

Unity Bank Digest

September 2nd, 2024

Finance

Economic News

Lifestyle

Stronger than expected growth to boost economic sentiment

Unity Bank Towers

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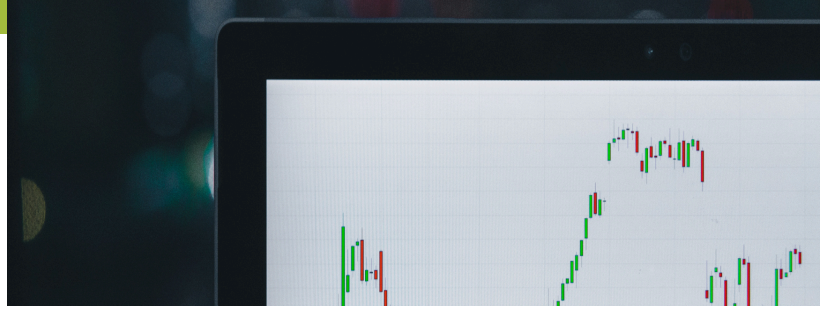
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The Macro



1 Nigeria's GDP grows by 3.19% in Q2'24

In Q2'24 Nigeria's gross domestic product (GDP) grew by 3.19%, 0.68% higher than 2.51% in Q2'23. This growth was primarily driven by the performance in the service sector, which contributed 58.76% to the country's GDP. This is as a result of higher demand for financial services and insurance.

Other sectors' performance varied. Notably, the agricultural sector slowed to 1.41% from 1.50% in Q2'23. This downturn was largely due to a deepening food crisis, affecting both crop farmers and poultry owners, with the rising prices in goods, services, and feedstock forcing them to scale back production. On the other hand, the oil sector experienced its growth rise by 23.58% to 10.15% in Q2'24 up from -13.43% in Q2'23. This growth was driven by an increase in average daily oil production, which rose by 0.19 million barrels per day to 1.41 mbpd from 1.22 mbpd.

Additionally, in Q2'24, the financial and insurance sector and information and communication sectors showed notable performance compared to Q2'24. Out of the 46 activities tracked, 10 expanded, 25 slowed, and 11 contracted, reflecting the various sectoral performances.

If the GDP growth rate is sustained, it could enhance investor confidence promoting economic diversification and spurring growth. Nigeria's inflation rate saw a modest decline in July, falling to 33.4% from 34.19% in June, due to downward pressure on prices and onset of the harvest season. This scenario could make the economy attractive for sustainable growth.

2 Nigeria's headline inflation declines for the first time in 19 months

In July 2024, Nigeria's inflation rate saw a slight decline, easing to 33.40% from June's 34.19%. This marks the first deceleration in 19 months. Month-on-month inflation also eased marginally to 2.28%, down from 2.31% in June. This decline was primarily driven by reduced price pressures on food items, as food inflation fell to 39.53%. The deceleration in food prices was largely due to slower price increases and declines in key commodities such as tin milk, fish, and garri.

Despite this moderation, inflation remains significantly elevated year over year, with a 9.32 percentage point increase from 24.08% in July 2023. Furthermore, core inflation, which excludes volatile food and energy prices, increased to 27.47%, reflecting persistent structural inflationary pressures in critical sectors like housing, transportation, and services. This divergence between headline and core inflation indicates that while food prices may offer some relief, underlying inflationary forces within the economy remain strong.

The recent deceleration in inflation offers a potential reprieve for Nigerian consumers amid the ongoing cost-of-living crisis. This easing of inflationary pressures is expected to strengthen consumer purchasing power as household expenditures begin to stabilize. The imminent increase in the minimum wage to ₦70,000 will likely reinforce this positive trend in the short term. However, persistent core inflation could continue to drive up prices, particularly in critical sectors like housing, transportation, and services. The ongoing fuel scarcity has resulted in a 143% hike in the price of petrol to as high as

N1,500/litre at the black market. This will continue to weigh on consumers' disposable incomes and force households to prioritize essential goods and services.

Nigeria's average healthy diet costs surge by 19.2% in July 2024

Nigeria is grappling with a severe cost of living crisis, which sparked a nationwide protest from August 1 to 10. Rising prices of essential commodities have significantly strained household budgets, leading to growing discontent across the country. Between May and July 2024, the cost of a healthy diet (CoHD) surged by 19.2%, reaching ₦1,241 per adult per day. This sharp increase has outpaced both general inflation (34.19% in June) and food inflation (40.87% in June).



The growing cost of a healthy diet is significantly felt in the southwest region, where the average CoHD has risen to ₦1,545 per adult per day, compared to ₦956 in the northwest. These regional disparities highlight the uneven economic burdens faced by different parts of the country, with lower-income households bearing the brunt of the crisis. The steep rise in essential food prices, combined with stagnant wages, has led to a significant reduction in purchasing power, further exacerbating poverty and inequality.

In response to the mounting economic pressures, citizens took to the streets in protest, expressing their frustration with the government's handling of the crisis. The protests resulted in a notable contraction in economic activities, including a decline in productivity and a sharp drop in consumer demand. Weakened consumer demand led to a 50% drop in the price of tomatoes in Lagos on August 1, as traders were compelled to lower prices. However, despite the drop in prices for some perishable goods, the prices of other staples, such as groundnut oil and palm oil, continued to rise, reflecting persistent supply-side constraints and price stickiness. This situation reduces consumers' purchasing power and threatens aggregate consumption in the country.

CBN reintroduces retail Dutch auction system to support the naira

On August 7, 2024, the Central Bank of Nigeria (CBN) conducted its first retail dutch auction of the year, offering \$876.26 million to end users through 26 authorized dealer banks at a rate of ₦1,495/\$. This auction was part of the CBN's strategic efforts to stabilize the naira by addressing the high demand for foreign exchange and promoting price discovery, ensuring that the exchange rate reflects actual market conditions rather than speculative pressures that could depreciate the naira's value. Resultantly, the naira has gained 1.13% since the first auction to trade at N1,597/\$ on August 13.

Nine companies emerged as the top bidders purchasing a total of \$25.76 million to repay loans. Notably, Unity Bank was among the banks that secured one of the highest amounts of foreign exchange, totaling \$616,138.33. This positively impacts the growth and operational stability of Unity Bank, enhancing its ability to cater for the diverse needs of its customers. Increased

bank's capacity will improve the provision of credit to support businesses and finance their activities. Furthermore, the stabilization of the naira is expected to improve consumers' standard of living and ease the cost of living crisis by mitigating uncertainty around future expenses and allowing them to plan better financially. This will increase their disposable income and banking deposits.

Nigeria's oil production increases in July to 1.31mbpd

In July 2024, Nigeria's crude oil production averaged 1.31 million barrels per day (bpd), a modest increase (2.34%) of 30,000 bpd from June's 1.28 million bpd. This rise is attributed to improved operational efficiency and intensified efforts by the Nigerian National Petroleum Corporation Limited (NNPCL) to combat oil theft and pipeline vandalism. Despite this rise, Nigeria continues to fall short of its OPEC quota of 1.5 million bpd and its budget target of 1.78 million bpd, highlighting persistent sector challenges. The country's oil sector faces significant obstacles, including insecurity, underinvestment, and the exit of international oil companies (IOCs). These difficulties are compounded by delays in oil asset transfer approvals.



Nigeria remains Africa's largest oil producer and the government aims to further boost production to two million bpd by 2025. This is coming at a time when average oil prices are on the rise. According to OPEC, the average price of oil in July rose by 2.5% to \$83.3pb, driven by robust market fundamentals. Similarly, average oil prices have increased by 5.4% year-on-year, offering some relief but tempered by production shortfalls.

For consumers, ongoing challenges in the oil sector may further stoke Nigeria's inflation as output levels remain suboptimal. This is expected to have a negative impact on their household budgets and significantly reduce their purchasing power. Commercial banks, such as Unity Bank, face increased credit risk due to potential loan defaults amid high inflation and an elevated interest rate environment. However, the government's investment incentives in the oil sector may present new financing opportunities and help boost profit levels.

Customers deposit rise by ₦21trn in Q1'24

In Q1'24, Nigerian banks' customer deposits rose by approximately ₦21 trillion(trn) to ₦136trn in March 2024. This is 18.26% higher than the total customer deposit in Q4'23 (₦115trn). The increase in consumer deposits not only outpaces the banking sector's deposit growth in 2023 but also highlights effective cost management by commercial banks. Banks have seen significant rises in low-cost deposits, demonstrating their ability to attract and retain more cost-efficient funding sources.

The rise in customer deposits will increase the liquidity positions of banks, enabling them to expand their lending activities. This will help facilitate the provision of credit to support businesses and enable consumers to finance their activities. Higher deposits will also aid

commercial banks meet up with the recapitalization requirements. Additionally, with the strength of their liquidity positions, banks will be able to diversify their products to cater to customer needs, and funds could also be channeled to improving existing infrastructure and creating jobs.

Business activity in Nigeria declines for the first time in 2024

Nigeria's private sector contracted in July and faced the first decline in business activity since November 2023, as seen in the latest Purchasing Managers' Index survey by Stanbic IBTC Bank. The headline Purchasing Managers Index fell to 49.2 in July from 50.1 in June, due to price pressures on customers. This weakened demand which left clients unwilling to commit to new projects. This fall indicated a deterioration in business conditions, as it is below 50(improvement in business condition).

Additionally, selling prices continued to rise as private companies passed on higher input costs to customers, despite a slight ease in inflation rates. Inflation rates were 24.08% in July 2023 the lowest since May 2023. Some businesses lowered their prices to attract sales.

Three out of four broad sectors saw a reduction in business activity in July, with manufacturing being the only sector to experience an increase in production. Despite the contraction, companies remained optimistic about future output, driven by expansion plans that include efforts to start exporting and opening additional branches.

The decline in Nigeria's private sector activity leads to persistent inflationary pressures seen in the increase in prices of goods and services and weakened demand. A reduction in economic activity could lead to a decline in employment opportunities and lower disposable income, which will strain household budgets.

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Social Story



Paris 2024 Olympic

- The Paris 2024 Olympic Games began on July 26, 2024, showcasing a grand celebration of international sports.
- The opening ceremony, set against the scenic Seine River, launched the event with around 10,500 athletes from 206 countries competing in 32 sports.
- The Games featured 3,800 hours of live coverage and awarded 329 gold medals across a diverse range of sports, including football, tennis, archery, and gymnastics.
- African athletes made a significant impact, with Kenya topping the African medal tally with 11 medals, including four golds in athletics.
- On August 5, Nigeria's women's basketball team, D'Tigress, made history as the first African basketball team to reach the Olympic quarterfinals.
- Nigerian sprinter Favour Ofili also achieved a notable milestone by qualifying for the women's 200-meter semi-finals.
- Africa won a total of 38 medals across 12 countries, setting new records and inspiring millions with their performance.
- The participation of African athletes enhanced global sports recognition and opened doors for more opportunities and exposure in the athletic world.
- The closing ceremony, held on August 11, featured impressive performances and the symbolic handover of the Olympic flag to Los Angeles, the host city for the 2028 Games.
- The world eagerly anticipates the next chapter in Olympic history as attention shifts towards the upcoming Los Angeles Games.



The Importance of Community in Employee Wellness

Culled from the BetterYou¹

Community has never been more important in today's fast-paced and often high-stress work environments. The well-being of employees should be a top priority for organizations, as it directly impacts productivity, engagement, and overall success. Cultivating a strong sense of community within the workplace can have a profound impact on employee wellness, both mentally and physically. This article explores the importance of community in employee wellness and provides strategies for building and measuring its impact.

Understanding the Concept of Community in the Workplace

Before discussing the role of community in employee wellness, it's crucial to define what we mean by "community" in the workplace. Community goes beyond just being a group of people working together; it is about fostering a sense of belonging, connection, and support among employees. It is about creating an environment where individuals feel valued, respected, and part of something greater than themselves.

When we talk about community in the workplace, we refer to a dynamic and inclusive space where individuals come together to collaborate,

communicate, and support one another. It is a place where employees feel safe to express their ideas, share their experiences, and contribute to the organisation's collective success.

Defining Community in the Workplace

Community in the workplace can be characterized by open communication, collaboration, empathy, and a shared sense of purpose. It is about creating spaces and opportunities for employees to connect with one another, build meaningful relationships, and support each other's growth and well-being.

Open communication is a fundamental aspect of a strong workplace community. It involves creating an environment where employees feel comfortable expressing their thoughts, concerns, and ideas. This open dialogue fosters trust, transparency, and a sense of belonging among team members.

Collaboration is another key element of a thriving workplace community. When employees work together, pooling their diverse skills and perspectives, they can achieve more than they could individually. Collaboration encourages innovation, problem-solving, and the sharing of knowledge and expertise.

1. <https://www.betteryou.ai/the-importance-of-community-in-employee-wellness/>

Empathy plays a vital role in building a supportive community in the workplace. It involves understanding and sharing the feelings of others, being compassionate, and offering support when needed. When employees feel their colleagues genuinely care about their well-being, it creates a positive and nurturing work environment.

A shared sense of purpose is the glue that holds a workplace community together. When employees understand and align with the organization's mission and values, they feel connected to something bigger than themselves. This shared purpose fosters a sense of pride, motivation, and commitment among team members.

The Role of Community in Employee Engagement

A strong sense of community has a direct impact on employee engagement. When employees feel connected to their colleagues and have a sense of belonging, they are likelier to be engaged in their work. Engaged employees are motivated, proactive, and committed to the organization's goals. They are also more likely to experience higher job satisfaction and overall well-being.

Employee engagement is not just about being physically present at work but about being mentally and emotionally invested in one's job. When employees feel supported and valued by their peers, they are likelier to go the extra mile, take initiative, and contribute their best efforts to the organization.

Furthermore, a strong workplace community promotes a positive work culture. When employees feel a sense of camaraderie and connection, it reduces stress, improves morale, and enhances overall well-being. This, in turn, leads to increased productivity, creativity, and a higher quality of work.

In conclusion, community in the workplace is not just a buzzword; it is a fundamental aspect of a healthy and thriving organization. Organizations can create a positive work environment that promotes employee engagement, well-being, and overall success by

fostering a sense of belonging, connection, and support.

The Connection Between Community and Employee Wellness

Now that we understand the importance of community in the workplace, let's explore how it specifically influences employee wellness, both mentally and physically.

Creating a strong sense of community within the workplace benefits employee well-being. It goes beyond simply fostering a positive work environment; it directly impacts employees' mental and physical health.

The Impact of Community on Employee Mental Health

The workplace community plays a significant role in promoting positive mental health among employees. When employees feel supported and connected to their colleagues, they are more likely to experience lower stress, anxiety, and burnout levels.

Imagine a workplace where employees feel like they belong and can openly share their thoughts and concerns without fear of judgment. In such an environment, individuals are more likely to feel a sense of psychological safety, which is crucial for maintaining good mental health.

Moreover, when employees have a strong work community, they have a support system that they can lean on during challenging times. Whether it's a difficult project, personal issues, or professional setbacks, having colleagues who genuinely care and offer support can immensely improve their overall well-being.

How Community Influences Physical Health in the Workplace

Community benefits in the workplace extend beyond mental health and impact employees' physical well-being. A strong sense of community encourages healthy behaviors such as regular exercise, proper nutrition, and adequate sleep.

Employees who feel a sense of belonging and support are more likely to prioritize their physical health. They may form exercise groups or engage in physical activities, motivating each other to stay active and fit. A supportive community can also provide resources and information about healthy eating habits, leading to improved nutrition choices.

Furthermore, a positive work community can contribute to better sleep habits. When employees feel connected and valued, they are less likely to experience work-related stress that can disrupt their sleep patterns. This, in turn, leads to improved overall health and well-being.

It's important to note that the influence of the community on physical health goes beyond individual behaviors. A supportive work community can also lead to reduced absenteeism and increased productivity. When employees feel connected and supported, they are more likely to be engaged in their work, resulting in higher levels of productivity and fewer sick days.

In conclusion, fostering a strong sense of community within the workplace has far-reaching effects on employee wellness. It positively impacts mental and physical health, creating a work environment where individuals can thrive and reach their full potential.

Building a Strong Community for Employee Wellness

Now that we've understood the significance of community in employee wellness, let's explore strategies for cultivating and fostering a strong sense of community within the workplace.

Building a strong community within the workplace is essential for employee wellness and overall organizational success. A sense of community fosters a supportive and inclusive environment where employees feel valued, connected, and motivated. It promotes collaboration, communication, and a shared sense of purpose. To create such a community, organizations can implement various

strategies to encourage engagement and foster a sense of belonging.

Strategies for Fostering a Sense of Community

Creating a strong community starts with fostering open communication, encouraging collaboration, and promoting inclusivity. These strategies help employees feel heard, valued, and connected to their colleagues and the organization.

One effective strategy is organizing team-building activities. These activities range from outdoor adventures to group workshops or virtual team-building exercises. Employees can bond, develop trust, and strengthen their relationships by participating in these activities, which enhances teamwork and cooperation within the workplace.

Another strategy is creating shared spaces for employees to connect. This can include designated areas in the office where employees can gather for informal conversations, brainstorming sessions, or even just to relax and socialize. These shared spaces allow employees to interact and build relationships outside their immediate responsibilities.

Additionally, implementing mentoring programs can also contribute to community building. Pairing experienced employees with newer ones allows for knowledge sharing, skill development, and the formation of meaningful connections. Mentoring programs provide a platform for employees to learn from one another, receive guidance, and feel supported in their professional growth.

In conclusion, the importance of community in employee wellness cannot be overstated. A strong sense of community fosters employee engagement, positively impacts mental and physical health, and contributes to overall well-being. Organizations can create environments that promote employee wellness and drive success by implementing strategies for building and measuring the impact of workplace community.

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