a style which rose to prominence in the late 70s and 80s. These days, there tends to be more room to play around and be bold with your style. Power dressing is no longer a set style as much as it is about dressing in a way that makes you feel powerful. So, with that being said, let's take a look at how you can dress for confidence at work or a job interview...

Wear confident colours

There's not necessarily a single colour that signifies confidence. Black and white are the colours typically associated with workwear, giving your look a professional, authoritative edge.

Meanwhile, yellow is positivity, energy, and optimism. Wearing yellow at work can boost your self-esteem and convey feelings of cheerfulness and enthusiasm. If the thought of wearing a bright solid block of attention-grabbing yellow is unappealing, try toning it down by choosing a stripy pattern or layering it with grey pieces. You can also wear different shades depending on the season, like warm mustard for winter and sunshine yellow for spring.

Want to go even bolder? Try reds and bright pinks. These are the colours that symbolise strength and passion. Wear red to feel in charge and totally on top of your day. On the other hand, blue is one of the most calming colours. Choosing to wear a shade of blue may not be as bright and bold as other colours, but it can project serene and quiet confidence.

All colours can carry different meanings that can affect you and those around you, so you should choose what to wear depending on the occasion.

Patterns and shapes

2. <https://www.fashioncapital.co.uk/insights/top-tips-how-to-professionally-dress-for-confidence/>

Although the idea behind power dressing has changed a lot over time, some of the shapes and cuts are still a great way to feel confident in what you're wearing. Fitted and/or tailored cuts are a good example of this, whether through a sharp, wide-shouldered jacket, a sleek pencil skirt, or tailored trousers.

Try brighter or bolder geometric shapes with sharp, clean lines when it comes to patterns. Stripes are probably the easiest pattern to wear and are simple, chic, and flattering – plus, they never go out of style. Tops and shirts are the simplest way to introduce stripes to your outfit, but if you want to switch things up, try bold, thick stripes. Or choose different striped garments such as dresses, skirts, and trousers.

Top it off with a blazer

Blazers are a staple of smart-casual, and are incredibly versatile pieces to keep in your wardrobe. They're casual enough to work over most outfits, including skirts, dresses, and t-shirts and jeans. But they're also formal enough to add a smart, professional finish to almost anything.

They come in various colours, patterns, and styles, whether a softer feminine style or a sharp boxy cut. Black is a great place to begin, but don't feel restricted to sticking to the safe option – going with a bright shade is sure to add a pop of colour to your outfit.

Accessories

When accessorising professional attire, the main thing to remember is to keep your outfit balanced. You can choose one bold piece, like a statement necklace or earrings, that creates an eye-catching look. Or if you've chosen to wear bright, powerful colours, a carefully chosen watch or simple, elegant jewellery, such as classic

styles from Abellini, may be all you need.

Heels are seen as a go-to for dressing professionally and confidently, but they're not always the most comfortable, especially if you don't usually wear them. In that case, chunky heels, Blundstone ankle boots, or loafers are good options to try instead.

Practical accessories are no exception either. A chic, designer umbrella will create a cohesive look when you're rushing to and from the office when the rain falls – and you won't need to worry about showing up to work windswept and wet.

Remember to dress for you

These are all practical tips for the types of clothes that can help you feel and project confidence in the workplace. However, dressing confidently shouldn't mean dressing in a way that makes you uncomfortable.

Expanding your boundaries and experimenting with new looks and styles is good. However, if you look in the mirror and don't see yourself staring back, that's not always positive.

It's a similar principle to dopamine dressing, in which the only real rule is to wear clothes that have significant value to you or make you feel happy. While professional attire can still be more restrictive than wearing whatever you want, it will be harder to feel confident if you don't feel comfortable in your outfit.

So, next time you're out shopping, trying on outfits, or deciding what to wear for work, always remember to take a moment to consider how you feel wearing it. Because when you feel confident in yourself and how you look, others will see it too.



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