

# Short-term company outlook: citigroup incorporated

[Literature](#), [Russian Literature](#)



The paper "Short-Term Company Outlook: Citigroup Incorporated" is a good example of a case study macro and microeconomics. The Macro-economic environmental is instrumental in determining the performance of a given industry. The macro-economic environmental influences the business environment in determining the ability of a business in generating profit. Citigroup Incorporation is one of the businesses whose operations have been influenced by the macro-economic movements in the market. Indeed, the recent financial crisis depicts how the macro-economic environment is critical in determining the financial performance of Citigroup. Accordingly, an intensive evaluation on the current macro-economic environment in influencing the banking industry which Citigroup operates has been undertaken. Discussion

The current macro-economic environment is helping the banking to grow due to the increased market expansion and credit demand. One of the macro-economic currently promoting the growth of the banking industry is the per capita income. The capita income in the global market has been relatively expanding. Accordingly, the number of individuals making deposits with banks has been increasing exponentially. The increasing bank deposits have expanded the ability of the banking industry to lend financial credit to the corporate and personal customers in the market (Mankiw, 2012).

Consequently, the interest revenue generation from the credit offered to the customers in the banking has increased that has seen the profitability growth in the banking industry increasing. Similarly, the gross domestic production (GDP) aspect of the macro-economy has been critical in promoting the growth of the banking industry in America (Dwivedi, 2010).

The US economy has been expanding since the recent financial crisis which has seen the level of new investments increasing. Thus, the level of borrowing in the market has increased to finance the growing number of investments in the country. The increasing borrowing volume in the market has seen the banking industry growth due to the increasing interest revenue generated from the transaction. Furthermore, the unemployment rate dimension of the macro-economy has played a role in promoting the growth of the banking industry (Cencini, 2012). The unemployment rate in recent years has been slowing down which has seen a significant number of the population being able to make savings. Accordingly, the banking industry has been able to access deposits from individuals for lending at ease (Mankiw, 2012). Consequently, the macro-economy has been instrumental in promoting the growth of the banking industry which Citigroup Incorporation undertakes its operation.

Similarly, the policies been formulated by the government have the potential of enhancing the demand growth of the banking industry services. One of the policies been formulated by the government towards the banking industry is technology and information integration within the financial market. The technology and information integration policy is geared towards enabling customers to share their creditworthiness at the click of a button. Consequently, the embracement and implementation of the policy will enable prospective borrowers to access financial credit at ease because their financial capability will be assessed by the banks timely (Dwivedi, 2010). The ability of the policy to remove hurdles hindering borrowers to access credit from the industry will see the demand for credit services increasing

significantly in the future. Another government policy which has the potential of enhancing the demand of banking industry services is the monetary policy.

The Federal Bank has in recent months been lessening the interest rates through money supply. The money supply policy adopted by the Federal Bank has been to slow down the money supply in the market. Consequently, the inflation rate which is critical in determining the interest rate has slowed down (Mankiw, 2012). The extent of the interest rate to slow down has the potential of enticing the demand for loans offered by the banking industry because the cost of getting the loan will be cheaper. Consequently, the monetary policy been adopted by the government has the potential of increasing the demand for the banking industry services in the market. Moreover, the policy by the government to reduce domestic borrowings has the potential of increasing the demand for banking services. The policy by the government to reduce domestic borrowing has the effect of reducing the interest rate charged on borrowers due to enhanced competition in the industry to attract consumers (Mankiw, 2012). Consequently, the demand for loans will increase because the borrowers will be able to access the fund at a lower cost of capital.

### Conclusion

The current macro-economy policies in the market demonstrate the banking industry has the potential of growing in the future. The information and technology integration policy, monetary policy, and the domestic borrowing slowdown policy by the government depicts the demand of the banking industry services are likely to increase in the future. Consequently, Citigroup

Incorporation should enhance its operational infrastructure in the market to exploit the potential increase of banking services demand. The action will enable the bank to reach numerous consumers seeking loan in the future.