

Central Bank of Nigeria

Statistics Department



Consumer Expectations Survey Report

Q3 2019

September 2019

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1.0 Highlights

The highlights of the Q3 2019 Consumer Expectations Survey (CES) are as follows:

- Consumers' overall outlook was positive in the current quarter, as more consumers were optimistic in their outlook. Consumers also had a positive outlook for the next quarter and the next 12 months.
- Majority of consumers believe that the next 12 months would not be an ideal time to purchase big-ticket items like motor vehicles and house & lot.
- Most respondents expected the naira to appreciate, inflation rate to rise, and borrowing rate to fall in the next 12 months.
- The major drivers of the expected upward movement in prices are: purchase of appliances/ consumer durables, savings, education, purchase of car/motor vehicle, purchase of house and transportation.

2.0 Introduction

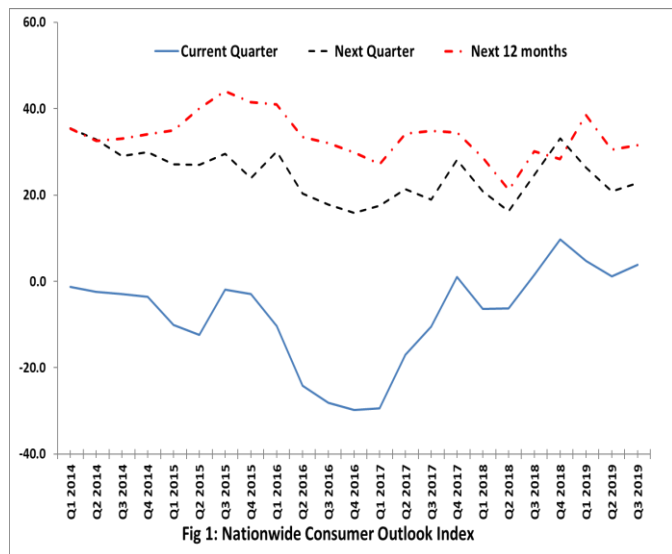
The Q3 2019 Consumer Expectations Survey (CES) was conducted during the period September 16-27, 2019, covering a sample size of 2,070 households drawn from 207 Enumeration Areas (EAs) across the country, with a response rate of 98.3 per cent.

Respondents' distribution by educational attainment showed that 7.3 per cent had university education, 11.7 per cent had higher non-university education, while 27.8 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 5.0 and 19.3 per cent, respectively, while those with no formal education accounted for the balance of 28.9 per cent.

3.0 Consumer Outlook

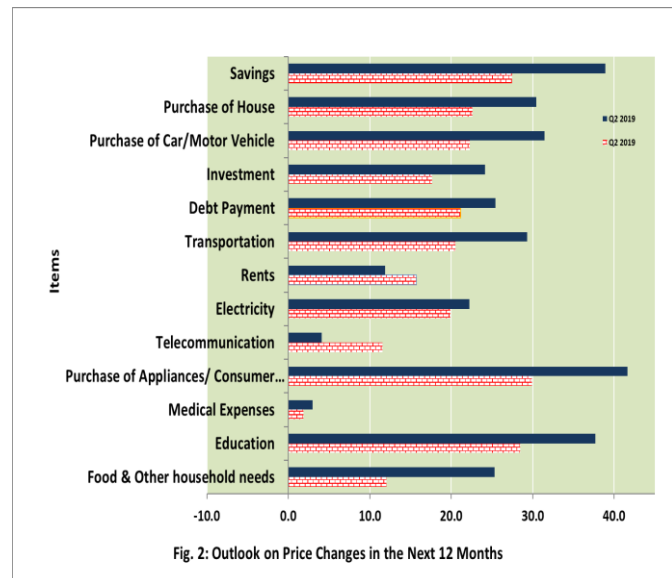
3.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook rose in Q3 2019, as more consumers were optimistic in their outlook. The index at 3.8 points was 2.3 points higher than the index in the corresponding period of 2018. Respondents attributed this favourable outlook to improved family income and family financial situation. The consumer outlooks for the next quarter and next 12 months were positive at 22.8 and 31.5 points, respectively (Fig. 1). This outlook could be attributed to the expected increase in net household income, an 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).



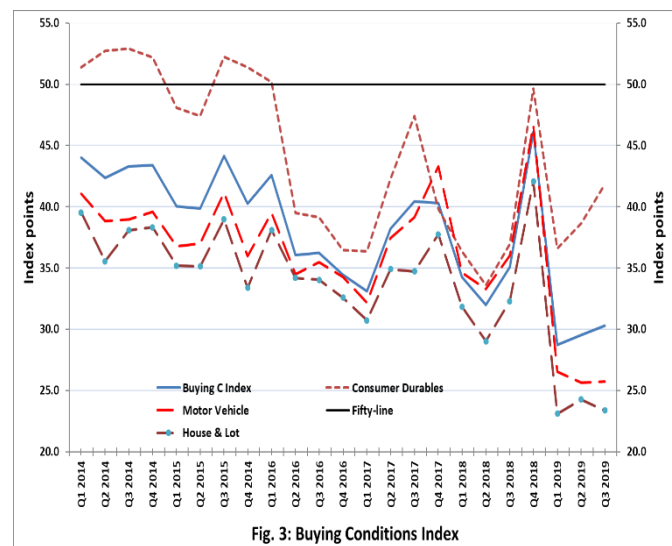
3.2 Outlook on Price Changes in the Next 12 Months

Most respondents expect prices of goods and services to rise in the next 12 months, with an index of 25.0 points. The major drivers are: purchase of appliances/ consumer durables, savings, education, purchase of car/motor vehicle, purchase of house and transportation (Fig. 2).



3.2.1 Buying Outlook

The overall buying conditions index for big-ticket items in the current quarter stood at 30.3 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).



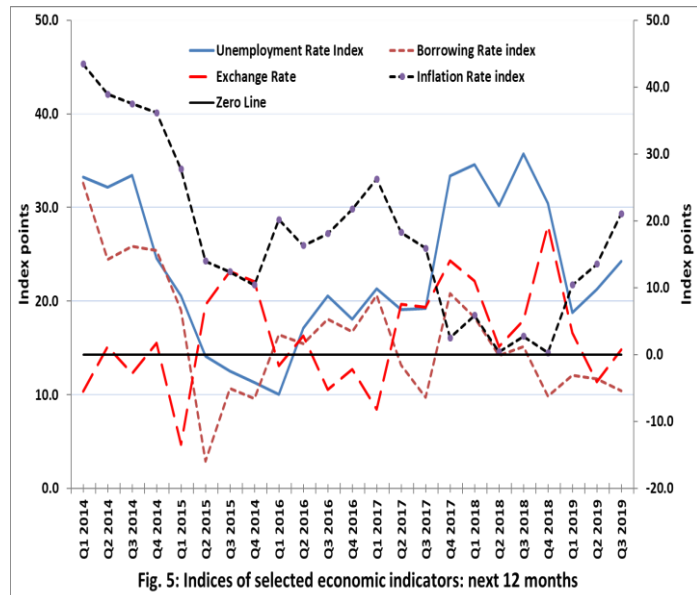
Overall buying intention index in the next twelve months stood at 36.2 index points, indicating that most consumers do not intend to buy big-ticket items in the next 12 months. The buying intention indices for consumer durables, motor vehicles and house & lot were below 50 points, indicating that respondents have no plans to make these purchases in the next twelve months (Fig 4).

3.3 Borrowing and Exchange Rates Outlook for the next 12 Months

With indices of -6.2 and 13.9 points, consumers expect the borrowing rate to fall, but expect the naira to appreciate in the next 12 months (Fig. 5).

3.4 Unemployment Outlook for the next 12 Months

The unemployment index for the next 12 months remained positive at 21.8 points in Q3 2019, indicating that consumers generally expect the unemployment rate to rise in the next one year (Fig. 5).



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

CONSUMER EXPECTATIONS SURVEY

Year	2016		2017				2018				2019		
Quarter	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	1.5	9.7	4.8	1.2	3.8
Next Quarter	17.8	15.9	17.5	21.3	19.0	28.1	20.8	16.2	24.7	33.2	26.3	20.9	22.8
Next 12 months	32.1	29.9	27.2	34.2	34.8	34.4	28.5	21.2	30.1	28.4	38.5	30.5	31.5
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	-6.5	6.3	-7.0	-8.0	-5.8
Family Financial Situation	-31.9	-30.5	-31.6	-26.0	-28.0	-5.6	-7.1	-7.0	-0.5	9.0	7.2	4.5	6.3
Family Income	-21.7	-27.1	-27.2	-15.5	-5.1	12.8	4.9	2.4	11.5	13.9	14.1	6.9	10.9
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	27.5	34.7	26.6	21.5	21.7
Family Financial Situation	2.0	-3.8	-6.4	4.4	9.3	18.8	11.1	8.3	17.6	28.3	20.2	15.4	18.1
Family Income	32.7	30.3	50.3	30.0	21.9	35.0	25.7	21.3	29.1	36.5	32.1	25.6	28.5
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	32.9	31.7	36.4	26.6	24.3
Family Financial Situation	8.4	1.6	0.4	8.8	12.8	26.0	19.7	12.4	21.8	25.7	34.7	27.0	29.6
Family Income	60.6	60.4	61.2	60.2	60.5	44.6	37.1	29.0	35.5	27.7	44.5	37.8	40.7
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	35.1	46.1	28.7	29.5	30.3
Consumer Durables	39.1	36.4	36.4	42.3	47.4	39.8	36.4	33.6	37.0	49.6	36.6	38.6	41.8
Motor Vehicle	35.5	34.3	32.2	37.4	39.1	43.3	34.6	33.3	36.0	46.6	26.5	25.6	25.7
House & Lot	34.0	32.6	30.7	34.9	34.7	37.8	31.8	29.0	32.3	42.1	23.1	24.3	23.4
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	46.4	40.7*	39.5	37.5	36.2
Consumer Durables	54.2	50.8	50.2	54.4	56.6	58.9	48.6	48.6	53.5	48.3	52.7	50.0	48.4
Motor Vehicle	44.6	41.7	39.9	45.4	43.2	53.8	46.1	41.9	44.5	33.2	35.1	32.1	31.0
House & Lot	43.6	41.2	40.1	44.2	41.3	48.8	41.9	37.4	41.3	40.5*	30.9	30.4	29.2
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	35.7	30.4	18.7	21.3	24.2
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	9.1	5.5	-0.2	1.2	-6.3	-3.1	-3.6	-5.5
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	14.1	11.1	1.2	5.1	19.3	3.2	-4.1	0.7
Inflation Rate index	18.1	21.7	26.3	18.3	15.9	2.5	5.8	0.4	2.7	0.3	10.4	13.5	21.1
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	25.0	29.3	13.1	16.6	21.8
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	3.7	1.9	-1.2	-2.6	5.0	-6.2	-6.0	-6.2
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	30.9	24.1	15.0	16.4	6.6	20.7	11.9	13.9
Inflation Rate index	16.7	20.1	24.2	16.9	14.7	13.0	16.2	13.2	16.7	13.3	15.9**	19.3	25.0
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	14.3	28.0	17.4	12.0	25.3
Education	36.0	36.6	40.7	34.0	32.8	32.4	33.4	33.1	28.2	4.8	26.1	28.4	37.7
Medical Expenses	27.6	36.3	40.9	32.0	28.8	24.9	28.2	29.2	26.8	5.7	-7.3	1.8	3.0
Purchase of Appliances/ Consumer durables	16.8	29.0	32.1	18.1	16.5	2.6	7.0	8.6	14.4	8.0	25.7	29.9	41.7
Telecommunication	18.0	21.5	32.8	21.2	18.9	15.4	15.6	16.1	19.0	23.6	6.7	11.6	4.1
Electricity	25.5	36.0	39.5	29.1	26.1	26.4	25.2	25.7	26.6	18.9	14.4	19.9	22.2
Rents	40.0	45.7	47.3	39.7	31.7	26.0	25.4	22.8	22.0	31.1	11.1	15.7	11.9
Transportation	28.9	33.4	42.1	29.5	26.9	26.4	31.7	27.7	32.7	-3.9	16.4	20.5	29.3
Debt Payment	0.0	0.0	0.0	0.0	0.0	5.7	3.6	-4.1	3.9	16.1	19.0	21.2	25.4
Investment	0.0	0.0	0.0	0.0	0.0	0.7	3.4	-3.2	2.9	6.9	14.3	17.7	24.2
Purchase of Car/Motor Vehicle	0.0	0.0	0.0	0.0	0.0	3.6	9.7	3.0	12.6	9.9	15.7	22.3	31.4
Purchase of House	0.0	0.0	0.0	0.0	0.0	4.2	9.7	7.0	15.4	14.7	20.9	22.6	30.5
Savings	0.0	0.0	0.0	0.0	0.0	-9.2	-1.7	-11.5	-1.9	8.4	26.3	27.4	38.9
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	18.9	6.7	20.3	19.0	19.3
Junior School	2.7	3.0	3.5	4.1	5.8	2.4	6.4	7.2	6.8	16.2	5.7	5.5	5.0
Senior School	16.7	14.3	16.7	15.5	18.0	15.6	23.8	24.9	26.8	29.1	27.0	26.6	27.8
Higher non-university education	29.9	30.5	29.6	27.6	29.7	25.3	16.6	14.9	14.8	22.9	10.3	9.7	11.7
University	45.4	46.8	45.2	47.3	41.8	53.6	17.7	15.2	14.8	22.0	7.1	8.7	7.3
None	2.1	2.3	2.7	2.5	1.9	1.0	18.3	19.5	17.9	3.1	29.7	30.5	28.9
11. Total Sample Households and Response Rate													
Number of Sample Households	1950	1950	1950	1950	1950	1950	2070	2070	1770	1770	2006	2006	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>	<u>1716</u>	<u>1755</u>	<u>1996</u>	<u>2004</u>	<u>2035</u>
Response Rate	99.3	99.5	99.8	100.0	98.8	99.9	83.5	80.4	96.9	99.2	99.5	99.9	98.3