

Unity Bank Digest

June 12th, 2024

Finance

Economic News

Lifestyle

Expanding private sector activity to improve consumers' standard of living

Unity Bank Towers

Plot 42, AHmed Onibudo Street
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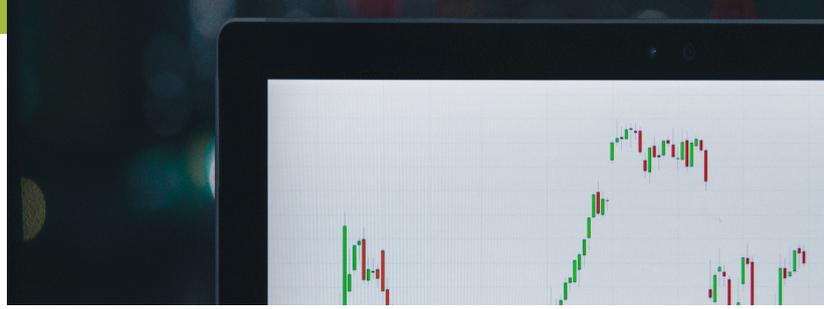
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The Macro



1 CBN assures consumers of stability in the banking sector

The Central Bank of Nigeria (CBN) has clarified that there are no plans to revoke the licenses of any commercial bank in Nigeria. This is in a bid to address false claims after the revocation of Heritage Bank's license. Emphasizing the resilience and stability of the Nigerian banking sector, the CBN reassured the public about the safety of their deposits and the financial soundness of these institutions. To dispel fears, the apex bank described Heritage Bank's situation as isolated, with the Nigeria Deposit Insurance Corporation (NDIC) already compensating insured depositors.

The ongoing recapitalization process aims to strengthen the banking sector and safeguard it against potential risks. This process is essential for enhancing the capital adequacy of banks, enabling them to absorb losses and support sustainable economic growth. For consumers, this translates to more secure deposits and minimal transaction disruptions. Furthermore, the CBN's proactive measures and transparent communication help prevent panic and potential bank runs, ensuring a stable financial system.



2 Nigerian government plans fiscal stabilization package

In 2023, the Nigerian government initiated a series of reforms to address numerous macroeconomic distortions. However, these reforms seem to have worsened the inflationary pressure and deepened the cost of living crisis. To address these issues, the federal government is set to launch a fiscal stimulus package of about N6.6 trillion in the coming months. This stimulus is targeted at alleviating the pressure on citizens who are struggling with high costs of living, with headline inflation at 33.69% and food inflation at 40.53% year-on-year.

The government plans to disburse a 100 billion naira fund to youth-led enterprises, with the aim of supporting about 7,400 micro, small, and medium enterprises (MSMEs) over the next year. N200 billion is also set aside to provide short-term financing to large SMEs across various sectors of the economy. The manufacturing sector will be provided with cheap (9-11%) long-term financing up to N1 trillion to boost productivity in the economy and improve the export of Nigerian products to other countries.

With the proper implementation, pressure on businesses and consumers will be reduced, and the Nigerian economy may finally be on track to the double-digit growth targeted by the current administration. While this stimulus package may be the lifeline Nigerians currently need, there is a chance that it may increase the money supply (currently at an all-time high of N96.97 trillion), and this will worsen inflationary pressure in the economy.

Cooking gas export ban crashes domestic price

The price of liquified petroleum gas (LPG, or cooking gas) has dropped by 40% from approximately ₦1,500 per kilogram to around ₦900 per kilogram. This was due to the federal government's ban on LPG exports. This strategic policy aims to guarantee a sufficient domestic supply of LPG, thus achieving price stability and moderating inflationary pressure. Nigeria consumes about 1.4 million tonnes of LPG annually. Although the nation's domestic output of LPG is estimated at 1.5 million tonnes, only 600,000 tonnes are consumed locally, while 900,000 tonnes are exported. To meet the domestic supply gap, Nigeria imports about 800,000 tonnes of LPG. This makes the price of LPG sensitive to exchange rate variability.

The ban on LPG exports bodes well for consumer welfare. A reduction in the price of LPG will ease the cost-of-living pressure on consumers, thereby boosting consumer demand. It is also positive for climate change mitigation. The World Bank estimates that only 16% of Nigerians use clean cooking fuels such as LPG and renewable energy. Cheaper LPG will buoy the adoption of cooking gas as a preferred substitute for dirty fuels like kerosene and firewood.



Pension funds climb to N19.79tn in March 2024

The value of Nigeria's pension fund increased marginally by 0.61%, reaching ₦19.79 trillion (trn) in April, up from ₦19.67trn in March. This rise followed a 0.46% decline in March, which brought the value down from ₦19.76trn in February. Notably, the March decrease was the first decline in 18 months. Additionally, the membership in the Retirement Savings Account (RSA) grew by 0.33% month-on-month, increasing to 10,315,034 members in April from 10,280,956 members in March.

A robust pension fund can contribute to financial stability by providing a stable source of long-term funding for businesses and infrastructure projects. By ensuring retirees have a secure income, pension funds reduce the strain on social welfare systems, freeing up government resources for other productive investments and ultimately benefiting the economy.



The ongoing minimum wage negotiation could impact the pension fund in several ways. A higher minimum wage implies increased pension fund contribution. However, if the minimum wage review leads to layoffs, the fund may take a big hit due to a reduction in contributions and increased claims or drawdowns on the fund by the unemployed.

Business conditions improve in May

Nigeria's private sector exhibited signs of modest growth in May 2024. This was evident in the 1.96% rise in the Purchasing Managers' Index (PMI) rising to 52.1 points from 51.1 points in April. The increase marked the sixth consecutive month of expansion and the most significant improvement since January 2024.

A key driver of this growth was the easing of inflationary pressures. Although inflation remained high, its slower rate of increase led to a sharper rise in output and new orders, highlighting the importance of price control for sustained growth. Additionally, employment levels held steady, though businesses faced higher employee expenses due to increased living costs. Improved supplier delivery times, facilitated by prompt payments and effective vendor arrangements in a competitive market, further supported the sector's expansion.

This slower rate of inflation helps alleviate financial strain on consumers, making it easier for them to manage their budgets and maintain purchasing power. As prices stabilize, consumer confidence is likely to improve, encouraging spending and supporting overall economic activity. Moreover, the combination of easing inflation, stable employment, and efficient supply chains creates a more favorable economic environment for consumers. This environment supports consumer spending, reduces financial stress, and promotes economic stability, despite the ongoing challenge of high living costs. Additionally, the improved economic conditions are likely to attract foreign inflows into the country, aiding in stabilizing the naira and further boosting economic confidence.

Global unemployment to drop in 2024

In 2024, global unemployment is forecasted to decrease to 4.9% from 5% in 2023, according to the International Labour Organization (ILO). This improvement reflects a modest recovery, but the trend is not expected to continue into 2025. Despite the overall reduction in unemployment, significant labor market inequalities persist, particularly affecting women in low-income countries.

The persistent 'jobs gap'—which measures the number of individuals without employment who desire to work—remains substantial, standing at 402 million people in 2024, including 183 million officially unemployed. Moreover, only 45.6% of women of working age are employed in 2024 globally, compared to 69.2% of men. Earnings inequality is also significant, with women in high-income countries earning 73 cents for every dollar earned by men, and just 44 cents in low-income countries.

While a slight dip in global unemployment might offer a glimmer of hope, Nigerian consumers could face a tough road. Lower unemployment generally means more people are earning wages, which can reduce financial strain on households and increase consumer confidence. With more individuals employed, household incomes rise, leading to increased consumer spending, which drives economic growth. However, this effect is moderated by significant labor market inequalities.

Social story

2026 World Cup qualifiers

- The African qualifiers for the 2026 World Cup heated up as continental powerhouses like Nigeria, Senegal, and Morocco battled for a limited number of spots.
- These matches for the 2026 World Cup qualifiers were scheduled from June 5 to June 11, 2024 and will be jointly hosted by the United States, Mexico, and Canada.
- With nine African teams already in the mix and a possibility for a tenth team to qualify through an intercontinental playoff, the stakes were high.
- Key matches included Nigeria versus South Africa, Egypt versus Burkina Faso, and Senegal versus DR Congo, among others.
- Success in these matches not only impacted the teams' journey to the World Cup but also had broader economic implications, including potential boosts in tourism and merchandise sales.





Finding Your Life Motto for Your Values and Aspirations

Culled from the Oxbridge³

We all have values and aspirations that are important to us whether we realise it or not. These values may be specific career goals or a more general set of guiding principles which bring direction to our lives.

For some people, the family and friends they surround themselves with are vital to building their identity. Other people may find their motivation by continually setting themselves physical or mental challenges.

Understanding what you want from life can be difficult. But one way of finding out more about yourself is to determine your life motto, which can then help you shape your future in a more proactive way.

In this post, we're taking a look at life mottos, from what they are and how to develop one, to some of the most inspirational mottos uttered throughout history.

What is a motto?

A motto is a brief sentence or specific phrase that captures the beliefs, ideology and objectives of a group of people or an individual. A motto does not have to be a fixed

concept, instead, it can be more of an idea or general outlook that you wish to adopt.

Mottos are all about challenging yourself to do things that may seem achievable or which defy expectations. They push you to question the world around you, and urge you to reject the status quo when it doesn't match your values.

Using mottos can be a useful way of thinking. All too often, you may shy away from making changes that go against convention. They can give you the inspiration you need to branch out and try new things, diving headfirst into all kinds of new challenges and experiences.

Developing a motto might sound a little fanciful, but it can provide a much-needed steer - particularly during formative periods of your life. Whether you're studying, searching for a job or looking for a change in your career, a life mantra or motto can give you the gentle nudge you need to take your next step, whatever you're moving towards.

1. <https://oxbridgehomelearning.uk/blog/finding-your-life-motto/>

How to Discover a Motto for Your Values and Aspirations?

Discovering your motto may not necessarily be straightforward, but there are useful ways of finding one that suits you.

A good place to start is to jot down any key phrases or words that mean something to you in either the form of a list or mind map. If you are struggling to come up with ideas, you could also ask friends and family what they feel is important to you.

Think about what you want from life; is there a word or phrase which seems to marry with your aspirations? Whether it's a successful career, a happy home life or the pursuit of personal wealth, be honest about your hopes for the future and let this inform your life's motto.

Remember, you don't have to have a specific sentence - your motto can be just one word, such as 'belief', 'adventure' or 'determination'.

10 Famous Quotes to Inspire Your Own Life Motto

Many of the world's greatest politicians, artists, writers, scientists and philosophers lived by some truly stirring mottos and mantras. Here are 10 of our favourite quotes to inspire the creation of your own life motto.

- “Conformity is the jailer of freedom and the enemy of

growth.” - John F. Kennedy

- “There are two ways to live your life. One is as though nothing is a miracle. The other is as though everything is a miracle.” - Albert Einstein
- “It is never too late to be what you might have been.” - George Eliot
- “All our dreams can come true, if we have the courage to pursue them.” - Walt Disney
- “If opportunity doesn't knock, build a door.” - Milton Berle
- “You must do the things you cannot do.” - Eleanor Roosevelt
- “When you can't change the direction of the wind, adjust your sails.” - H. Jackson Brown Jr.
- “Life is either a daring adventure or nothing at all.” - Helen Keller
- “If you set your goals ridiculously high and fail, you will fail above everyone else's success.” - James Cameron
- “You only live once, but if you do it right, once is enough.” - Mae West

So there you have it, a complete guide to life mottos and some inspiration for developing your own. Once you have your motto, all you need to do is live by it.

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