

Goodwill Message from the Editor

Our economy-focused Quarterly Digest took a break from Q2 2023 to give room for the dust of election rumpus to settle and allow the new administration to chart a convincing socio-economic direction. I warmly welcome our readers to this edition of Resort Consult Quarterly Digest with sincere appreciation of your loyal patronage. Year 2024 portends great and varied developments which should redefine Nigeria's economic landscape. Your darling Resort Consul Quarterly Digest also promises to be more qualitatively informative during the period.

Global and National Economic Trends in 2023

The global economy slowed throughout 2023, growing by 3.1% compared to 3.5% in 2022. The lingering Russia invasion of Ukraine and the war in Gaza Strip continued to disrupt the supply chain and energy markets. Within the period, India overtook China as the most populated country in the world, and Chinese consumer spending patterns have normalized after the removal of the Covid-19 pandemic restrictions at the start of the year. The US growth has picked up on renewed fiscal easing and resilient household spending. All these developments shaped the global economy in 2023 that managed to stay ahead of recession, as Central Banks around the world raised interest rates which further slowed economic growth.

Nigerian banks have navigated a difficult economic landscape with rising inflation, currency fluctuation, and policy uncertainties. The banks maintained focus on innovation and collaboration with Financial Technology (FinTech) to deepen market reach and drive positive performance.

General Rise in Price Levels

The new government's announcement in May of removal of subsidy on petroleum products, that took immediate effect, initially triggered rise in transport cost. There was also fiscal policy on unification of foreign exchange which could not be matched with adequate supply, thereby resulting in excessive weakening of the Naira. Insecurity in the North-East and North-West did not abate but worsened and spread to many parts of the country, resulting in ravaging of farms and rampart abandonment of farm settlements. These resulted in widespread shortage of food supply and food price increase, and subsequently, general rise in price and inflation levels.

Regulatory Directive on Bank Recapitalization

By March 2024, the CBN announced new Minimum Capital Requirements, effective April 1, 2026, as follows:

S/No	Description of Bank	New Min. Capital N'B	Prev. Min. Capital N'B	Increase N'B
1.	Commercial - International	500	50	450
2.	Commercial - National	200	25	175
3..	Commercial – Regional	50	10	40
4.	Merchant - National	50	15	35
5.	Non-Interest - National	20	10	10
6.	Non-Interest – Regional	10	5	5



Undistributed profit of banks will not be allowed to be counted as part of the Capitalization. In effect, Script or Bonus Issue is not allowed, Banks can adopt Rights Issue, Public Issue. Mergers & Acquisition or Down-grading as means to satisfy the requirement. Banks are required to submit their Roadmap for compliance within this quarter. Meanwhile, the race for compliance is expected to commence in earnest.

The above CBN Announcement may serve as a signpost to what Mortgage and Microfinance Banks should expect before end of December 2024.

2024 in Perspective

Prices in some sectors are expected to drop within the year. Q1 has already experienced drop in the prices of some foodstuff; there was also sudden drop in international airfare, in response to the dramatic gain of Naira over the Dollar, and the challenge posed by the entering of Air Peace into the International Carrier Space. A similar drop is envisaged for the price of diesel and local transport fares as Dangote Refinery should be fully operational within 2024.

Many kingpins of kidnapping have reportedly been neutralized or arrested in recent times. If this trend is sustained, intercity travelling will improve, and more farmers will return to boost farming, for enhancement of food production and more secure transportation. Generally, the business environment should improve steadily in 2024 to bring inflation rate down to a more tolerable level.

Lagos Blue and Red Lines

Nigeria commenced intracity transportation by rail when in Q3, 2023, Lagos State commissioned its Blue Line, planned to provide rail committing from Badagry to Marina through 7 stations. Its first phase, running from Mile 2 through National Theatre to Lagos, commenced operation in Q4 2023. The Red Line, scheduled to cover part of Ogun State to Marina Lagos has been commissioned and expected to be fully operational in April 2024.

These developments will transform intracity transportation of Lagos, especially when the ticket harmonization for road, rail and water transportation takes off later in 2024. It will be a model for other states to emulate and imitate.

The MPC Pronouncement on Interest Rate

The outcome of the Monetary Policy Committee meeting moved Monetary Policy Rates as follows:

S/No	Description	Rate in Q1	Rate in Q2	Shift in Basis Point
1.	Monetary Policy Rate (MPR)	18.75	22.74	4.0
2.	Treasury Bill Rate	4.33	17.03	12.70
3.	Cash Reserve Ratio (CRR)	32.50	45.00	12.50.

The objective is to stem excess cash in circulation and tame inflation that is attaining unprecedented height.

Essential Continuous Professional Development Courses

Following Resort Consult Courses have been scheduled for Continuous Professional Development:

S/N	Course Name	Objective	Scheduled Date	Venue
1.	Marketing Plan Development	Strategy/Planning/Marketing	Apr 17-18, 2024	Hybrid, Lagos
2.	Microfinance Performance Review	For Mfbs for Policy Review	Oct 9-10,2024	Onsite, Lagos
3.	Corporate Finance	Develop local Manufacturing	Nov 6-7,2024	Hybrid, Lagos

Thank you.

