

Central Bank of Nigeria

Statistics Department



Consumer Expectations Survey Report

June 2018

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1.0 Highlights

The highlights of the Q2 2018 Consumer Expectations Survey (CES) are as follows:

- Overall outlook of consumers was negative in the current quarter, as more consumers were pessimistic in their outlook. Consumers however, had a positive outlook for the next quarter and the next 12 months.
- Majority of consumers nationwide believe that the next 12 months would not be an ideal time to purchase big-ticket items like motor vehicle and house & lot.
- Most respondents expected that exchange and inflation rates will appreciate, while borrowing rate will fall in the next 12 months
- The major drivers of the expected upward movement in prices are: education, medical care, transportation, electricity, house rent, and food & other household needs.

2.0 Introduction

The Consumer Expectations Survey (CES) for Q2 2018 was conducted during the period May 28 to June 15 2018, covering a sample size of 2,070 households drawn from 207 Enumeration Areas (EAs) across the country.

The overall response rate for the Q2 2018 CES was 80.4 per cent. Respondents' distribution by educational attainment showed that 15.2 per cent had university education, 14.9 per cent had higher non-university education, while 24.9 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 7.2 and 18.5 per cent, respectively, while those with no formal education accounted for the balance of 19.5 per cent.

3.0 Consumer Outlook

3.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook worsened in Q2 2018, as more consumers were less optimistic in their outlook. The index at -6.3 points was 10.7 points lower than the index in the corresponding period of 2017. Some respondents attributed this moderation in outlook to worsening economic condition. The consumer outlook for the next quarter and next 12 months were positive at 16.2 and 21.2 points, respectively (Fig. 1). This outlook could be attributed to the expected increase in net household income, the anticipated improvement in Nigeria's economic conditions, and expectations to save a bit and/or have plenty over savings in the next 12 months (Table 1).

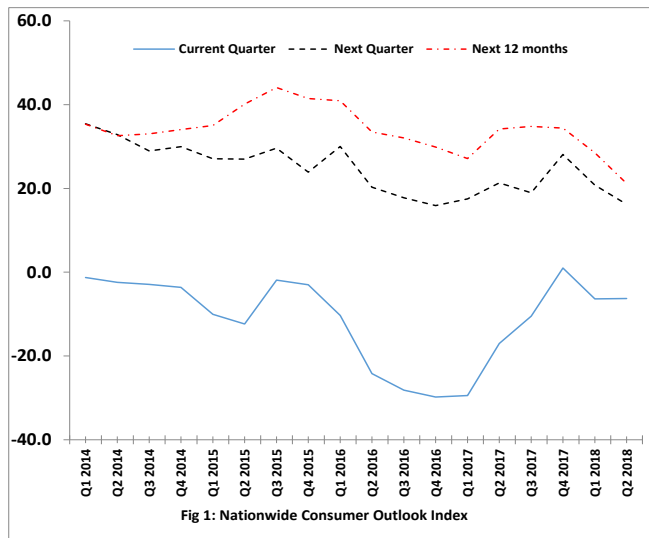


Fig 1: Nationwide Consumer Outlook Index

3.2 Outlook on Price Changes in the Next 12 Months

Most respondents expect the prices of goods and services to rise in the next 12 months with an index point of 13.2 points. The major drivers are: Education, medical care, transportation, electricity, house rent, and food & other household needs (Fig. 2).

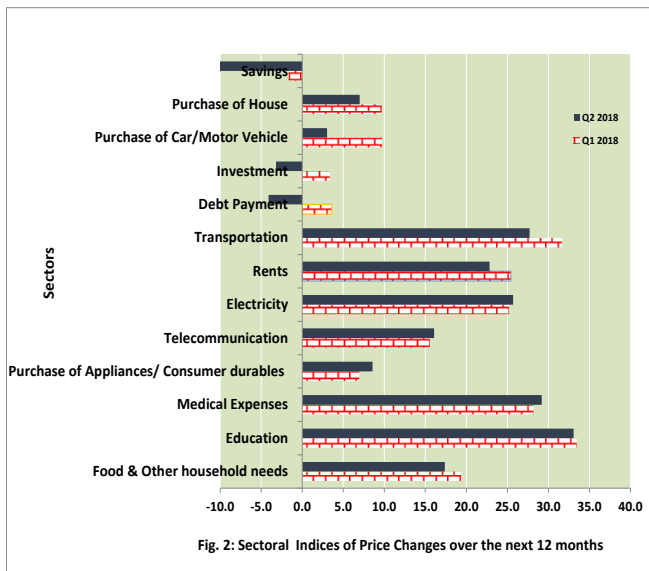


Fig. 2: Sectoral Indices of Price Changes over the next 12 months

3.2.1 Buying Outlook

The overall buying conditions index for consumers in the current quarter for big-ticket items stood at 32.0 points. This indicates that majority of consumers believed that the current quarter was not the ideal time to purchase big-ticket items like consumer durables, motor vehicles, and house & lot (Fig 3).

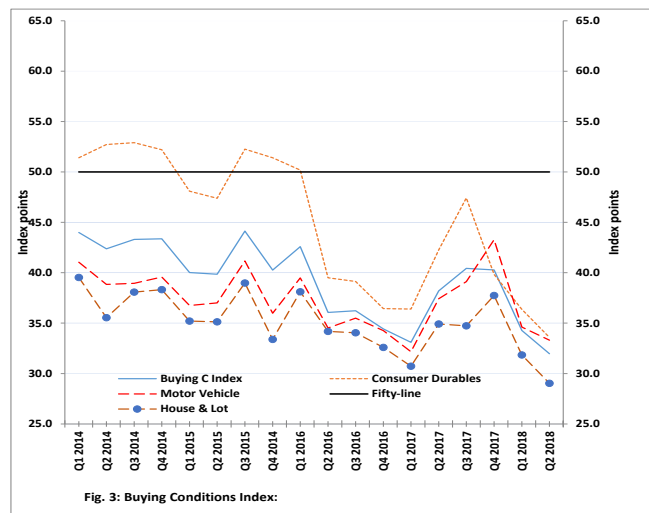


Fig. 3: Buying Conditions Index:

Overall buying intention index in the next twelve months stood at 42.6 index points, indicating that majority of consumers intend to buy these items in the next 12 months. The buying intention index for consumer durables, Motor vehicle and house & lot was below 50 points, indicating that respondents have no plans to purchase furniture, gas cooker, refrigerator, air conditioner, television, motor vehicles and houses in the next twelve months (Fig 4).



Fig. 4: Buying Intention Index

3.3 Borrowing and Exchange Rates Outlook

With indices of -1.2 and 15.0 points, consumers expect borrowing rate to fall while the exchange rate is expected to appreciate in the next 12 months (Fig. 6).

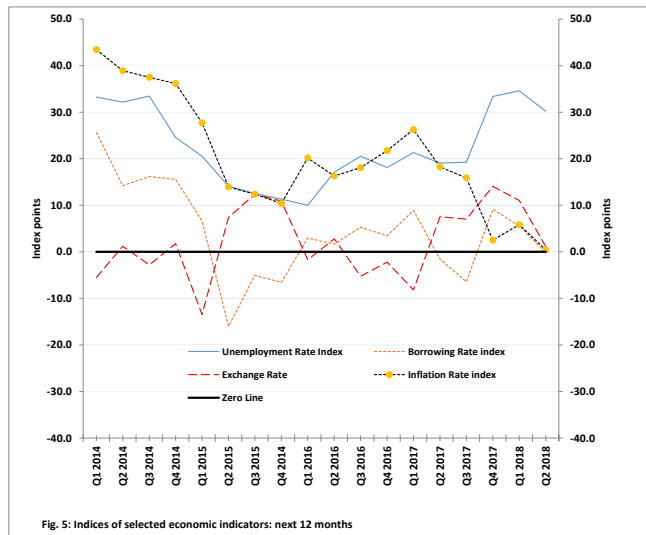


Fig. 5: Indices of selected economic indicators: next 12 months

3.4 Unemployment Outlook

The unemployment index for the next 12 months remained positive at 23.3 points in Q2 2018, indicating that majority of the consumers expect unemployment to rise in the next 12 months (Fig. 6).

TECHNICAL NOTES

1. The Overall consumer confidence index is computed as the average of the three indices, namely: Economic Condition, Family Financial Situation and Family Income.

- a. Economic Condition refers to the perception of the respondent regarding the general economic condition of the country.
- b. Family Financial Situation refers to the level of savings, investments, other assets including cash at hand and outstanding debts.
- c. Family Income includes primary income and receipts from other sources received by all family members as participants in any economic activity or as recipients of transfers, pensions, grants, and the like.

2. The confidence index or diffusion index is computed as the percentage share of respondents that answered in the affirmative less the percentage share of respondents that answered negative in a given indicator.

3. A positive CI indicates that respondents with a favorable view outnumber those with an unfavorable view, except for unemployment, change in prices and interest rate for borrowing money, where a positive CI indicates the opposite.

4. Buying condition and buying intention indices refer to the assessment of consumers as to whether it is good time, neither good nor bad or bad time to buy assets (i.e. consumer durables, house and lot, and motor vehicles) during the quarter. An index above 50 means more respondents indicated that it is a good time to buy assets; below 50 means more respondents believe that it would not be an appropriate time to make those purchases; and 50 means the number of respondents on both sides is equal.

$BCI = 0.5(100+DI)$, where DI = diffusion index

ANNEX: TABLES

TABLE 1								
National								
CONSUMER EXPECTATIONS SURVEY								
Year	2016		2017				2018	
Quarter	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1. Overall Consumer Confidence Index								
All Sectors								
Current Quarter	-28.2	-29.8	-29.4	-17.0	-10.5	1.0	-6.4	-6.3
Next Quarter	17.8	15.9	17.5	21.3	19.0	28.1	20.8	16.2
Next 12 months	32.1	29.9	27.2	34.2	34.8	34.4	28.5	21.2
2. Consumer outlook indices on the current economic and family condition: Current Quarter								
Economic Condition	-30.8	-31.8	-29.5	-9.7	1.7	-4.3	-16.9	-14.3
Family Financial Situation	-31.9	-30.5	-31.6	-26.0	-28.0	-5.6	-7.1	-7.0
Family Income	-21.7	-27.1	-27.2	-15.5	-5.1	12.8	4.9	2.4
3. Consumer outlook indices on economic and family condition: Next Quarter								
Economic Condition	18.6	21.3	8.7	29.4	25.7	30.5	25.5	19.1
Family Financial Situation	2.0	-3.8	-6.4	4.4	9.3	18.8	11.1	8.3
Family Income	32.7	30.3	50.3	30.0	21.9	35.0	25.7	21.3
4. Consumer outlook indices on economic and family condition: Next 12 Months								
Economic Condition	27.2	27.7	19.9	33.6	31.2	32.7	28.8	22.1
Family Financial Situation	8.4	1.6	0.4	8.8	12.8	26.0	19.7	12.4
Family Income	60.6	60.4	61.2	60.2	60.5	44.6	37.1	29.0
5. Buying Conditions Index: Current Quarter								
Buying Conditions Index								
	36.2	34.4	33.1	38.2	40.4	40.3	34.3	32.0
Consumer Durables	39.1	36.4	36.4	42.3	47.4	39.8	36.4	33.6
Motor Vehicle	35.5	34.3	32.2	37.4	39.1	43.3	34.6	33.3
House & Lot	34.0	32.6	30.7	34.9	34.7	37.8	31.8	29.0
6. Buying Intention Index: Next 12 Months								
Buying Intentions Index								
	47.5	44.6	43.4	48.0	47.0	53.8	45.5	42.6
Consumer Durables	54.2	50.8	50.2	54.4	56.6	58.9	48.6	48.6
Motor Vehicle	44.6	41.7	39.9	45.4	43.2	53.8	46.1	41.9
House & Lot	43.6	41.2	40.1	44.2	41.3	48.8	41.9	37.4
7. Indices on Selected Economic Indicators: Next Quarter								
Unemployment Rate Index	20.5	18.1	21.3	19.1	19.2	33.4	34.6	30.2
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	9.1	5.5	-0.2
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	14.1	11.1	1.2
Inflation Rate index	18.1	21.7	26.3	18.3	15.9	2.5	5.8	0.4
8. Indices on Selected Economic Indicators: Next 12 Months								
Unemployment Rate Index	20.5	18.1	21.3	19.1	19.2	24.2	26.6	23.3
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	3.7	1.9	-1.2
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	30.9	24.1	15.0
Inflation Rate index	8.1	8.4	9.4	8.0	8.3	19.7	16.2	13.2
9. Sectors Contribution to price changes over the next 12 months								
Food & Other household needs	24.4	22.4	39.7	15.6	9.3	10.5	19.3	17.4
Education	36.0	36.6	40.7	34.0	32.8	32.4	33.4	33.1
Medical Expenses	27.6	36.3	40.9	32.0	28.8	24.9	28.2	29.2
Purchase of Appliances/ Consumer durables	16.8	29.0	32.1	18.1	16.5	2.6	7.0	8.6
Telecommunication	18.0	21.5	32.8	21.2	18.9	15.4	15.6	16.1
Electricity	25.5	36.0	39.5	29.1	26.1	26.4	25.2	25.7
Rents	40.0	45.7	47.3	39.7	31.7	26.0	25.4	22.8
Transportation	28.9	33.4	42.1	29.5	26.9	26.4	31.7	27.7
Debt Payment	0.0	0.0	0.0	0.0	0.0	5.7	3.6	-4.1
Investment	0.0	0.0	0.0	0.0	0.0	0.7	3.4	-3.2
Purchase of Car/Motor Vehicle	0.0	0.0	0.0	0.0	0.0	3.6	9.7	3.0
Purchase of House	0.0	0.0	0.0	0.0	0.0	4.2	9.7	7.0
Savings	0.0	0.0	0.0	0.0	0.0	-9.2	-1.7	-11.5
10. Percentage of Respondents by Educational Attainment								
Primary School	3.1	3.2	2.3	3.0	2.8	2.2	17.2	18.5
Junior School	2.7	3.0	3.5	4.1	5.8	2.4	6.4	7.2
Senior School	16.7	14.3	16.7	15.5	18.0	15.6	23.8	24.9
Higher non-university education	29.9	30.5	29.6	27.6	29.7	25.3	16.6	14.9
University	45.4	46.8	45.2	47.3	41.8	53.6	17.7	15.2
None	2.1	2.3	2.7	2.5	1.9	1.0	18.3	19.5
11. Total Sample Households and Response Rate								
Number of Sample Households	1950	1950	1950	1950	1950	1950	2070	2070
Number of Respondents	<u>1937</u>	<u>1940</u>	<u>1947</u>	<u>1950</u>	<u>1926</u>	<u>1948</u>	<u>1729</u>	<u>1664</u>
Response Rate	99.3	99.5	99.8	100.0	98.8	99.9	83.5	80.4