

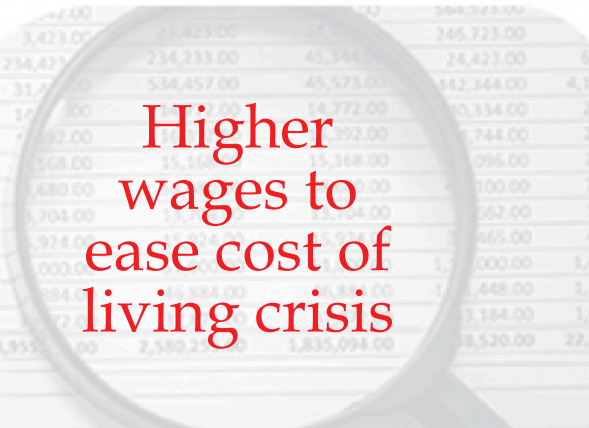
Unity Bank Digest

August 2nd, 2024

Finance

Economic News

Lifestyle



Higher wages to ease cost of living crisis

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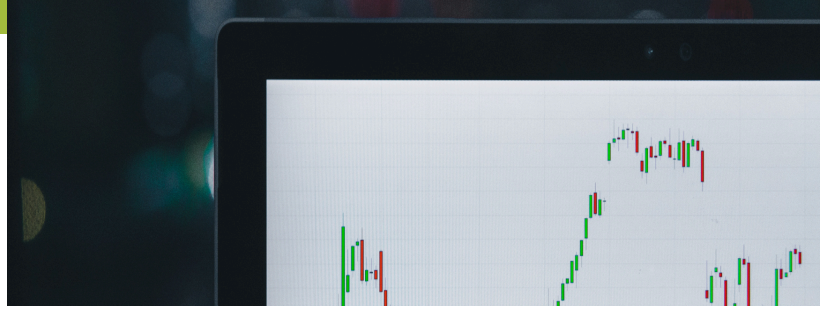
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The Macro



1 Rising PMS prices deepen fears of a protest

Queues are beginning to form at filling stations across Nigeria as the country experiences a significant petrol shortage. The Nigerian National Petroleum Company Limited (NNPC) attributes this scarcity to logistical delays in the discharge of fuel from vessels, highlighting a critical supply chain bottleneck that has intensified the crisis. As a result, the price of Premium Motor Spirit (PMS) has surged, with black market prices escalating to as high as N1,500 per litre in certain regions. This supply shock is driving severe inflationary pressures in the fuel market, further destabilizing the broader economy.

Independent marketers, facing limited supply, have further inflated prices, taking advantage of the scarcity. Consequently, transportation costs have increased, placing additional strain on household budgets. Complicating the situation are fears of nationwide protests over rising living costs. This protest has been scheduled to hold between August 1 to August 10. Consequently, productivity levels are expected to decline during this period.

2 Nigeria increases minimum wage to N70,000 in 2024

On July 18, 2024, the Nigerian government announced a new minimum wage of N70,000 per month up from N30,000 in 2019. This decision followed months of negotiations between the government and labor unions, who had threatened strikes due to the economic hardships faced by workers. The decision to increase the minimum wage was prompted by rising domestic prices and a weakened currency. Consequently, the federal government has allocated N3 trillion (trn) for the new minimum wage. On July 29, the President signed the minimum wage bill into law.

Going forward, the new minimum wage will be reviewed

every three years instead of the usual five. Higher wages will boost consumers' purchasing power, allowing for higher consumption and improved living standards. The wage hike is expected to raise aggregate demand, stimulate economic growth, reduce poverty and address income inequality. However, it also introduces challenges such as inflation and higher operational costs for businesses, particularly SMEs. It poses inflationary risks if aggregate supply cannot keep up, potentially leading to price level increases and businesses might raise prices to offset higher labor costs, further driving inflation.



The federal government suspends import taxes on food

On July 8, 2024, the Federal Government declared the suspension of duties, tariffs, and taxes on essential food items like rice, maize, wheat, and other staples for 150 days (5 months). The decision, aimed at reducing price pressures, applies to commodities imported via land and sea borders.

The government will collaborate with states and the military to expand arable land cultivation, support smallholder farmers nationwide, and reduce the level of food imports. In 2023, Nigeria spent N3.83 trillion on food imports, up from

N2.86 trillion in 2022. Agricultural productivity in the country has declined consecutively over the past 4 years due to insecurity, and a lack of adequate financing has subdued local production.

The suspension of the food import duty will increase consumers' utility and elevate their standard of living by reducing financial burdens on households with constrained incomes. Food prices contribute the most (17.59% in May 2024) to Nigeria's headline inflation.

CBN raises interest rate to 26.75% to curb soaring inflation

On July 23, 2024, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) raised the benchmark interest rate by 50 basis points, bringing it to 26.75% from 26.25% in May. This marked the fourth consecutive rate hike by the MPC this year, reflecting the committee's determined efforts to combat rising inflation and stabilize the foreign exchange market. Alongside the rate hike, the CBN decided to retain the cash reserve ratio at 45% for deposit money banks, 14% for merchant banks, and the liquidity ratio at 30%. Additionally, the asymmetric corridor around the monetary policy rate was adjusted to +500/-100 basis points, providing banks with a stronger incentive to save with the CBN rather than borrow.

These monetary policy actions come against the backdrop of Nigeria's escalating inflation. In June 2024, headline inflation rose to 34.19%, up from 33.95% in May. This increase, the first in four months, was primarily driven by soaring food prices, rising energy costs, and the continued depreciation of the naira. Month-on-month inflation also climbed to 2.31% in June, signaling intensified price pressures.

The CBN's strategy to raise interest rates aims to curb inflation by tempering demand. Higher borrowing costs are expected to dampen consumer spending and business expansion, thereby reducing demand-pull inflation, where too much money chases too few goods. However, Nigeria's inflation problem is largely supply-side, driven by factors such as energy prices and currency depreciation, which

complicates the impact of interest rate hikes.

Looking ahead, there is cautious optimism that inflation may begin to slow, driven by the onset of the harvest season and the effects of the elevated interest rate environment. However, several factors threaten to keep inflation high, including the continued depreciation of the naira, a 37.44% increase in petrol prices to N750.17 per litre in June, and a planned 133% hike in the minimum wage.

While the higher interest rates might ease inflationary pressures, the cost of living remains significantly elevated compared to the previous year. As a result, consumers continue to face a squeeze on their disposable income, which adversely impacts the standard of living across the country.



FAAC revenue allocation rises to ₦1.35 trillion (trn) in June 2024.

In June 2024, the Federation Accounts Allocation Committee (FAAC) allocated N1.35trn to the tiers of government, marking an 11.9% increase from N1.21trn in May. This increase in June was due to increases in company income tax and VAT, which offset the decline in petroleum profit tax, royalty crude, rentals, and customs external tariff levies.

Of the N1.35trn disbursed, statutory revenue amounted to N142.514 billion (bn), value-added tax to N523.973bn, electronic money transfer levy to N15.692bn, exchange differential to N472.192bn, and an augmentation of N200bn. Meanwhile, the federal, state, and local governments received

N459.776bn, N461.979bn, and N337.019bn, respectively.

An increase in FAAC allocation translates into higher revenue for all levels of government, enabling them to meet wage demands and improve the provision of public amenities. With more resources at their disposal, the government can prioritize investments in infrastructure and essential public services. Although, there are instances where these funds could be diverted for personal gains or mismanagement of resources. When utilized effectively, these allocations can enhance output productivity, reducing inflation in the long run. For consumers, the timely payment of salaries will raise their purchasing power and lead to higher aggregate demand in the near time when the minimum wage is implemented.

Nigeria's PMI drops to a seven-month low in June 2024

In June 2024, Nigeria's business activities reached a seven-month low, falling to 50.1 points from 52.1 points in May. The decline signals stagnation in the private sector, driven by subdued demand, rising operating costs, and high credit costs.

A further look at the data reveals that employment showed marginal growth for the second consecutive month, while work backlogs declined for the first time in four months. Purchasing activity and inventory levels increased as firms anticipated future price hikes. On the downside, input inflation remained elevated in June, rising for the second consecutive month to its highest point since March. This cost surge was attributed to currency depreciation and higher raw material prices. As a result, firms significantly raised their selling prices to counterbalance increased input costs. During the month, business confidence remained notably low, reflecting ongoing economic challenges.

For consumers, the stagnation in the private sector will lead to reduced employment opportunities and lower income levels in the near term. However, since the PMI remains above the expansion benchmark of 50 points, investors' confidence will likely remain stable, supporting foreign inflows, which increased to US\$119.2 million in Q1'24 from

US\$47.6 million in Q1'23.

The UN warns of impending hunger for 82 million Nigerians

The Food and Agriculture Organization (FAO) forecasts that by 2030, around 80 to 82 million Nigerians could face severe hunger due to escalating food insecurity. In 2023, an estimated 22 million Nigerians were already experiencing food insecurity, particularly in the North-East region. This alarming situation is compounded by Nigeria's soaring food inflation, which hit a record 40.66% in May 2024, the highest since 1996. Staple food prices, including rice, beans, garlic, and yam, have surged by at least 130%.

This persistent inflation has significantly worsened the misery



index (73.05 in 2023) and restricted millions' access to food. Despite the declaration of food insecurity aimed at drawing attention to the issue, mobilizing resources, and prompting coordinated efforts from governments, international organizations, and NGOs to implement relief measures and long-term solutions, the crisis remains acute. Addressing climate change, pest infestations, and other agricultural productivity threats is essential to prevent a worsening food crisis. Climate change has significantly impacted Nigeria's agricultural sector, particularly affecting 70% of smallholder farmers who struggle with irregular rainfall patterns and inadequate irrigation.

As food prices continue to rise, household budgets will

become increasingly strained, reducing purchasing power and declining overall living standards. Furthermore, the high cost of staple foods will raise poverty levels (estimated at 38.9% in 2023) and food insecurity, creating a vicious cycle of economic hardship for millions of Nigerians. Without substantial interventions, Nigeria's outlook for food security remains bleak, with potentially devastating consequences for the population's health and economic stability.

51.6% of informal businesses started due to unemployment in Nigeria.

The 2024 Informal Economy Report by Moniepoint reveals critical insights into Nigeria's informal sector, a cornerstone of the nation's economic landscape. Nigeria's informal sector contributes over 50% to the country's GDP, predominantly driven by youth (43.1% aged 25-34) and male entrepreneurs (69.9%). Highlighting the motivations behind entrepreneurship, the report indicates that 51.6% of business owners were driven by unemployment, while 35.9% cited insufficient income from formal employment as the catalyst for starting their ventures.

Financially, most businesses (90%) earn less than N500,000

monthly, with significant reinvestment efforts (29.7%) aimed at sustaining and expanding operations. Retail (38.4%) and food services (15.2%) dominate the sector, highlighting consumer-driven economic activity. Despite challenges in accessing formal finance, 88.7% of businesses report paying taxes, primarily through market levies.

The stability and growth of this sector, which predominantly serves daily needs through retail and food services, are crucial for ensuring consumer access to affordable goods and services. However, most businesses in this sector operate on slim profit margins, potentially limiting their capacity to expand offerings or improve service quality without adequate support. This dynamic underscores the importance of policies that support business sustainability and enhance consumer welfare through improved product availability, affordability, and quality within the informal economy.

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Press Release

Unity Bank Empowers 400 Fresh Graduates, invests over 140 Million in Corpreneurship Challenge



No fewer than 400 fresh graduates have benefited from Unity Bank's enterprise development initiative, also known as Corpreneurship Challenge over the past five years. This reflects the Bank's commitment to driving economic growth by supporting the next generation of Nigerian entrepreneurs.

Launched in 2019 with pilots in 4 states - Lagos, Edo, Ogun, and Abuja and scaled to 10 States in 2020, the Corpreneurship Challenge initiative is promoted in partnership with the NYSC Skills Acquisition and Entrepreneurship Development, SAED. The initiative features a business pitch presentation where participants, who are mostly fresh graduates participating in the one year compulsory NYSC service, get the opportunity to present their business plans and stand a chance to win business grants.

The Bank recently increased the prize money to 16 million Naira per stream, allowing participants who emerge winners in the business pitch to win N800,000, N500,000, and N300,000 Business grants for the 1st, 2nd, and 3rd positions respectively as against the previous editions in which the sum of N500,000; N300,000 and N200,000 were handed out to respective winners in the Corpreneurship Challenge.

Reflecting on the impact of the initiative so far, Dr. Opeyemi Ojesina, Head of SME Banking at Unity Bank, and a member of the pioneer team who designed the initiative and launched the pilot, said "the Corpreneurship Challenge has proved to be an impactful initiative due its strategic relevance to its target demographic, as well as the size of the

problem it is designed to solve for the Nigerian economy".

Ojesina expressed satisfaction with Corpreneurship Challenge's rising profile as one of the leading sector-agnostic business incubators in Nigeria and said the Bank is committed to sustaining the programme to achieve the critical mass required to boost job creation, with young entrepreneurs leading the charge.

Also speaking, Divisional Head, Retail and SME Banking, Mrs. Adenike Ambimbola said, "We have seen the positive impact of the Corpreneurship Challenge over the past five years because of its innovative approach to youth empowerment and job creation, including a holistic strategy of supporting budding entrepreneurs with mentorship, and skills development, besides the financial backing."

Since its launch, the Corpreneurship Challenge train has criss-crossed the length and breadth of Nigeria, making a stop in 10 States per stream to turn the dreams of fresh graduates and aspiring entrepreneurs into reality, thus supporting the growth of the SME sector in Nigeria.

The latest edition held across 10 States, including Taraba, Kogi, FCT, Lagos, Yobe, Ogun, Ebonyi, Enugu, Adamawa, and Imo State, with three winners emerging in each State to make up 30 winners for the edition.

Social story

BET Awards 2024

- On June 25, 2024, the BET Awards occurred at the Peacock Theatre in downtown Los Angeles.
- Established in 2001 by Black Entertainment Television (BET), the awards honor the achievements of black entertainers and other minorities across music, film, sports, and philanthropy.
- This year's event, hosted by actress Taraji Henson for the third time, featured memorable performances and red-carpet appearances.
- Tems' song "Me & U," which lauded her personal transformation, spiritual, emotional, mental, and physical, was recognized. The song was written in 2021 and released in October 2023.
- South African star Tyla also had a standout night, winning "Best New Artist" and "Best International Act."
- Despite the celebrations, it was a night of mixed fortunes for Nigerian artists.
- Ayra Starr also missed out on the 'BET Her' Award to Victoria Monét and Best New Artist to Tyla.
- Seyi Vibe, in his first-ever BET nomination, lost the 'Best New International Act' award to South Africa's Makhadzi.
- Burna Boy lost the 'Best Male R&B/Pop Artist' award to Usher and the Best Hip-Hop Artist award to Kendrick Lamar.
- Overall, the 2024 BET Awards highlighted the evolving landscape of the entertainment industry, celebrating both established and emerging talents while reflecting broader cultural shifts and challenges faced by artists worldwide.



8 Mindfulness Exercises That Also Reduce Stress

Culled from Hawaii Pacific Health¹

Mindfulness—the awareness that emerges through paying attention moment by moment without judgment—has become a popular wellness practice for reducing stress and improving overall health. But just like any habit, mindfulness must be practiced regularly to experience its full benefits.

Here, experts from the Straub Benioff Medical Center Ornish Lifestyle Medicine Program, provide several simple tasks you can begin today to grow your mindfulness practice and experience its fullest benefits.

1. Swimming or Floating in the Water

Swimming uses the entire body without putting pressure on the joints. Bringing movement into stiff and tense areas can release much physical stress. This increases mobility and allows more oxygen to flow into the muscles we use less often. Swimming can naturally draw you into a rhythm with your breath as you find your stroke. Immersing yourself in water can eliminate distractions, allowing you to be more mindful of your internal states.

If swimming is not manageable, try floating and focusing on experiencing the way your body moves in the water as you breathe.

2. Meditative Walking (Core Walking)

The breath, body, and mind are all connected. When we can slow down movement and breathe, the mind will naturally follow. Moving can make it easier to be present with what we try to be mindful of. When we walk, a lot of forward momentum is involved in driving the body forward. By slowing down and removing the forward drive, we start to use our stabilizing muscles to keep us upright. Strengthening these smaller muscles in the abdomen, or core, can ease body pain in the long run and help with balance. There are many things to be mindful of during meditative walking, such as keeping your breath relaxed or putting an even amount of weight on each leg. Or perhaps focus on your shoulders moving along without bouncing up and down. This is a good indicator that you are taking deeper, fuller breaths from your abdomen rather than shallow breaths into the chest. Good places to try a walking meditation are a flat area of the beach, a hallway, or even a few laps around your living room. Just make sure you are eliminating as many distractions for yourself as you can.

1. <https://www.hawaiipacifichealth.org/healthier-hawaii/live-healthy/8-mindfulness-exercises-that-also-reduce-stress/>

3. Drinking a Cup of Tea

Any activity can become a mindfulness exercise if you take the time to experience it. Take some time to experience the preparation of the tea, the way it smells, the way your arms lift to bring it to your lips, and the way the warmth feels in your body. Slowing down the process of drinking a cup of tea or another warm beverage cannot only invite you to become more present but also quiet the mental conversation.

4. Hiking or Connecting with Nature

Being in nature provides an ideal space to disconnect from technology and become more mindful of the senses. Experiencing the crunch of leaves under your feet, the smell of the plants, and the sounds of the birds can send signals to your nervous system to relax.

5. Gazing Meditation

Choose an external object such as a candle flame, the horizon line, or a campfire. Allow your focus to rest softly on your point and settle in. This can be a great way to start practicing mindfulness with open eyes. (It's OK to blink.)

When the urge to look away is resisted, the ability to meditate and be mindful becomes stronger and can provide a very tangible transition into a more balanced, calm state of mind.

6. Guided Meditation

There are many guided meditations to choose from. This option is great for the evening or anytime you feel like listening and following along. A guided meditation such as Yoga Nidra allows the body to relax but remain conscious to stay alert, providing a space for deep internal healing and stress release and training the mind to meditate.

7. Stretching

Take a more mindful approach to moving your body through gentle stretches. Instead of trying to force the muscles to bend and move, try creating space in the body for the breath to flow in and create the expansion from within. For example, with the spine straight, drop the head to one side and allow the breath to move into any tight areas in the neck, one breath at a time. Try to take a breath during this exercise. If you are inhaling for 4 counts, exhale for 4 as well.

8. Breathing Techniques

One of the easiest and most effective ways to practice mindfulness and calm the nervous system is to focus on the breath. This triggers the breath to move fuller and deeper, stimulating the parasympathetic nervous system, which signals our body to relax.

A breathing technique helps us become more conscious of where the breath goes and enhances the experience.

Try breaking the breath down into three parts, first filling the lower abdomen, followed by the ribs, and then the chest. Adding imagery to this technique can be helpful to make the breath more fluid and smooth. Try imagining a wave rolling through your body in rhythm with your breathing. Set a timer for a few minutes and give it a go.

When you find yourself distracted, kindly bring awareness back to the practice and notice yourself breathing gently. Mindfulness is a skill we can all develop through practice. Find something you love to do and give it your full attention.

You will eventually become distracted by your thoughts. The key is to continue drawing yourself back to the practice without judgment and with your intention.

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