

Unity Bank Digest

December 21st, 2017



THE HIGHLIGHTS

Inflation rate eases again

Nigeria's headline inflation rate in the month of November eases to 15.90% from 15.91% in October, the 10th consecutive decline in 2017. This decline was primarily driven by the bountiful harvest as beverages and tobacco recorded price drops. Month-on-month inflation stood at 0.78%, 0.02% higher than the rate of 0.76% recorded in October. The festive period is generally characterized with extensive spending due to Christmas shopping. The rise in consumer demand is expected to push prices up. Furthermore, supply shocks ensuing from the sporadic fuel crisis and increased liquidity in the system are expected to aggravate the inflationary pressure. Therefore, we expect an increase in inflation rate in the month of December.

Nigeria's trade balance spikes by 127%

Nigeria's trade balance reached N1.23 trillion in Q3 2017 from N540bn in Q2. This was driven by a 10.51% decline in imports value to N2.34trn from N2.61trn in Q2 2017. Exports increased by 13.19% to N3.57trn. Earnings from crude oil exports (which made up 83.17% of total exports) jumped 18.40% in Q3 as oil price and domestic production gained. This is the first time since 2014 that the trade balance will exceed N1 trillion. We expect to see another uptick in Q4 trade balance due to the increase in oil price and average domestic production.

US Federal Reserve increases interest rates

The Federal Open Market Committee has raised interest rates by 25 basis points to 1.25-1.5% from 1.00 – 1.25%, as widely expected by the market. This is the third rate hike in 2017. The major considerations behind this decision were the rising growth and unemployment figures and lower-than-expected inflation. The extent to which this hike impacts global markets depends on the rate of increase and expectations. Since the

increase was marginal, and anticipated by the market, the impact will be negligible. Higher US fed rates will increase capital inflow into the US, and a subsequent appreciation of the dollar. A stronger US dollar also means that dollar denominated commodities such as oil, could see an uptick in price.

Federal Government to release N750 billion for capital projects

The Ministry of Finance has ordered the release of N750bn to agencies and ministries involved in previously planned capital projects. This is the second disbursement of funds for capital expenditure (capex), bringing the total sum of capex for 2017 to N1.2trn out of a budgeted N2.2trn. Capex is a major catalyst for economic growth. The development of public infrastructure works will lower operating costs for businesses and improve productivity. Additionally, the injection of these funds into the economy will increase demand for goods and services, thus boosting output.

Oil prices cross \$65 threshold, before retreating

Brent crude oil prices rose to \$65.72 on December 11th (intraday trading). This was the market's reaction to the announcement by Ineos, UK based chemical company, that a crack in the Forties Pipeline System (FPS) had prompted an emergency shutdown. FPS is one of the UK's largest pipelines, supplying over 40% of the country's oil. Although the timeline for the shutdown was not specified, it could range between 2 to 6 weeks. FPS has a capacity of 450,000barrels per day (bps), thus, a shutdown means lower supply in already tight market. Prices have since retreated, and were \$63.30pb as at 15th December (intraday).

Secondary Treasury bills rates decline by 7.71%

Nigeria's Treasury Bills rates fell sharply at the secondary market, following the Debt Management Office's (DMO) disclosure of its intention to refinance N198.03bn worth of treasury bills using Eurobond proceeds. Rather than roll over, the DMO redeemed all bills that matured on December 14th. This led to an average decline in t-bills rates of 7.71% (Nov 30th – Dec 14th) at the secondary market. The CBN has closed the T/bills primary market for the year, and would no longer issue debt securities. The next

auction will be on January 4, 2018. These factors, combined with the OMO and T/Bills repayments led to a boost in market liquidity, driving down interest rates to a 6 month low of 1-1.5% pa.

Ambode proposes N1.046trn for Lagos State 2018 budget

The Governor of Lagos State, Akinwunmi Ambode, has presented a budget of N1.046trn to the State Assembly for approval. According to the Governor, the budget will focus on capital expenditure and capacity building of government workers.

The National Youth Service Corps launches online platform for job-seeking graduates

The National Youth Service Corps (NYSC) has established a web portal for fresh graduates and corpsers to submit their curriculum vitae. The platform connects employers to prospective candidates, and the candidates to white collar job opportunities. This is part of the organization's efforts to ensure a smooth transition from Youth Service to full-time employment. This initiative, which works very much like LinkedIn, will help drive down these numbers. However, as there are likely to be more graduates than jobs on the platform, there will be stiffer competition in the market, reducing the bargaining power of the candidates.

Funds from the Federation Account Allocation Committee dips despite higher oil prices

The Federation Account Allocation Committee (FAAC) shared a total of N532.8bn amongst the three tiers of government. This was shared in November from revenue earned in October. The amount is 4.5% lower than the amount shared in the previous month. The decline was mainly due to discrepancies in NNPC figures. This is the second consecutive decline in FAAC levels. It poses a threat to fiscal plans and the states' ability to pay salaries.

Power output update (Review Period: Dec 1st - 18th)

As at December 19th, power output averaged 4,265.94MWh/h, 10.36% higher than the output of 3,865.5MWh/h recorded on December 1st. The improvement was largely driven by increased gas supply to GenCos. The sector lost N0.85bn, annualized at N401.5bn during the review period. Average power output was 4,068.08Wh/h in the period December 1st – 18th, 4.98% higher than the average of the corresponding period in November.



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Note that all transactions are subject to Central Bank of Nigeria (CBN) guidelines.



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SOCIAL CORNER

Saudi Arabia set to allow the re-opening of cinemas from early 2018

- Saudi Arabia has announced it will lift the ban on commercial cinemas that has been in place for over three decades. The Ministry of Culture and Information will begin issuing licenses immediately with the country's first cinema expected to open in March 2018.
- The conservative Muslim society had cinemas operating until the 1970s. However, clerics persuaded authorities to shut them down as they believed film houses would corrupt the moral of the people.
- The lifting of the ban is in accordance with Crown Prince Mohammed bin Salman's Vision 2030 social and economic reform program. One objective is to increase household spending on cultural and economic activities to 6% from 2.9%. The lift will act as a catalyst for economic growth and diversification through job creation and training opportunities.
- Saudi Arabia began sponsoring concerts this year and hosted US hip hop artist Nelly and Algerian singer Cheb Khaled in Jeddah on December 14. However, the concert was open to men only.
- The Saudi government plans to encourage an open and rich domestic culture to all religions, traditions and people.



World's second tallest building finally opens

- China's tallest skyscraper and the world's second tallest building, the Shanghai Tower, has opened and is quietly filling office space after two years of delay that prevented tenants from moving in.

- The skyscraper was supposed to open in mid 2015. However, there were delays in clearing fire safety regulations due to the size and complexity of the building coupled with the absence of building codes for some of its features.
- The skyscraper is the most expensive building built in China – worth \$2.4 billion. The 632 meter/2,073ft building has 128 floors with a twisting double skin designed to reduce sway in the wind. It also features the world's fastest and fire proof elevators, and the most advanced architectural software and technology.
- Over 60 companies currently occupy office space including big firms in China such as Ant Financial controlled by Jack Ma, the founder of Alibaba Group Holding Ltd. Ant Financial is the largest tenant occupying three and a half floors.
- Other occupants include Munich based Allianz SE, Fitch Ratings Ltd, Lloyd's of London Ltd and other financial services and law firms.



Nintendo Switch scores 10 million sold units

- Nintendo's hybrid gaming system, Nintendo Switch, is a hit. The one part mobile, one part home console has sold 10 million units since its launch in March 2017. Nintendo expects its operating profit for the year to grow by 85.3% to \$1.06 billion from its original projection of \$572 million.
- The game is played by gamers inserting a slim tablet into a handheld device with controllers on each side. The tablet can then be popped out of the mobile "Switch Console" and plugged into a "Switch Dock" base station that enables users to play on a TV. The game will automatically transition to portable mode when it's lifted from the dock. This concept makes it easy for gamers to "switch" from playing the game on the couch to taking it on the go.
- The Nintendo Switch is not the only gaming system fans are eager to get their hands on. The Super Nintendo Entertainment System (NES) Classic Edition



throwback console has emerged as one of the hottest gifts this holiday shopping season.

Apple to buy music recognition app – Shazam

- Apple, the tech giant, has acquired Shazam, a London based app, for a reported \$400m (£300m).
- The app identifies songs, movies, TV shows and commercials using short audio clips. The startup founded in 1999 is one of the worlds' highest rated apps used by hundreds of millions of subscribers.
- The company had hard times finding a feasible business model and the recent acquisition was purchased for less than expected. Despite earning a lackluster revenue of \$54 million in 2016, Shazam and Apple can work together in a number of ways.
- Apple Music and Shazam are a natural fit, sharing a passion for music discovery and delivering great music experiences to their users, according to an Apple spokesperson.
- This is Apple's biggest acquisition since 2014, after purchasing US rapper Dr Dre's headphones company, Beats Electronics for \$3bn.
- The move is part of Apple's plan to promote Apple Music, which has stayed in second place after Spotify in attracting users. The deal will be sealed in the coming weeks, pending regulatory approval.



American Express ditch signature requirement for purchases

- The US multinational financial service, American Express (AMEX) announced on December 11, that it will no longer need signatures for credit card purchases starting April 2018.
- The executive VP at American Express, Jaromir



Divilek stated that, the company is making the change because its “fraud capabilities have advanced so that signatures are no longer necessary to fight fraud.”

- Typically, banks ask customers who pay with a credit card to sign on receipts to validate transactions rather than punching in personal identification pin numbers
- However, market watch cited obvious problem with signatures, reporting that people often pay little attention when signing and signatures can also be forged.
- American Express has already started the no signature policy in select countries for certain transactions under \$50 in the US, under \$100 CAD in Canada, and under £30 in the UK.
- MasterCard and Discover, also credit card companies, announced similar plans to scrap signatures for purchases.

Raelene Castle becomes first woman to take charge of a rugby governing body

- Raelene Castle was named the first woman chief executive of a national rugby governing body on Tuesday, December 12th. The New Zealander was announced as the new boss of Rugby Australia and will become the first woman to oversee a major Australian sporting code.



- Castle was previously in charge of Netball New Zealand. Furthermore, she was the first female CEO of an Australian Rugby League club, the Canterbury-Banks town Bulldogs, in 2013.
- The experienced sports administrator will take up her post in January. Castle will be replacing Bill Pulver, whose contract is due to expire in February, 2018.

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TOP STORIES

Inflation rate eases, again

- Nigeria's inflation rate decreased marginally to 15.90% in November from 15.91% in October. This shows that base year effects have waned. However, Month-on-month inflation stood at 0.78%, 0.02% higher than 0.76% recorded in October. This was the first increase since May 2017.
- Food inflation flattened out to 20.30% in November. Food inflation benefitted from the bountiful harvest as the price of beverages and tobacco declined. However, imported food inflation increased for the second consecutive month to 15.79% from 15.34% in October. Price increases were observed in bread, and cereals, oil and fats, dairy products (milk, cheese, and eggs), beverages (coffee, tea, and cocoa) and fish.
- The core sub-index increased to 12.20 in November from 12.16% in October. The prices of logistics, vehicle maintenance and repair, health as well as communication recorded the highest y-o-y increases.

Analysis & outlook

The festive period is generally characterized with extensive spending due to Christmas shopping. The rise in consumer demand is expected to push prices up. Furthermore, supply shocks ensuing from the sporadic fuel crisis and increased liquidity in the system are expected to aggravate the inflationary pressure. Therefore, we expect an increase in inflation rate in the month of December.

Nigeria's trade balance spikes by 127%

- Nigeria's trade balance reached N1.23 trillion in Q3 2017 from N0.54trn in Q2. This was driven by a 10.51% decline in imports value to N2.34trn from N2.61trn in Q2 2017. Largest imports were Machinery & transport equipment (27.63%) and Mineral fuel (25.67%). This is the first time since 2014 that the trade balance will exceed N1 trillion.

- Exports increased by 13.19% to N3.57trn. Earnings from crude oil exports (which made up 83.17% of total exports) jumped 18.40% in Q3 as oil price and domestic production gained. Average oil price was \$52.10pb in Q3, 2.1% higher than Q2's average of \$51.04pb. Average oil production stood at 1.76mbpd in Q3, 8.64% higher than output levels of 1.62mbpd in Q2.
- During the quarter Nigeria's largest trading partners were China and India. 17.44% of our exports were to India, while 22.26% of imports into the country came from China.

Analysis & Outlook

A positive trade balance, or a trade surplus, represents a net inflow into the economy. This is also good news for the current account balance and the exchange rate. We expect to see another uptick in Q4 trade balance, due to the increase in oil price and average domestic production recorded in the quarter.

US Federal Reserve increases interest rates

- The Federal Open Market Committee has raised interest rates by 25 basis points to 1.25%-1.5% from 1.00% – 1.25%, as widely expected by the market. This is the third rate hike in 2017. The major considerations behind this decision were the rising growth and unemployment figures and lower-than-expected inflation data.
- According to the Fed Chair, Janet Yellen, the committee expects labour market to remain strong with higher wages and increased job opportunities. Unemployment rate is down to a 16-year low of 4.1%. The board also raised its forecast for US economic growth to 2.5% from 2.1%.
- Janet Yellen will step down as Fed Chair to Jerome Powell in early 2018. The last FOMC meeting she will chair will be January 30-31.
- In the wake of this development, China's central bank also raised its interest rates. This will work to soften the negative effects of higher US rates on the Chinese economy.
- Meanwhile, Bank of England Monetary Policy Committee unanimously voted to maintain interest rates at 0.5% pa, as it seeks to drive inflation rate down to the target of 2% (from 3.1% in November).

Analysis & Outlook

- *Higher US fed rates implies more yield on investments. This will lead to an increase in capital inflow into the US, and a subsequent appreciation of the dollar.*
- *For Nigeria, this could mean a reversal of capital flows, as investors divert funds to the US in search for higher yields. Additionally, a stronger dollar means that dollar denominated commodities such as oil, could see an uptick in price. This could lead to a decline in global demand, which is negative for an oil-dependent country like Nigeria.*
- *The extent to which this takes place depends on the rate of increase and the market expectations. Since the increase was marginal, and anticipated by the market, the impact on the above variables will be negligible.*
- *Consensus forecasts pegs the Fed rate at 2.1% at the end of 2018, and growth at 2.2%.*

Federal Government to release N750 billion for capital projects

- The Ministry of Finance has ordered the release of N750bn to agencies and ministries involved in previously planned capital projects. This is the second disbursement of funds for capital expenditure (capex), bringing the total sum of capex for the year 2017 to N1.2trn.
- The 2017 capex budget was N2.2trn. This means the federal government only spent 45% of its capex budget in 2017. The remaining funds will be carried over to 2018.

Analysis & Outlook

Capital expenditure is a major catalyst for economic growth. The development of public infrastructure will lower operating costs for businesses and improve general living standards. Additionally, the injection of these funds into the economy will increase demand for goods and services, thus boosting output.

Oil prices cross \$65 threshold, before retreating

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shutdown. FPS is one of the UK's largest pipelines, supplying over 40% of the country's oil. Although the timeline for the shutdown was not specified, it could range between 2 to 6 weeks. FPS has a capacity of 450,000barrels per day (bps), thus, a shutdown means lower supply in an already tight market. Prices have since retreated, and were \$63.30pb as at 15th December (intraday).

Ambode proposes N1.046trn for Lagos State 2018 budget

- The Governor of Lagos State, Akinwunmi Ambode, has presented a budget of N1.046trn to the State Assembly for approval.
- According to the Governor, the budget will focus on capital expenditure and capacity building of government workers. Key planned road constructions include:
 - Alternative routes through Oke-Ira, Eti-Osa to Lekki-Epe Expressway.
 - Alternative route from Victoria Garden City to Freedom Way, Lekki Phase. 1.
 - Expansion of Oshodi Airport Road into 10-lane including a Bus Rapid Transit lane; and
 - A flyover at Agege Pen Cinema.
- Education accounts for 12.1% of the budget, while health is 8.9% and housing accounts for 5.7%.

Analysis & Outlook

Most states are looking to adopt an expansionary fiscal policy in 2018 to ignite activity in domestic industries. While some focus on social services such as education and health, others are giving priority to physical infrastructure such as bridges and roads.

To maintain and increase the pace of growth, there is a need for states to reduce their dependence on debt financing and Federal Government funds. Internally generated revenue can be boosted through taxation or sectors where the state has an absolute or comparative advantage in.

The National Youth Service Corps launches online platform for job-seeking graduates

- The National Youth Service Corps (NYSC) has established a web portal for fresh graduates and corpsers to submit their curriculum vitae. This is a partnership with Diamond Bank, Sigma Pensions, Dragnet Solutions, and Blogme Nigeria Limited.
- The platform connects employers to prospective candidates, and the candidates to white collar job opportunities. This is part of the organization's efforts to ensure a smooth transition from Youth Service to full-time employment. According to the Director General, Brigadier General S. Z Kazaure, NYSC is frantically searching for new initiatives to boost the employability skills of the average corper.

Analysis & Outlook

The time between the Passing Out Parade and full time employment can range anywhere from two months to as much as two years. As at Q4'2016, youth unemployment was at a record high of 19.59%, accounting for 68.67% of total unemployment. Underemployment in the age bracket of 15-34 years, stood at 28.01%. This initiative, which works very much like LinkedIn, will help drive down these numbers. However, as there are likely to be more graduates than jobs on the platform, there will be stiffer competition in the market, reducing the bargaining power of the candidates.

Funds from the Federation Account Allocation Committee dips despite higher oil prices

- The Federation Account Allocation Committee (FAAC) shared a total of N532.8bn amongst the three tiers of government. This was shared in November from revenue earned in October. The amount is 4.5% lower than the amount shared in the previous month.
- The decline was mainly due to discrepancies in NNPC figures. Government officials have accused the Nigerian National Petroleum Corporation (NNPC) of disclosing incomplete financials and failing to remit revenue to Federation account. The NNPC later admitted that an unintended accounting error led to the shortfall in revenue.

- Value Added Tax (VAT) disbursements increased by 7.78% to N89.71bn from N83.31bn in October. Allocation from the statutory account rose by 4.5% to N443bn from N423.96bn.

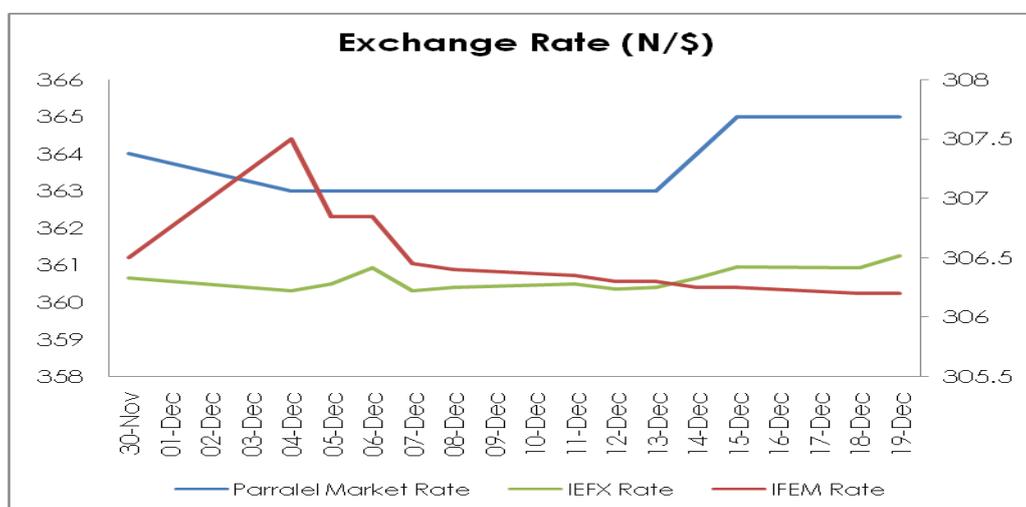
Analysis & Outlook

Oil prices averaged \$62.78pb in November, compared to 57.64pb in October. Despite this, FAAC levels declined for the second consecutive month. It poses a threat to fiscal plans and the states' ability to pay salaries. This could lead to a lower-than-expected increase in Christmas spending.

BUSINESS UPDATE (Review Period: November 30th – December 19th 2017)

The Forex Market

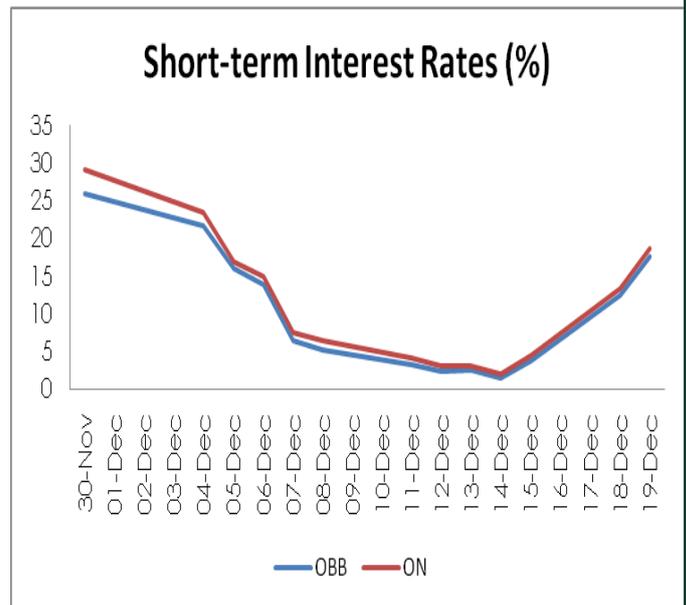
- At the parallel market, the naira:
 - Depreciated marginally against the dollar by 0.27% to N365/\$ on December 19th. Increased liquidity and demand from profit taking investors heightened the pressure on the naira.
 - Depreciated against the pound by 0.83% to close at N484/£
 - Appreciated against the Euro (0.70%) to close at N427/€.
- At the interbank market, the naira appreciated marginally to close at N306.20/\$ from N306.5/\$ on November 30th.
- The IEFX rate depreciated marginally to close at N361.25/\$ on December 14th.
- External reserves rose by 5.44% (\$1.90bn) during the period, to close at \$36.85bn on December 14th.
 - The import cover increased to 10.24 months from 9.60 months on November 30th.
 - We expect the reserves level to continue to record marginal gains as oil prices remain above \$60pb.



SOURCE: FDC Think Tank, CBN, FMDQ

The Money Market

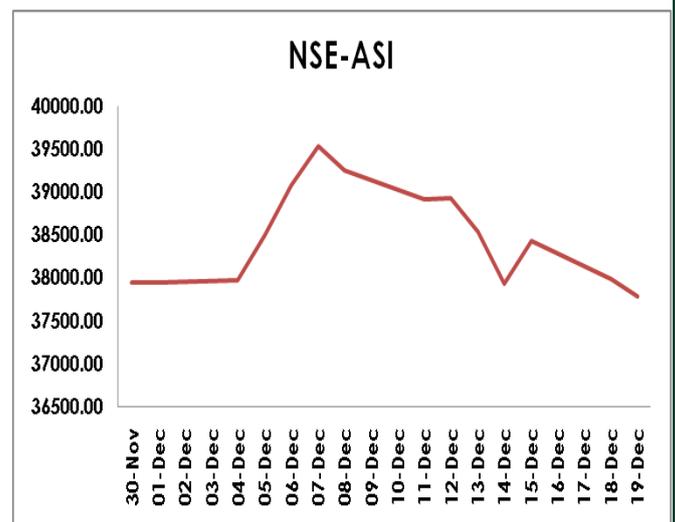
- Short term interbank interest rates (OBB and ON) slid by 833bps and 1,041bps respectively, to close the period at
 - OBB: 17.50% pa
 - O/N: 18.67% pa
 - Increased liquidity driven by T/bills and OMO repayments.
- On Dec 14, OBB & ON dropped to a 7-month low of 1.42% p.a and 1.88% p.a respectively.
 - FAAC disbursements of N532.7bn and OMO bill maturities boosted liquidity in the system.
- The DMO has ended its primary market auction of T/bills this year. The next auction will be on January 4, 2018.



SOURCE: FMDQ, CBN

The Stock Market

- The Nigerian Stock Exchange All Share Index (NSE ASI) lost 0.42% to close at 37,783.76pts on December 19th, compared to 37,944.60pts on November 30th.
- The index reached 39,534.14 on December 7th, before declining, as investors increased the pace of profit taking in anticipation of the year-end.
- Total market capitalization closed 1.82% higher at N13.45trn on December 19th.



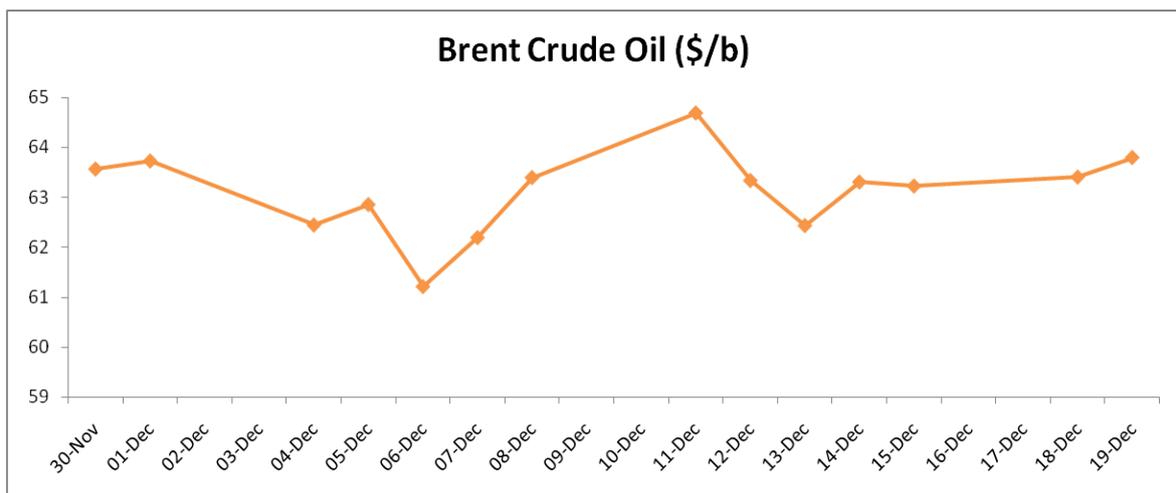
SOURCE: NSE

The Commodities Market

- Brent crude prices gained 0.36% to \$63.80pb on December 19th, from \$63.57pb on November 30th.
 - Oil prices reached \$65.72pb (intraday trading) on December 11th following the announcement of the force majeure in Forties Pipeline System- which supplies 40% of the United Kingdom's oil.
 - Nigeria's oil production averaged 1.79mbpd in November, 5.92% higher than October's output level of 1.69mbpd.
- Natural gas dipped 11.01% to close at \$2.692/mmbtu from \$3.025/mmbtu.
 - Higher US output continues to weigh on prices.

All other commodity prices, declined during the period, driven primarily by increased global supply:

- Wheat prices fell by 3.12% to \$4.205/bushel from \$4.33/bushel.
- Corn prices lost 2.32% to \$3.48/bushel from \$3.56/bushel.
- Sugar prices down 4.44% to \$0.1441/pound from \$0.1508/pound on November 30th
- Cocoa prices dipped 6.69% to \$1,912/mt from \$2,049/mt in the review period.



SOURCE: Bloomberg, EIA, Newsnow

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SCAN TO OPEN



LIFESTYLE

The world in 2018- Culled from thethedrum.com¹

2017 has been a year no one could've predicted, and it would take a brave person to guess what's coming next. So step forward Daniel Franklin, executive editor of the Economist and editor of The World In 2050, who has worked with his editorial team to gather information about the key trends we will see next year. From technology to politics, he gives The Drum a taste of what 2018 holds in store and we explore how the milestones on the horizon could translate into hidden opportunities for brands.

Of course, president Trump is a topic on everyone's lips – and that won't be changing any time soon. Whether you're a hater or a supporter, people can't help but populate the internet with his policies, tweets and photos. And despite our complaints, a whopping 34.9 million of us follow him on Twitter. "Everybody is obsessed with Trump," Franklin begins. "There is a kind of repeating narrative for what I might call 'Trumpism' and 'Macronism'. You have the Trump identity politics with a strong view of the world (a protectionist one), playing against a Macron triumph which was very much an open view of the world (pro-European, pro-international, pro-trade), and I think the tension between those two, whatever happens over the coming years, will be actually rather crucial for all of us."

Franklin states that we still have to decide whether Brexit is closer to the Macron side of things or the Trump side of things, and that there, everything is to play for. "If there is going to be a parliamentary ratification of a deal then the agreement needs to happen before 2019 – so next year is going to be a crucial time for Brexit."

In addition to all the political chaos currently riling the states, there are the US mid-terms next year. Although these are for congress rather than the presidency, they will become a judgment on the Trump White House. Franklin explains that the closer you get to it the more it will dominate the presidency in America: "It has importance beyond just a popularity contest. If the democrats win the house, the potential legal difficulties for Trump become much more serious and become problematic for him with congress." The chances of impeachment are much higher as a Democratic congress

¹ Abridged version. Full article available here: < <http://www.thedrum.com/news/2017/10/06/the-world-2018-the-economists-daniel-franklin-shares-the-trends-watch-out>>

than a Republican one, and there is everything to play for, so marketers will need to have an ear for the political mood as they craft their campaigns.

With the World Cup taking place in Russia, it is also going to be a big year for sports. Franklin says it's an event worth paying attention to. "[It will be] the most talked about and probably have the most marketing dollars spent on it," he claims. The World Cup will also be interesting politically because it will come shortly after the presidential election happening in Russia next year, meaning there could be pitfalls for Putin in the crowd's reaction to him. "There is a risk of his own crowds actually booing him in Russia, so we will see whether that causes embarrassment or not. And there is a risk of extreme embarrassment on the pitch. If you remember last time the Brazilians were thrashed the semi-final against Germany and it was a national disaster for them.

"The alternative case is that Russia demonstrates itself to the world and shows a different, less severe side to them than the receiver of international sanctions."

Another big event on the horizon is the winter Olympics, in Pyeongchang, South Korea, which Franklin suggests will cause a lot of tension: "For Korea this is a very big deal. They have a very cute mascot and they've been building loads of infrastructure and hotels for people travelling out to the venues. Of course, it's now in the eye of the storm, and some people might think that by going to Korea they are going to the place that's going to have World War III, so perhaps the tourists won't come.

"On the other hand," he continues, "it's a fantastic opportunity for Korea to show that it's not all about the madman next door and geo-political danger. There's also this fun side of Korea which could be an incredibly good advertisement." The Korean Winter Olympics will also hold trials on 5G. The service will not be coming out in mass in 2018 but we will start to see it deliver next year. "I guess more and more data is passed over and telecommunications can do more ambitious things like exploring virtual reality, and 5G will become more important," he concludes.

It is not possible to talk about the year ahead without mentioning the dreaded topic of regulation. There are some big developments coming in the next year, one of them being GDPR, the European data protection law which will make its appearance in May. It's going to affect people outside of Europe who have European customers, says Franklin. "You're going to have, I suspect, some very baffled Americans who say

‘why do I have to go along with this GDPR thing?’ But if they hold data about European customers then it’s going to affect them.”

Nobody looks forward to GDPR’s arrival, and this will undoubtedly make marketing more challenging for programmatic advertising, but the positive outcome of this regulation is that you can encourage consumers to opt in more. Marketers should make the most of the change by writing encouraging forms and directly approaching potential customers.

In the world beyond our screens, SpaceX is planning next year to send tourists around the moon. There will be a few other eye-catching space missions, including taking a sample back from Mars and private missions resupplying the international space station. “I think there is a private competition to go up to the space station. There is some really interesting stuff and there will be a lot of talk next year of the change of the role of the private sector, so we have companies that are really doing adventurous things at a much lower cost, and much faster than the state efforts would do,” observes Franklin.

Another event that will soak up a lot of publicity is a new Disney film of Mary Poppins, released next year, with Emily Blunt taking the role of charmed nanny. The controversial themes in the story will be an interesting brief for Disney’s rework; feminism, fed through Mrs. Banks’ role as a suffragette, will need to tread carefully on the evolution of women’s rights since the original film. For companies working on products aimed at women or the movements for women which have materialized in the workplace since Trump’s inauguration, the arrival of the film will be a great time to be socially active. The film also narrates the story of banking, so depending on Disney’s approach, it will be a great subject for the banking sector to reference on social media – particularly if they are modernizing how they do things. “This will bring up a lot of old themes that could be construed with a fresh eye,” Franklin opines, “so it will be interesting to see how Disney represent these.”

2018 includes some interesting anniversaries, which brands may want to tap into, though how they will touch ‘Workers of the world, unite!’ remains to be seen. Marx has his 200th birthday next year, “and perhaps Britain will celebrate it with Jeremy Corbyn in Downing Street,” Franklin jokes. There will be lots of Marxist themed experiences happening, including a colossal exhibition in his birthplace in Germany. Another

example of workers of the world uniting comes from LinkedIn, which turns 15 years' old next year.

And of course, The Armistice which ended the First World War has its 100th Anniversary in 2018. "Starting from 2014 we've had a few anniversaries – the start of the war, the battle of the Somme last year, this year the US joining the war and next year is a better anniversary," Franklin adds. "Although we will look back and think it was rather badly handled because it was supposed to be the war to end all wars."

Looking back on this year and the startling results it's produced, it doesn't seem that we can predict where politics will head in 2018. However, we can start planning for recorded activities. Certain events will continue to dominate the conversation on and off screen, so entering from new angles and playing with the boundaries between entertainment and action will set brands aside from the usual posts. The filming industries have a lot to look forward to, and as always, technology will continue to develop and surprise us. History will be buzzing in Britain's streets next year; perhaps the atmosphere will see someone build a timeless piece of advertising.

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