

# **Business Expectations Survey**

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**First Quarter, 2016**

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**Survey Management Division  
Statistics Department  
Central Bank of Nigeria**

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## **EXECUTIVE SUMMARY**

The Q1, 2016 Business Expectations Survey (BES) was carried out during the period February 1-13, 2016 with a sample size of 1,900 business enterprises nationwide. A response rate of 98.5 per cent was achieved. The sectors covered during the exercise included Industry, Construction, Wholesale/Retail Trade and Services.

The highlights of the BES report are as follows:

- Respondent firms were optimistic on the macro economy in Q1 2016. The optimism was driven by the opinion of respondents from the services, wholesale/retail trade, industrial sector and construction sectors.
- Respondents' optimism in the volume of total order and their internal liquidity position, buoyed the volume of their business activities in the current quarter. Although respondents were pessimistic on access to credit, majority of firms upped their internal liquidity position in the review quarter.
- The positive outlook in the volume of business activities of the firms implied improved prospects for employment in the next quarter. The sector with the highest prospect for employment was services, followed by wholesale/retail trade, industrial and construction sectors.
- The respondent firms emphasized that insufficient power supply was the major factor constraining their business activity in Q1 2016. Other constraining factors were financial problems<sup>1</sup>, high interest rate, competition, unfavourable economic climate and unclear economic laws.
- Respondent firms expected the naira to remain weak in the current quarter but strong in the next quarter. However, inflation and borrowing rates are expected to rise in both the current and next quarters.

<sup>1</sup> Difficulty in paying off debts, tax and other financial obligations

# Business Expectations Survey

## First Quarter, 2016

### About the Survey

The Q1 2016 Business Expectations Survey (BES)<sup>2</sup> was conducted during the period February 1-13, 2016. A total of 1,900 firms were surveyed nationwide, drawn from the updated survey frames of both the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS). The survey produced a response rate of 98.5 per cent in the quarter under review.

The map below shows all the states in the federation and the colours depict the six geo-political zones, while table 1 shows the sampled states within the geo-political zones as well as the sample size and the percentage response rate of the survey.

*Of the 1,900  
firms surveyed,  
1,872 responded,  
representing 98.5  
per cent response  
rate*



Table 1: Distribution of sample size and response rate (%)

ZONE	SAMPLE STATE	Q1 2016 SAMPLE SIZE	Q1 2016 RESPONSES	Q1 2016 RESPONSE RATE (%)
North Central	Niger, Kwara, Kogi, Abuja, Nassarawa, Benue and Plateau	350	347	99.1
North East	Bauchi, Adamawa, Gombe, and Taraba	250	250	100.0
North West	Kaduna, Katsina, Kano, Jigawa, Zamfara, Sokoto and Kebbi	350	350	100.0
South East	Anambra, Enugu, Ebonyi, Imo and Abia	250	247	98.8
South South	Edo, Delta, Rivers, Cross River, Bayelsa and Akwa Ibom	300	295	98.3
South West	Lagos, Oyo, Ekiti, Osun, Ogun and Ondo	400	383	95.8
TOTAL		1900	1872	98.5

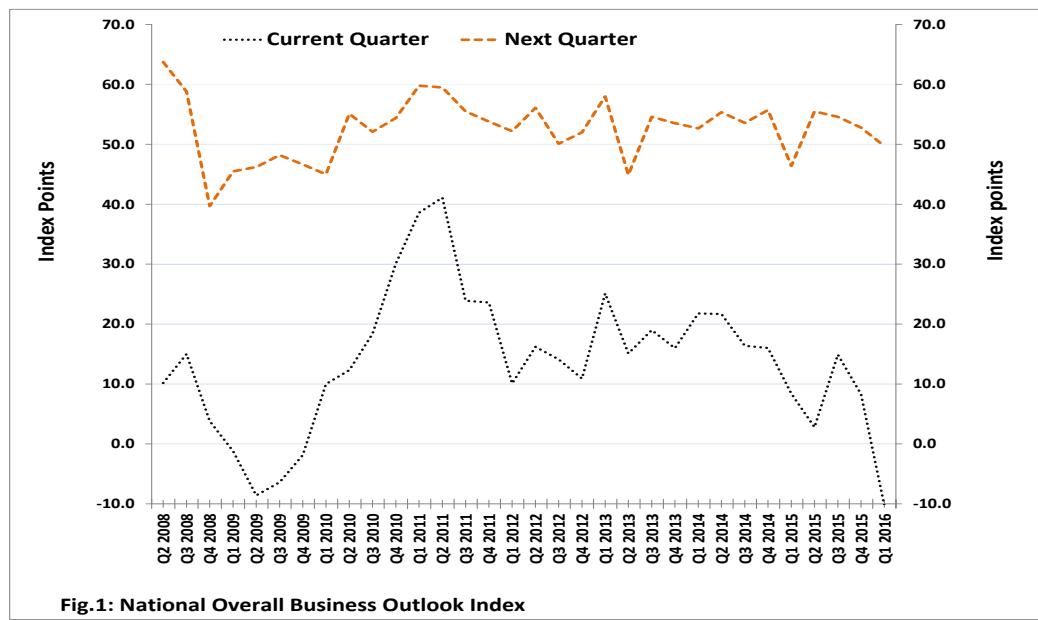
<sup>2</sup>The Business Expectations Survey (BES) is a quarterly survey of leading firms drawn from Business Establishment updated frames of Central Bank of Nigeria and the National Bureau of Statistics. The BES result provides advance indication of change in the overall business activity in the economy and in the various measures of activity of the companies' own operations as well as selected economic indicators.

Respondents were drawn from the Industrial, Construction, Wholesale/Retail trade and Services sectors. The service sector is made up of Financial Intermediation, Hotels and Restaurants, Renting & Business Activities and Community & Social Services.

**The overall confidence index was -10.3 points, indicating that respondents' pessimism on the macro economy in Q1 2016.**

The overall response rate for the quarter, at 98.5 per cent was -0.3 percentage point below the level attained in the previous quarter. A breakdown of the responses received by type of business showed that “neither importer nor exporter” category accounted for 74.4 per cent of the respondents, followed by “importer” with 15.1 per cent. “Both Importer and Exporter” respondents accounted for 8.8 per cent, while 1.7 represented “exporter” category (Table 2 sections 16 & 18).

## Overall Business Outlook on the Macro Economy



The overall confidence index (CI)<sup>3</sup>, which stood at -10.3 points in Q1 2016, indicated respondent firms' pessimism on the macro economy, however at 49.7 points, the overall CI points to greater confidence on the macro economy in the next quarter.

The pessimistic outlook of respondents in the current quarter was driven by the opinion of respondents from wholesale/retail trade (-3.2 points) services (-3.0 points), industrial (-2.6 points) and construction (-1.5) sectors. Conversely, the expected drivers for the optimism on the macro economy in the next quarter are services (19.2 points), wholesale/retail trade (12.8 points) industrial (10.7 points) and construction sectors (7.1 points) (Table 2, Sections 19 & 20).

<sup>3</sup>The CI is computed as the percentage of firms that answered in the affirmative less the percentage of firms that answered in the negative in a given indicator. A positive CI indicates a favourable view, except for the average inflation rate and the average naira borrowing rate, where a positive CI indicates the opposite.

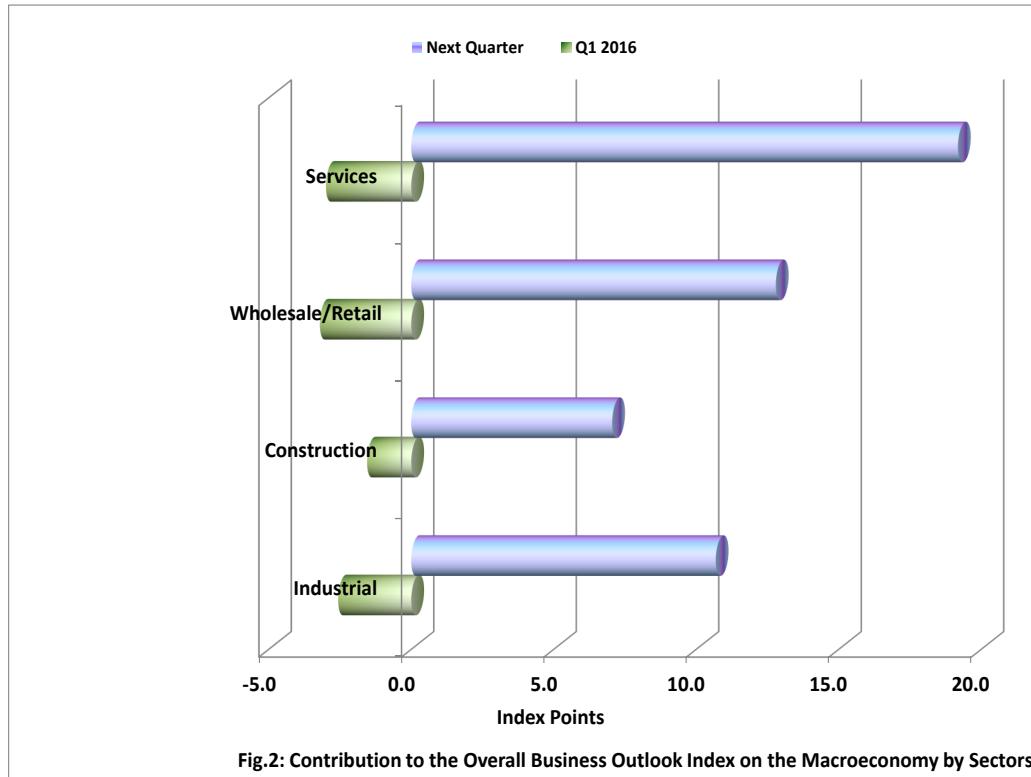


Fig.2: Contribution to the Overall Business Outlook Index on the Macroeconomy by Sectors

## Macro Economy Outlook by Type and Size of Business

The drivers (by type of business) of the pessimism on the macro economy in the current quarter were “neither importer nor exporter” (-5.7 per cent), followed by “both importer and exporter” (-2.3 per cent) “importer” (-2.0 per cent) and “exporter” (-0.3 per cent) (Table 2 Section 23).

The distribution of respondent firms by type of business showed that “neither importer nor exporter” constituted the highest percentage of responses (74.4 per cent), followed by “importer” (15.1 per cent), “both importer and exporter” (8.8 per cent) and “exporter” (1.7 per cent) (Table 2 Section 16).

The drivers (by size of business) of the pessimism on the macro economy in the current quarter were the small ( -8.7 per cent) medium (-1.2 per cent) and large (-0.4 per cent) (Table 2 Section 25).

The percentage distribution of respondent firms by employment size showed that small size firms constituted the highest percentage of responses (76.4 per cent), followed by medium size firms (17.9 per cent), and large size firms ( 5.6 per cent) (Table 2 Section 17).

*The business sentiment was downbeat across all sectors in Q1 2016.*

### Business Outlook Index on the Macro Economy by Sector

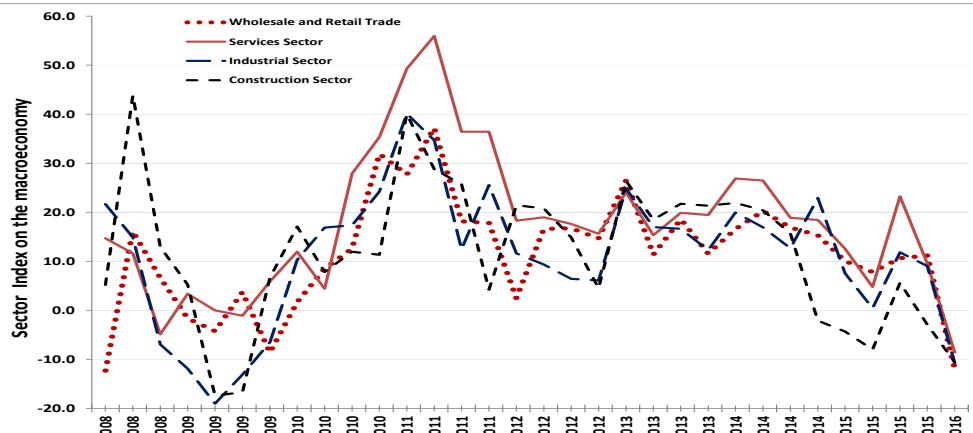


Fig.3a: Business Outlook Index on the Macroeconomy

Business sentiment across all sectors was pessimistic in the current quarter, however, respondents were optimistic in their outlook in the next quarter. The indices of the wholesale/retail, industrial, construction and services sectors stood at -12.0, -10.8, -10.6 and -8.6 points, respectively (Fig. 3a).

The distribution of respondent firms by sector showed that services sector constituted the highest number of responses (653), followed by wholesale/retail (499), industrial (446) and construction (274) (Table 2 Section 18).

### Business Confidence on Own Operations by Sector

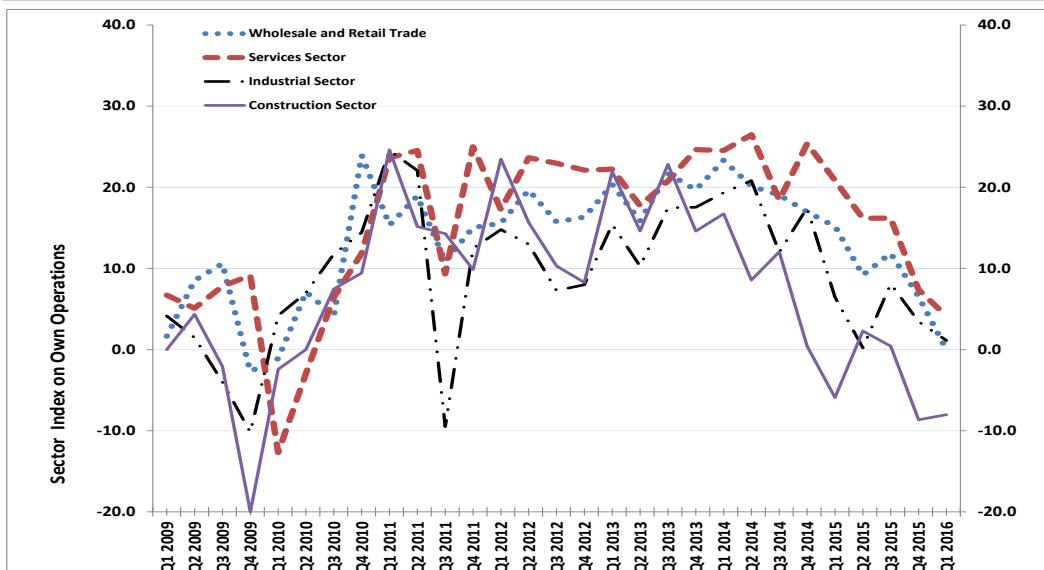


Fig.3b: Business Confidence on Own Operation by Sector

*Business confidence on own operations was less optimistic across all sectors compared with the outlook in the corresponding quarter of 2015.*

The respondents' confidence index on own operations was less optimistic across all sectors in the current quarter than it was in the corresponding quarter of 2015. The confidence indices of services, industrial and construction sectors stood at 4.1, 1.1 and -8.0 in Q1, 2016 from their levels of 20.8, 6.5 and -5.9 in the corresponding quarter of 2015, respectively (Table 2 Section 4).

**Average capacity utilization stood at 7.4 points in the current quarter compared with 15.0 points in Q1 2015.**

At 7.4 points, the average capacity utilization index (CUI) in Q1, 2016 dipped by 7.6 points when compared with the 15.0 points achieved a year earlier (Fig. 4).

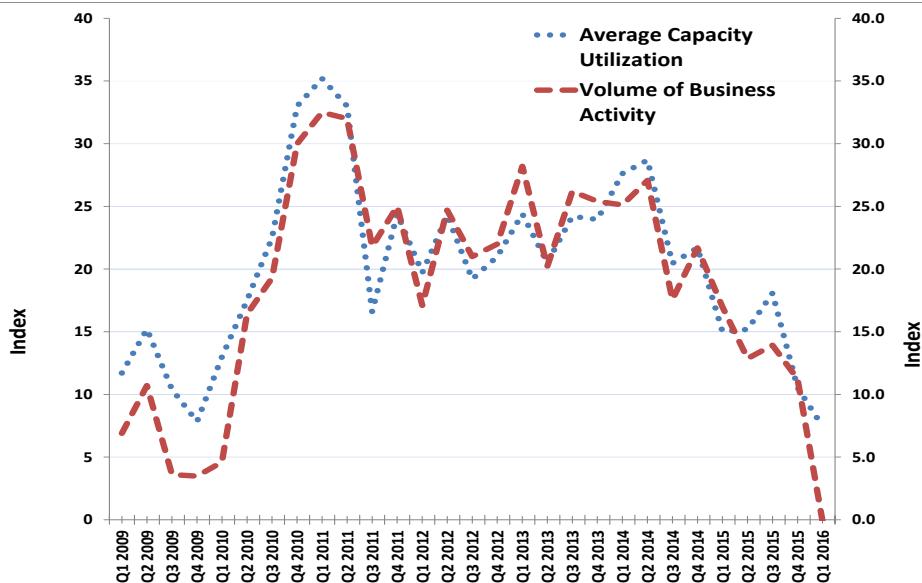


Fig. 4: Volume and Average Capacity Utilization Indices

## Access to Credit and Financial Condition

The financial condition index in the current quarter stood at 0.5 per cent and was driven by the services (1.4 points) and industrial (0.3 points) sectors (Table 2 Sections 5 & 21).

Respondents expressed optimism in the volume of total order and the internal liquidity position, but remained pessimistic in the volume of business activities in the current quarter. In spite of the negative outlook of firms on access to credit, some firms upped their financial condition in the review quarter (Table 2 Section 5).

**Respondents were pessimistic on the volume of business activities and access to credit in the current quarter**

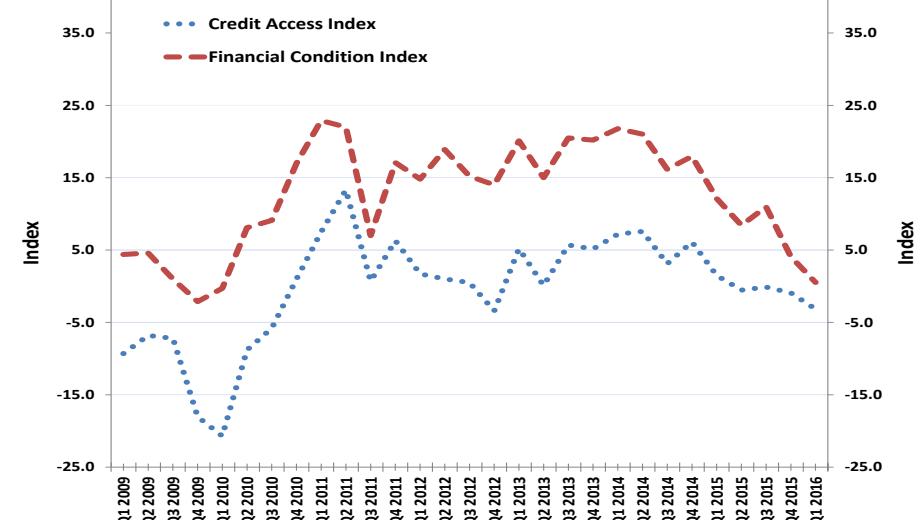
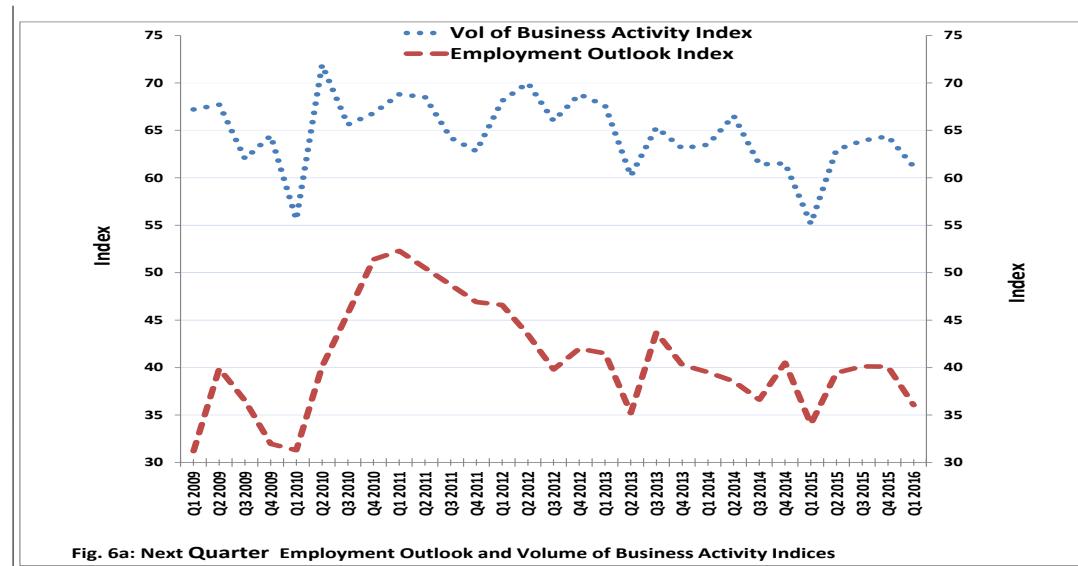


Fig. 5: Business Outlook Index on own operations - Access to Credit and Financial Condition

*The positive outlook of the volume of business activities of the firms reflects higher prospect for employment in the next quarter.*



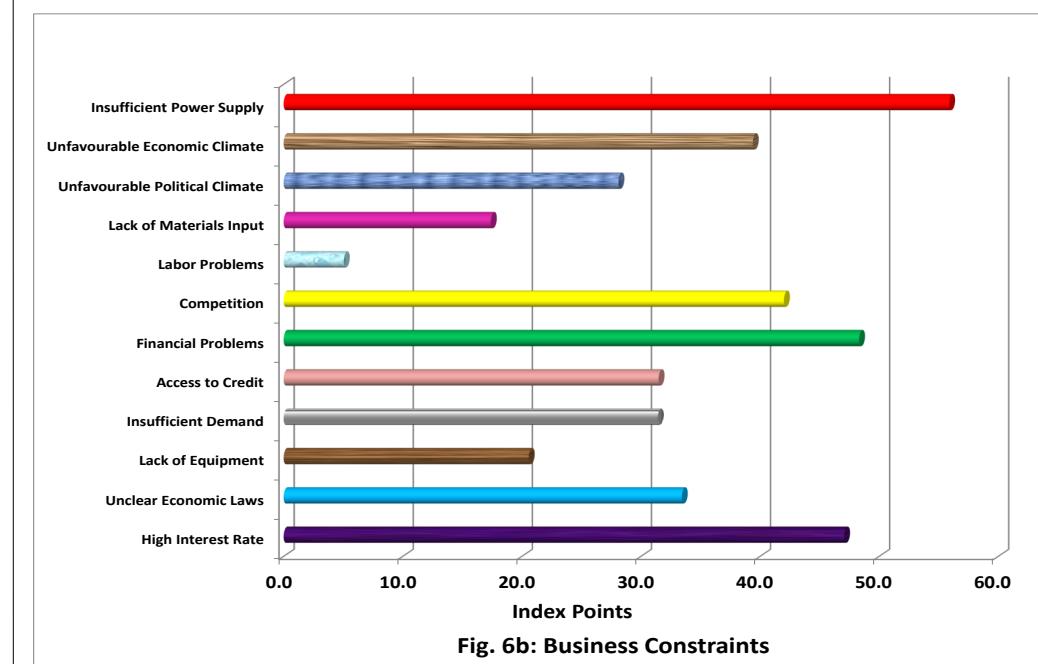
## Employment and Expansion Plans

At 61.2 index points, the positive outlook in the volume of business activities reflected higher prospect for employment in the next quarter, as the employment index stood at 36.0 points. The employment outlook index by sector, showed that the services sector (14.0 per cent) had higher prospect for creating jobs, followed by the wholesale/retail trade (9.5 per cent) Industrial (7.5 per cent) and Construction (5.0 per cent) sectors (Table 2, Sections 6 & 22).

On the analysis of businesses with expansion plans by sector in the next quarter, the services sector indicated higher interest for expansion with an index of 66.6 points. Similarly, wholesale/retail trade, construction and industrial firms indicated expansion plans for Q1, 2016 with indices of 63.7, 61.7 and 57.1 points, respectively (Table 2 Section 8).

## Business Constraints

*The employment outlook index by sector shows that the services sector has higher prospects for employment in the next quarter.*



*Insufficient power supply, high interest rate, financial problems, competition, unfavourable economic climate and unclear economic laws, remain major constraints to business in Nigeria.*

*The respondent firms expect the Naira exchange rate to depreciate in the current and to appreciate in the next quarter.*

The respondent firms identified insufficient power supply (55.9 index points), financial problems (48.3 index points), high interest rate (47.1 index points), competition (42.0 index points), unfavourable economic climate (39.4 index points) and unclear economic laws (33.4 index points) as the major factors constraining business activity in the current quarter (Fig. 6b).

### Expectations on Exchange Rate

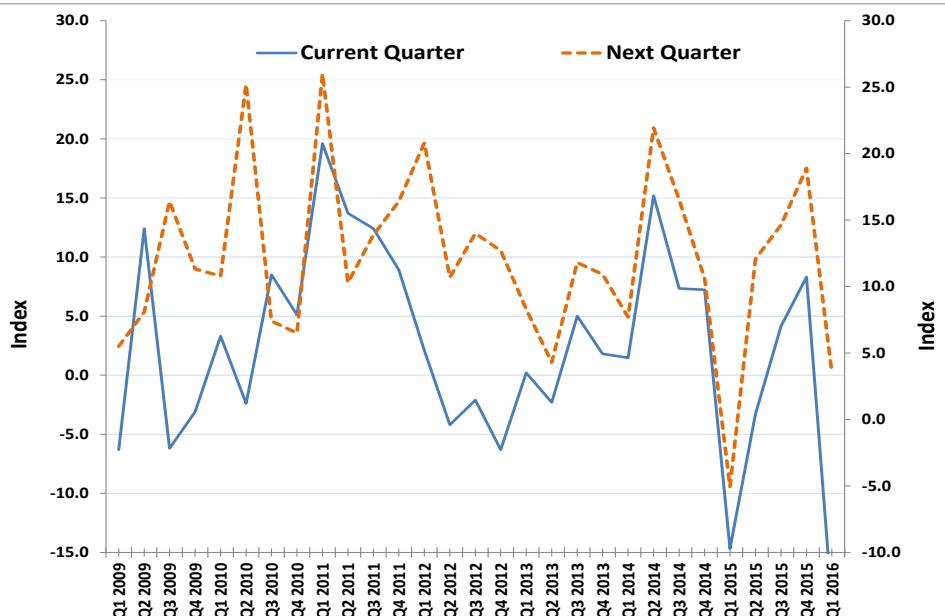
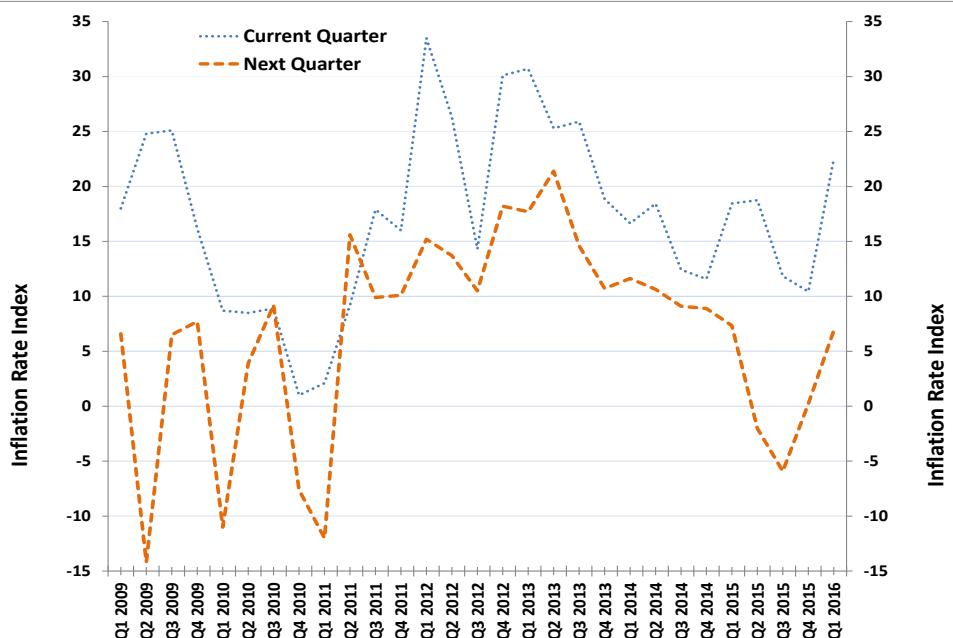


Fig. 6c: ₦/\$ Exchange Rate Index

Majority of the respondent firms expect the naira exchange rate to depreciate in the current quarter and appreciate in the next quarter, as the confidence indices stood at -19.2 and 3.5 points, respectively (Fig. 6c).

### Expectations on Inflation and Borrowing Rates

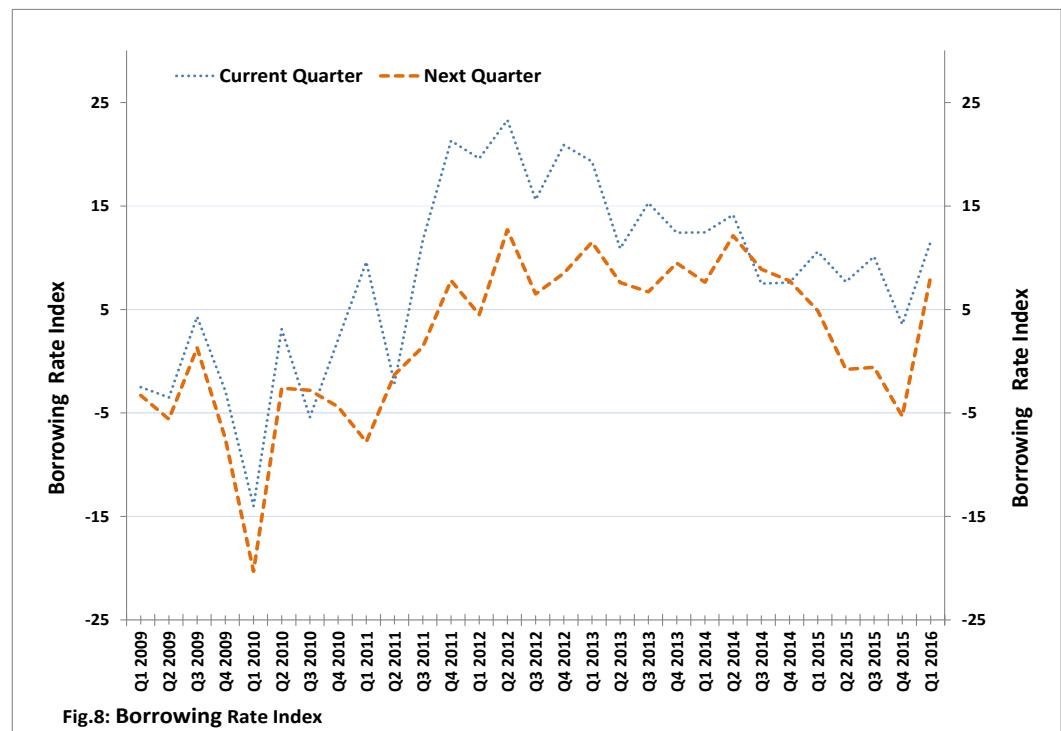


*Inflation rate was expected to rise in the current and next quarters.*

Fig.7: Inflation Rate Index

Respondent firms expected inflation rate to rise in both quarters, with confidence indices of 22.5 and 6.9 points, respectively (Fig. 7).

**Borrowing  
rate was also  
expected to rise  
in both the  
current and  
next quarters.**



Similarly, respondent firms expect the borrowing rate to rise in both the current and next quarters as the confidence indices stood at 11.6 and 8.2 points, respectively (Fig. 8).

**National**  
**TABLE 2**  
**BUSINESS EXPECTATIONS SURVEY**

**TABLE 2**  
**BUSINESS EXPECTATIONS SURVEY**

<b>Year</b>	<b>National</b>	<b>2013</b>				<b>2014</b>				<b>2015</b>				<b>2016</b>	
		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q1</b>
<b>8. Business with Expansion Plans (in per cent): Next Quarter</b>															
Industrial Sector	24.2	60.8	64.4	64.3	62.0	62.9	56.1	59.6	54.4	62.3	59.8	62.2	57.1	57.1	
Construction Sector	34.6	59.7	67.8	65.6	66.1	57.1	61.0	55.9	49.2	63.9	65.4	60.5	61.7	61.7	
Wholesale and Retail Trade Services Sector of which:	42.0	64.4	69.4	71.0	67.2	69.3	68.7	56.8	59.8	71.0	66.7	69.6	63.7	63.7	
Financial Intermediation	30.3	64.5	66.3	67.7	66.7	63.6	63.3	64.2	58.5	66.0	62.5	68.2	66.6	66.6	
Hotels and Restaurants	40.0	66.9	67.1	67.3	66.7	65.4	63.9	66.1	60.2	64.9	60.1	60.5	67.2	67.2	
Renting and Business Activities	20.2	62.2	66.2	65.8	59.4	58.7	61.7	61.8	55.8	66.3	60.4	66.7	62.5	62.5	
Community and Social Services	26.3	62.5	65.9	71.6	69.6	67.3	65.4	67.3	61.6	57.8	64.4	72.5	66.9	66.9	
<b>9. Business Constraints: Current Quarter</b>	38.1	67.2	66.1	66.3	72.0	63.8	62.6	62.6	57.6	73.3	64.9	71.4	70.1	70.1	
High interest Rate	48.1	49.8	44.1	48.7	48.0	34.9	49.4	45.4	46.6	48.0	42.2	46.9	47.1	47.1	
Unclear Economic Laws	34.3	39.6	36.5	36.0	30.4	26.4	34.3	29.9	32.0	32.0	28.6	31.6	33.4	33.4	
Lack of Equipment	19.1	17.0	24.6	19.5	19.2	15.6	22.3	15.9	15.3	13.8	16.5	15.5	20.6	20.6	
Insufficient Demand	19.7	24.0	27.0	23.3	21.0	19.9	27.0	25.2	23.1	25.6	22.9	25.6	31.4	31.4	
Access to Credit	35.6	36.8	34.1	34.1	31.5	28.1	35.1	29.8	31.0	33.3	29.4	32.8	31.5	31.5	
Financial Problems	49.0	50.1	49.2	46.7	46.9	45.2	47.2	43.0	42.4	47.8	42.2	46.9	48.3	48.3	
Competition	37.4	36.6	41.5	38.3	38.2	41.3	43.2	38.1	39.7	36.7	34.8	39.4	42.0	42.0	
Labor Problems	4.5	0.2	10.4	9.9	4.6	4.2	7.8	3.1	0.5	2.7	2.6	4.6	5.1	5.1	
Lack of Materials Input	9.6	7.8	18.0	14.2	12.4	6.7	13.8	10.5	8.8	8.7	10.3	6.7	17.4	17.4	
Unfavourable Political Climate	29.4	34.7	34.9	34.4	30.3	31.4	35.6	31.6	33.0	28.8	29.7	27.6	28.1	28.1	
Unfavourable Economic Climate	35.8	44.5	44.3	43.9	38.8	35.8	43.1	37.4	39.8	40.1	39.1	37.5	39.4	39.4	
Insufficient Power Supply	69.3	70.7	65.3	65.5	62.8	64.6	66.1	61.8	67.6	71.6	61.8	53.7	55.9	55.9	
<b>10. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>															
N/\$ Exchange Rate	0.2	-2.3	5.0	1.8	1.5	15.2	7.3	7.2	-14.7	-3.3	4.1	8.3	-19.2	-19.2	
Inflation Rate	30.7	25.3	25.9	18.9	16.6	18.4	12.4	11.6	18.5	18.7	11.8	10.4	22.5	22.5	
Borrowing Rate	19.3	10.9	15.3	12.4	12.4	14.2	7.5	7.6	10.6	7.7	10.1	3.6	11.6	11.6	
<b>11. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>															
N/\$ Exchange Rate	8.3	4.3	11.8	10.9	7.7	21.9	16.5	10.6	-5.1	12.1	14.6	18.9	3.5	3.5	
Inflation Rate	17.7	21.4	14.6	10.7	11.6	10.6	9.1	8.9	7.3	-2.0	-5.9	0.2	6.9	6.9	
Borrowing Rate	11.5	7.6	6.7	9.5	7.6	12.1	8.9	7.8	4.9	-0.8	-0.6	-5.3	8.2	8.2	
<b>12. Business Outlook Index on the Macroeconomy by Type of Business: Current Quarter</b>															
Importer	34.5	24.0	30.3	23.6	31.0	15.4	26.2	16.7	4.8	0.3	15.0	2.4	-13.1	-13.1	
Exporter	27.3	34.1	14.0	4.8	8.2	28.3	15.8	42.3	12.2	19.6	4.7	21.8	-18.8	-18.8	
Both Importer and Exporter	26.9	15.0	6.2	9.0	27.4	4.9	12.5	3.3	-3.4	-14.3	7.4	7.2	-26.2	-26.2	
Neither Importer nor Exporter	22.7	13.2	18.4	15.5	19.6	24.8	14.2	16.8	10.3	4.6	16.1	9.1	-7.7	-7.7	
<b>13. Business Outlook Index on the Macroeconomy by Type of Business: Next Quarter</b>															
Importer	60.6	57.0	58.7	61.6	57.1	49.1	53.0	54.9	47.1	59.4	42.9	50.3	46.1	46.1	
Exporter	60.6	64.3	32.6	45.2	42.9	52.2	73.7	53.8	30.6	23.5	44.2	61.8	25.0	25.0	
Both Importer and Exporter	60.6	41.3	46.4	43.2	44.6	45.4	48.3	51.6	29.5	50.0	49.7	57.2	38.4	38.4	
Neither Importer nor Exporter	57.1	42.8	55.5	53.3	53.3	57.9	53.8	56.4	48.6	56.5	58.3	52.4	52.3	52.3	
<b>14. Business Outlook Index on the Macroeconomy by Size of Business: Current Quarter</b>															
Small (<50)	23.7	12.0	18.2	13.7	22.0	23.5	16.0	16.0	8.1	3.3	15.6	8.2	-11.4	-11.4	
Medium (50 and <200)	29.3	27.6	17.4	22.7	25.3	20.2	21.7	18.8	9.0	1.0	16.3	12.2	-6.8	-6.8	
Large (200 and Up)	34.7	30.3	32.0	27.7	11.3	5.7	10.7	11.1	-1.7	2.9	-0.9	-0.9	-6.7	-6.7	
<b>15. Business Outlook Index on the Macroeconomy by Size of Business: Next Quarter</b>															
Small (<50)	56.9	44.0	54.2	53.9	53.1	57.2	53.7	58.4	48.3	58.0	55.4	52.2	52.0	52.0	
Medium (50 and <200)	62.7	49.6	56.9	48.9	48.3	51.3	55.0	46.7	35.2	43.9	56.5	60.7	42.6	42.6	
Large (200 and Up)	62.9	46.2	53.9	58.1	56.5	44.3	49.2	46.4	47.8	54.2	37.9	41.2	41.0	41.0	
<b>16. Percentage Distribution of Respondent Firms by Type of Business</b>															
Importer	17.0	12.6	16.1	14.2	14.6	15.0	19.4	14.1	16.5	16.7	17.5	15.8	15.1	15.1	
Exporter	1.7	2.2	2.2	2.2	2.7	2.5	1.4	2.6	2.7	2.3	2.9	1.7	1.7	1.7	
Both Importer and Exporter	8.2	8.7	10.1	8.0	10.2	8.9	9.4	8.2	7.9	8.2	8.0	8.8	8.8	8.8	
Neither Importer nor Exporter	73.1	76.3	71.6	75.6	72.5	73.6	69.1	76.3	73.0	72.5	72.2	72.5	74.4	74.4	

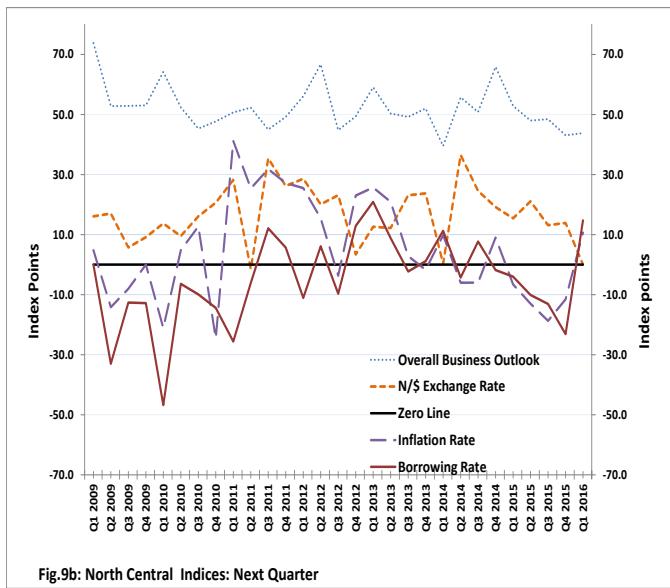
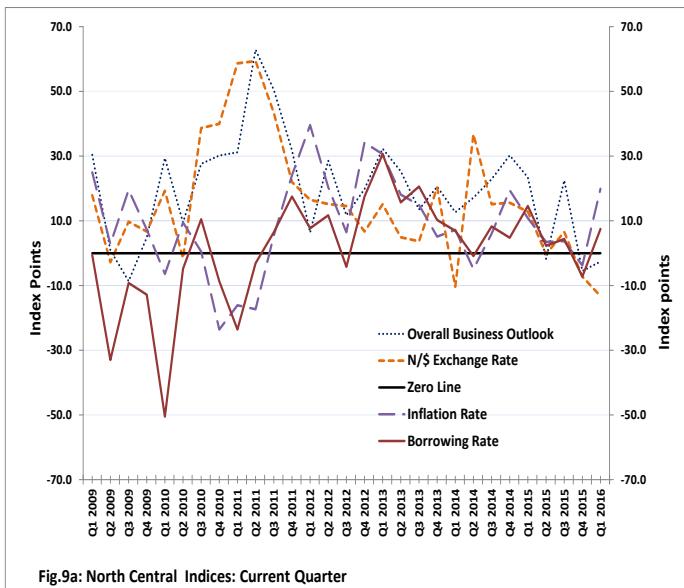
**TABLE 2**  
**BUSINESS EXPECTATIONS SURVEY**

Year	Quarter	National												2016			
		2013			2014			2015			Q1		Q4		Q1		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>17. Percentage Distribution of Respondent Firms by Employment Size</b>																	
Small (<50)		80.1	80.8	79.0	78.8	79.0	77.7	80.6	78.1	78.6	77.9	81.6	79.6	76.4	76.4		
Medium (50 and <200)		13.5	14.3	13.6	14.2	14.6	12.9	13.7	14.2	15.7	12.8	14.4	14.4	17.9	17.9		
Large (200 and Up)		6.4	6.2	6.6	7.6	6.8	7.7	6.5	8.2	7.2	6.4	5.5	6.1	5.6	5.6		
No Response		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>18. Distribution of Respondent Firms by Sector</b>																	
Sample Size (N)		1950	1950	1950	1950	1850	1850	1900	1900	1900	1900	1900	1900	1900	1900		
Response Rate(%)		99.6	98.6	99.0	99.5	99.0	98.7	98.3	97.9	98.9	99.4	97.8	98.8	98.5	98.5		
All Sectors		1943	1922	1930	1941	1832	1826	1888	1861	1889	1859	1878	1872	1872	1872		
Industrial Sector		467	477	475	473	481.0	461.0	458	458	465	465	457	465	446	446		
Construction Sector		269	254	276	281	251	245	249	239	254	263	243	243	274	274		
Wholesale and Retail Trade		492	492	485	493	464	474.0	515	502	512	489	519	499	499	499		
Services sector of which:		715	699	694	636	646	646	662	653	649	680	651	653	653	653		
Financial Intermediation		130	139	155	147	127	122	127	122	135	173	129	134	134	134		
Hotels and Restaurants		193	193	198	187	180	172	188	178	181	187	165	180	184	184		
Renting and Business Activities		198	184	173	169	148	159	154	162	151	147	148	153	157	157		
Community and Social Services		194	183	168	191	161	188	182	195	198	180	194	189	178	178		
<b>19. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>																	
Industrial Sector		6.0	4.2	4.1	3.0	5.2	4.3	3.1	5.6	1.9	0.1	2.9	2.2	-2.6	-2.6		
Construction Sector		3.7	2.4	3.1	3.1	3.0	2.7	2.1	-0.3	-0.6	-1.1	0.7	-0.4	-1.5	-1.5		
Wholesale and Retail Trade		6.7	2.9	4.7	2.9	4.2	5.3	4.7	4.1	2.7	2.1	2.8	3.1	-3.2	-3.2		
Services Sector		8.9	5.6	7.2	7.0	9.3	9.4	6.5	6.6	4.4	1.6	8.5	3.3	-3.0	-3.0		
<b>20. Business Confidence Index on Own Operations by Sector: Next Quarter</b>		25.2	15.2	19.0	16.0	21.8	21.6	16.4	16.1	8.4	2.8	14.9	8.3	-10.3	-10.3		
Industrial Sector		13.9	11.0	13.4	12.0	13.3	13.5	13.0	14.2	10.3	12.7	13.5	12.6	10.7	10.7		
Construction Sector		8.3	5.9	7.2	8.4	7.2	7.1	7.4	6.0	4.3	7.0	6.7	5.6	7.1	7.1		
Wholesale and Retail Trade		15.1	11.4	13.4	13.3	13.3	14.0	14.3	13.9	13.9	15.4	12.5	15.7	12.8	12.8		
Services Sector		20.7	16.6	20.7	19.8	19.0	20.8	18.8	21.9	17.9	20.5	22.0	18.9	19.2	19.2		
<b>21. Business Confidence Index on Own Operations by Sector: Current Quarter</b>		58.1	44.9	54.6	53.5	52.7	55.3	53.6	55.9	46.4	55.5	54.7	52.8	49.7	49.7		
Industrial Sector		3.7	2.5	4.3	4.3	5.1	5.3	2.9	4.3	1.6	0.1	2.0	0.9	0.3	0.3		
Construction Sector		3.0	1.9	3.3	2.1	2.3	1.2	1.6	0.1	-0.8	0.3	0.1	-1.1	-1.2	-1.2		
Wholesale and Retail Trade		5.1	4.1	5.5	5.0	5.9	5.2	5.2	4.6	4.1	2.5	3.1	1.8	0.0	0.0		
Services Sector		8.2	6.5	7.5	8.8	8.5	9.4	6.4	9.0	7.2	5.6	5.9	2.6	1.4	1.4		
<b>22. Employment Outlook Index on Own Operations by Sector: Next Quarter</b>		20.1	15.0	20.5	20.2	21.8	21.0	16.2	18.0	12.1	8.4	11.1	4.1	0.5	0.5		
Industrial Sector		3.7	2.5	4.3	4.3	5.1	5.3	2.9	4.3	1.6	0.1	2.0	0.9	0.3	0.3		
Construction Sector		3.0	1.9	3.3	2.1	2.3	1.2	1.6	0.1	-0.8	0.3	0.1	-1.1	-1.2	-1.2		
Wholesale and Retail Trade		5.1	4.1	5.5	5.0	5.9	5.2	5.2	4.6	4.1	2.5	3.1	1.8	0.0	0.0		
Services Sector		8.2	6.5	7.5	8.8	8.5	9.4	6.4	9.0	7.2	5.6	5.9	2.6	1.4	1.4		
<b>23. Drivers of macroeconomic Outlook by type of business: Current Quarter</b>		41.5	35.2	43.8	40.3	39.5	38.3	36.6	40.5	34.1	39.4	40.1	40.1	36.0	36.0		
Importer		8.4	7.8	10.4	8.7	9.8	10.5	8.5	10.2	7.3	7.7	8.6	9.4	7.5	7.5		
Construction Sector		6.4	4.8	6.6	6.5	5.1	4.3	4.4	4.6	2.9	5.6	5.4	4.5	5.0	5.0		
Wholesale and Retail Trade		10.3	9.6	10.5	10.7	10.7	9.7	11.9	10.5	10.6	11.5	10.1	12.1	9.5	9.5		
Services Sector		16.3	13.0	16.3	14.4	13.9	13.9	11.8	15.2	13.2	14.6	16.1	14.1	14.0	14.0		
Employment Outlook Index		25.2	15.1	19.0	15.9	21.8	21.7	16.4	16.0	8.4	2.8	14.9	8.3	-10.3	-10.3		
<b>24. Drivers of macroeconomic Outlook by type of business: Next Quarter</b>		5.9	3.0	4.9	3.4	4.5	2.3	5.1	2.4	0.8	0.1	2.6	0.4	-2.0	-2.0		
Importer		0.5	0.8	0.3	0.1	0.2	0.7	0.3	0.6	0.3	0.5	0.1	0.6	-0.3	-0.3		
Exporter		2.2	1.3	0.6	0.7	2.8	0.4	1.2	0.3	-0.3	-1.2	0.6	0.6	-2.3	-2.3		
Both Importer and Exporter		16.6	10.0	13.2	11.8	14.2	18.2	9.8	12.8	7.5	3.3	11.6	6.6	-5.7	-5.7		
Neither Importer nor Exporter		41.7	32.6	39.8	40.3	38.6	42.6	37.2	33.0	35.4	42.1	38.0	33.8	38.9	38.9		
Macroeconomic Outlook Index		58.1	44.8	54.6	53.5	52.7	55.3	53.5	55.7	46.4	55.6	54.6	52.8	49.7	49.7		
<b>25. Drivers of macroeconomic Outlook by Size of Business: Current Quarter</b>		10.3	7.2	9.4	8.8	8.4	7.3	10.3	7.8	7.8	9.9	7.5	7.9	7.0	7.0		
Small (<50)		1.0	1.4	0.7	1.0	1.1	1.3	1.5	0.7	0.8	0.6	1.0	1.8	0.4	0.4		
Medium (50 and <200)		5.0	3.6	4.7	3.5	4.5	4.1	4.6	4.2	2.3	4.1	4.0	5.1	3.4	3.4		
Large (200 and Up)		41.7	32.6	39.8	40.3	38.6	42.6	37.2	33.0	35.4	42.1	38.0	33.8	38.9	38.9		
Macroeconomic Outlook Index: Current Quarter		25.2	15.2	19.0	16.0	21.8	21.6	16.4	16.0	8.4	2.6	15.0	8.3	-10.3	-10.3		

# ***Business Expectations Survey***

## ***Q1 2016 North Central Zone***

### **Business Outlook**



Respondents in the North Central zone were pessimistic on business activities in the review quarter as overall confidence index stood at -2.6 index points, down by 26.0 point from the level achieved in the corresponding quarter of 2015. At 43.8 points, respondents were more optimistic about business activities in the next quarter (Fig. 9).

The pessimism in the overall business outlook in the zone was driven by the services (-2.0 points), industrial (-0.6 point) and construction (-0.6 point) sectors (Table 3 Sections 2 & 14).

Despite respondents' pessimism in the volume of total order and financial condition of the firms, they were optimistic on the volume of business activity in the current quarter. Similarly, respondents were pessimistic on access to credit and their financial condition worsened in the review quarter.

The financial condition (or internal liquidity position) index of the firms at -9.8 points in the current quarter was driven by services (-4.0 points), construction (-2.6 point) wholesale/retail trade (-2.6 points) and industrial (-0.6 point) sectors (Table 3 Sections 2 & 15).

Respondents in the zone cited high interest rate, financial problems, competition, insufficient power supply, unclear economic laws, unfavourable economic climate, unfavourable political climate, and insufficient demand as major constraints to the growth of business activities (Table 3 Section 8).

Respondent firms in the zone expected the naira to depreciate in the current quarter and remain unchanged in the next quarter. Inflation and borrowing rate were expected to rise in both the current and next quarters (Tables 3 Sections 9 & 10).

The respondent firms by type of business showed that "neither importer nor exporter" category constituted the majority with 75.2 per cent, followed by "importer" 14.4 per cent, "both importer and exporter" 8.6 per cent and "exporter" 1.7 per cent (Table 3 Section 11).

**TABLE 3**  
**BUSINESS EXPECTATIONS SURVEY**

**North Central Zone**

Year	2013				2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy Confidence Index: All Sectors</b>																
Current Quarter	32.3	25.3	13.5	20.6	12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6			
North Central/ Next Quarter	59.1	50.3	49.2	52.0	39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8			
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>																
Industrial Sector	21.9	21.9	13.8	16.9	25.7	2.9	20.9	29.4	33.3	-4.4	1.6	-9.3	-2.7			
Construction Sector	40.7	25.0	1.8	28.6	-1.9	10.2	34.0	9.1	6.1	-8.5	30.2	-8.3	-4.0			
Wholesale and Retail Trade	42.2	12.6	27.1	12.4	29.9	32.4	37.5	31.1	5.9	40.5	1.2	2.1	2.1			
Services Sector of which:	28.1	26.6	18.8	14.5	11.8	17.6	11.2	32.8	19.3	-3.9	18.5	-6.4	-5.5			
Financial Intermediation	26.9	48.4	18.5	-3.2	6.9	26.7	24.0	30.8	18.5	-10.7	28.6	3.8	-26.7			
Hotels and Restaurants	24.1	-3.0	20.6	11.4	21.2	-9.1	-2.9	3.0	-14.3	2.9	-2.6	-4.8	0.0			
Renting and Business Activities	13.2	28.1	15.2	34.3	9.4	18.9	3.4	53.1	24.1	-5.9	38.7	-3.0	-9.1			
Community and Social Services	45.2	34.4	20.6	13.3	9.5	33.3	22.2	41.9	43.2	-3.1	15.2	-17.9	13.8			
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>																
Industrial Sector	56.2	47.9	45.0	47.9	41.4	51.5	56.7	69.1	46.0	52.9	46.0	38.7	45.3			
Construction Sector	66.1	40.4	36.4	55.6	32.7	42.9	51.1	31.8	36.7	42.6	46.5	31.3	28.0			
Wholesale and Retail Trade	61.4	60.4	52.9	60.0	44.9	67.0	55.0	76.1	57.3	54.9	41.7	51.8	40.4			
Services Sector of which:	56.3	48.4	54.7	50.0	37.5	54.4	44.0	68.7	58.5	41.9	54.6	44.3	51.6			
Financial Intermediation	61.5	77.4	63.0	54.8	44.8	60.0	52.0	69.2	81.5	42.9	57.1	53.8	30.0			
Hotels and Restaurants	44.8	33.3	47.1	57.1	54.5	36.4	42.9	63.6	45.7	55.7	35.7	66.7	66.7			
Renting and Business Activities	57.9	50.0	48.5	57.1	37.5	48.6	55.2	75.0	44.8	41.2	58.1	48.5	54.5			
Community and Social Services	59.5	34.4	61.8	30.0	19.0	72.2	30.6	67.4	63.6	37.5	48.5	43.6	51.7			
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																
Industrial Sector	19.2	16.4	20.0	14.1	1.4	19.1	1.5	20.6	19.0	-2.9	15.9	-24.0	-2.7			
Construction Sector	39.0	13.5	5.5	22.2	7.7	-4.1	21.3	13.6	8.2	-4.3	18.6	-41.7	-18.0			
Wholesale and Retail Trade	22.9	23.1	19.5	35.3	11.2	36.1	26.1	34.1	24.3	2.9	21.4	-7.2	-9.6			
Services Sector	23.7	20.3	16.4	24.4	4.4	27.2	11.2	19.4	31.9	3.9	6.2	-20.0	-10.9			
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>																
Volume of Business Activity Index	35.7	25.8	23.7	27.4	9.2	22.3	21.1	28.4	27.1	6.4	20.3	-7.2	4.0			
Volume of Total Order Book Index	34.3	27.9	25.2	27.4	11.5	22.6	20.6	29.9	30.0	6.1	16.9	-12.7	-2.3			
Credit Access Index	7.8	7.3	7.2	15.7	2.0	3.7	6.0	9.6	8.0	-6.6	-4.7	-16.2	-7.8			
Financial Condition Index	25.1	19.1	16.3	24.6	6.1	23.9	15.4	22.8	24.0	1.2	13.8	-20.8	-9.8			
Average Capacity Utilization	25.7	26.4	22.6	26.3	12.4	27.3	20.9	27.2	28.0	9.5	23.1	-6.9	2.9			
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>																
Volume of Business Activity Index	59.5	60.5	63.7	58.9	53.9	66.7	59.4	75.7	63.7	49.7	54.7	48.6	45.0			
Employment Outlook Index	39.1	35.5	47.7	44.6	29.4	44.0	40.9	53.0	43.4	35.8	40.9	34.7	23.9			
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>																
Industrial Sector	39.7	64.4	60.0	59.2	57.1	70.6	59.7	61.8	58.7	66.2	68.3	65.3	49.3			
Construction Sector	32.2	61.5	56.4	66.1	57.7	57.1	59.6	50.0	51.0	68.1	72.1	72.9	54.0			
Wholesale and Retail Trade	59.0	68.1	66.3	78.8	64.0	77.3	71.2	64.8	67.0	80.2	73.8	80.7	58.5			
Services Sector of which:	43.7	63.3	69.5	71.0	58.8	73.5	59.2	62.7	61.5	69.5	69.0	68.6	54.7			
Financial Intermediation	23.1	64.5	70.4	61.3	55.2	70.0	60.0	61.5	66.7	63.0	53.6	65.4	53.3			
Hotels and Restaurants	24.1	57.6	61.8	68.6	57.6	69.7	54.3	60.6	62.9	80.0	65.8	69.0	44.4			
Credit Access Index	57.9	68.8	72.7	91.4	62.5	75.7	62.1	62.5	51.7	58.8	76.7	69.7	63.6			
Average Capacity Utilization	57.1	62.5	73.5	60.0	59.5	77.8	61.1	65.1	63.6	75.0	78.8	69.2	58.6			

**TABLE 3**  
**BUSINESS EXPECTATIONS SURVEY**

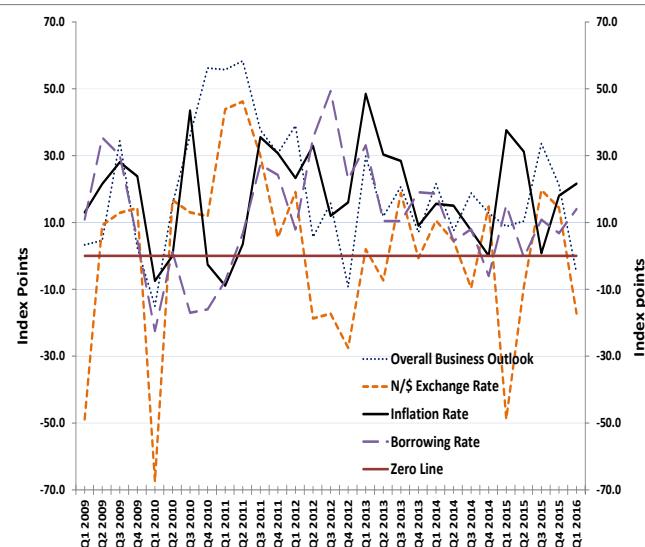
**North Central Zone**

Year	2013				2014				2015				2016			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>8. Business Constraints: Current Quarter</b>																
High Interest Rate	42.4	41.5	52.1	45.7	38.6	37.9	55.6	43.7	60.0	50.3	44.7	51.4	50.4			
Unclear Economic Laws	33.4	30.4	47.2	35.7	24.9	22.7	40.6	31.7	43.4	38.4	28.8	34.2	43.4			
Lack of Equipment	23.7	12.6	30.6	12.7	4.6	16.0	35.3	4.5	22.0	24.7	16.6	16.0	20.6			
Insufficient Demand	22.6	19.0	34.95	24.4	11.5	27.1	36.7	34.0	25.1	38.3	28.4	30.8	24.9			
Access to Credit	43.2	39.0	31.55	35.3	30.7	22.7	46.3	27.8	40.9	37.7	23.4	40.2	23.5			
Financial Problems	49.8	49.8	53.3	47.3	39.9	45.4	54.9	36.4	42.1	51.7	47.8	54.6	45.5			
Competition	37.6	48.6	53.1	43.0	33.4	51.1	56.9	52.5	49.6	45.1	35.8	43.4	45.0			
Labor Problems	5.7	-0.1	19.8	8.9	-7.8	1.7	24.9	-0.7	11.0	15.2	5.9	10.1	11.5			
Lack of Materials Input	14.0	-2.8	14.25	11.4	0.0	9.7	25.7	6.6	16.7	14.0	9.1	2.2	16.1			
Unfavourable Political Climate	39.2	26.7	38.7	33.0	26.1	32.6	38.3	35.6	41.6	34.7	26.4	34.8	34.3			
Unfavourable Economic Climate	40.0	31.4	50.35	41.6	28.7	39.9	48.0	40.6	49.6	44.9	36.3	41.5	40.8			
Insufficient Power Supply	62.2	65.4	66.2	67.7	48.1	61.4	64.7	60.5	68.3	65.2	68.6	49.3	44.2			
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>																
N/\$ Exchange Rate	15.1	4.9	3.7	20.3	-10.4	36.8	15.1	15.6	12.9	-0.3	6.6	-7.2	-13.3			
Inflation Rate	30.6	18.1	14.9	5.1	7.2	-4.9	6.0	19.5	10.9	3.5	3.8	-3.8	19.9			
Borrowing Rate	30.6	15.7	20.6	10.3	6.9	-0.9	8.3	4.8	14.6	2.3	4.4	-7.2	7.5			
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>																
N/\$ Exchange Rate	12.6	12.2	23.1	23.7	0.3	36.5	24.6	19.2	15.4	21.1	13.1	13.9	0.0			
Inflation Rate	25.7	20.9	2.8	-1.7	9.8	-6.0	-6.0	9.0	-6.6	-13.0	-18.8	-11.6	10.7			
Borrowing Rate	20.9	8.8	-2.3	1.1	11.2	-4.3	7.7	-1.8	-4.0	-10.1	-13.1	-23.1	14.7			
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>																
Importer	15.7	16.6	16.0	12.0	11.8	11.7	21.1	11.7	20.9	15.7	15.0	10.1	14.4			
Exporter	2.0	1.7	0.6	1.7	0.9	2.3	2.9	2.4	2.6	3.2	1.3	2.3	1.7			
Both Importer and Exporter	5.7	8.1	13.7	3.7	7.5	9.7	6.9	4.2	9.7	6.1	4.7	9.0	8.6			
Neither Importer nor Exporter	76.6	73.5	69.4	82.6	79.8	76.3	69.1	81.7	66.9	75.1	79.1	78.6	75.2			
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>																
Small (<50)	86.0	80.5	87.4	86.6	85.3	84.5	85.1	90.4	85.1	84.7	90.0	79.2	80.7			
Medium (50 and >200)	8.6	13.7	9.4	8.9	10.1	10.3	12.0	8.7	10.9	11.3	8.1	13.6	13.5			
Large (200 and Up)	5.4	5.5	3.1	4.6	4.6	5.2	2.9	0.9	4.0	4.0	1.9	7.2	5.8			
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
<b>13. Distribution of Respondent Firms by Sector</b>																
All Sectors	350	344	350	347	350	350	334	350	350	346	320	346	347			
Industrial Sector	73	73	80	71	70	68	67	68	63	68	63	75	75			
Construction Sector	59	52	55	63	52	49	47	44	49	47	43	48	50			
Wholesale and Retail Trade	83	91	87	85	89	97	111	88	103	102	84	83	94			
Services Sector of which:	135	128	128	131	136	136	125	134	135	129	130	140	128			
Financial Intermediation	26	31	27	31	29	30	25	26	27	28	28	26	30			
Hotels and Restaurants	29	33	34	35	33	33	35	33	35	35	38	42	36			
Renting and Business Activities	38	32	33	35	32	37	29	32	34	34	31	33	33			
Community and Social Services	42	32	34	30	42	36	36	43	44	32	33	39	29			
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>																
Industrial Sector	4.6	4.7	3.1	3.4	5.2	0.6	4.0	6.0	6.0	-0.9	0.3	-2.0	-0.6			
Construction Sector	6.9	3.8	0.3	5.1	-0.3	1.4	4.6	1.2	0.9	-1.2	4.1	-1.2	-0.6			
Wholesale and Retail Trade	10.0	7.0	3.1	6.6	3.2	8.3	10.3	9.9	9.1	1.7	10.6	0.3	0.6			
Services Sector	10.9	9.9	6.9	5.4	4.6	6.9	4.0	13.2	7.4	-1.4	7.5	-2.6	-2.0			
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																
Industrial Sector	4.0	3.5	4.6	2.9	0.3	3.7	0.3	4.2	3.4	-0.6	3.1	-5.2	-0.6			
Construction Sector	6.6	2.0	0.9	4.0	1.2	-0.6	2.9	1.8	1.1	-0.6	2.5	-5.8	-2.6			
Wholesale and Retail Trade	5.4	6.1	4.9	8.6	2.9	10.0	8.3	9.0	7.1	0.9	5.6	-1.7	-2.6			
Services Sector	9.1	7.6	6.0	9.1	1.7	10.6	4.0	7.8	12.3	1.4	2.5	-8.1	-4.0			

# ***Business Expectations Survey***

## ***Q1 2016 North East Zone***

### **Business Outlook**

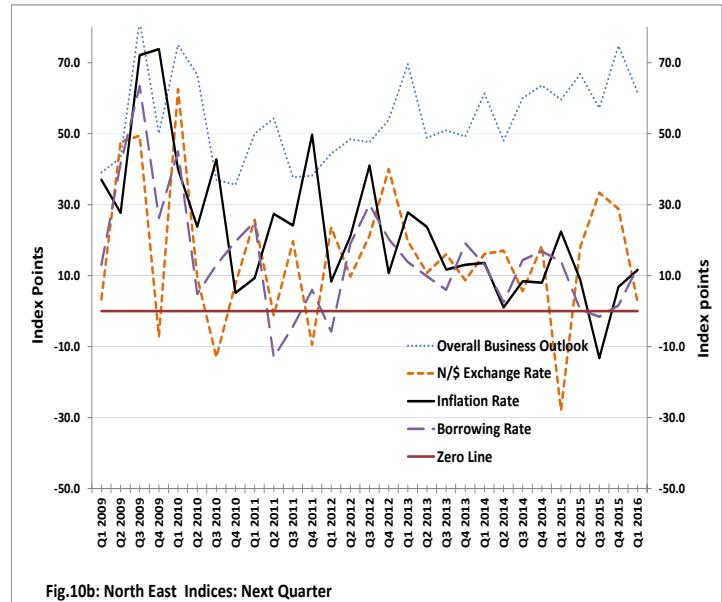


Respondents in the North East zone were pessimistic on business activities in Q1 2016. At -5.2 points, overall confidence index decline by 14.0 index points, compared with the level recorded in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index stood at 61.6 points (Fig. 10).

The pessimism in the overall business outlook in the zone could be attributed to services (-5.2 points), and construction (-1.6 points) (Table 4 Sections 2 & 14).

Respondents were optimistic on the volume of total order and financial condition of the firms in the zone, but pessimistic on volume of business activity in the current quarter. In spite of respondents pessimism on access to credit, respondents were optimistic on their financial condition in the review quarter.

The financial condition (or internal liquidity position) index of the firms which stood at 8.8 points in the current quarter was driven by wholesale and retail trade (4.8 points) industrial (4.4 points) and services (2.0 points) sectors (Table 4 Sections 5 & 15).



Respondents in the zone cited financial problems, insufficient power supply, competition, high interest rate, unfavourable economic climate, access to credit, unclear economic laws and insufficient demand as factors limiting the growth of business activities in the zone (Table 4 Section 8).

Respondent firms expect the naira to depreciate in the current quarter and appreciate in next quarter. Inflation and borrowing rates are also expected to rise in both quarters (Tables 4 Sections 9).

The respondent firms by type of business showed that “neither importer nor exporter” category constituted the majority with 86.4 per cent, followed by “Importer” with 9.2 per cent and “both importer and exporter” with 4.4 per cent (Table 4 Section 11).

**TABLE 4**  
**BUSINESS EXPECTATIONS SURVEY**

**North East Zone**

Year	Quarter	2013				2014				2015				2016	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Overall Business Outlook on the Macroeconomy Confidence Index: All Sectors</b>															
Current Quarter	North East	29.8	11.8	20.7	7.0	21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	
Next Quarter	North East	69.6	48.8	50.9	49.2	61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>															
Industrial Sector	23.0	15.0	17.2	-16.7	12.5	-2.6	14.0	18.0	0.0	18.0	39.2	32.0	4.0		
Construction Sector	41.9	13.2	45.5	17.8	6.5	22.6	-10.8	0.0	16.2	8.1	28.1	25.6	-10.5		
Wholesale and Retail Trade	43.8	11.5	30.0	0.0	7.8	-3.9	30.8	12.1	24.2	4.5	21.1	9.2	3.1		
Services Sector of which:	19.1	9.9	6.8	19.8	41.6	12.8	24.5	15.5	0.0	11.3	39.4	21.9	-13.4		
Financial Intermediation	24.0	16.0	47.8	34.6	50.0	52.6	29.2	21.7	0.0	4.5	62.0	9.1	-34.8		
Hotels and Restaurants	31.0	-6.9	-3.4	-10.3	21.1	-10.5	-4.2	29.2	4.2	20.0	21.1	37.5	-33.3		
Renting and Business Activities	12.5	10.0	-23.3	53.3	40.0	-10.0	40.0	12.0	-28.0	-12.0	15.0	24.0	28.0		
Community and Social Services	10.3	22.2	14.3	3.2	55.0	20.0	32.0	0.0	24.0	32.0	25.0	16.0	-16.0		
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>															
Industrial Sector	59.0	36.7	37.9	33.3	57.5	35.9	50.0	56.0	50.0	68.0	54.9	78.0	64.0		
Construction Sector	74.4	60.5	54.5	48.9	58.1	51.6	45.9	51.4	51.4	65.6	64.1	63.2			
Wholesale and Retail Trade	77.5	46.2	57.5	47.4	54.9	41.2	60.0	59.1	71.2	63.6	68.4	76.9	64.6		
Services Sector of which:	67.8	53.2	51.3	60.7	68.8	56.4	70.4	76.0	59.8	74.2	51.4	76.0	57.7		
Financial Intermediation	60.0	44.0	47.8	69.2	66.7	68.4	83.3	65.2	60.9	81.8	18.0	77.3	56.5		
Hotels and Restaurants	69.0	41.4	65.5	52.0	68.4	42.1	54.2	82.6	66.7	76.0	84.2	75.0	37.5		
Renting and Business Activities	78.1	56.7	40.0	70.0	55.0	55.0	76.0	76.0	44.0	56.0	75.0	80.0	76.0		
Community and Social Services	62.1	70.4	51.4	85.0	60.0	68.0	80.0	68.0	84.0	80.0	72.0	60.0			
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>															
Industrial Sector	23.0	8.3	17.2	18.3	30.0	20.5	22.0	34.0	6.0	24.0	21.6	22.0	22.0		
Construction Sector	27.9	13.2	52.3	40.0	29.0	38.7	27.0	27.0	21.6	29.7	31.3	12.8	-15.8		
Wholesale and Retail Trade	30.0	9.0	36.3	21.8	47.1	29.4	26.2	43.9	37.9	28.8	10.5	20.0	18.5		
Services Sector	5.2	30.6	15.4	25.0	61.0	25.6	31.6	53.6	22.7	21.6	20.4	17.7	5.2		
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>															
Volume of Business Activity Index	21.0	19.2	27.0	28.4	33.7	20.5	30.8	32.8	29.6	16.4	9.2	16.4	-6.4		
Volume of Total Order Book Index	22.1	14.6	32.1	24.7	42.2	14.0	32.4	31.6	28.8	21.6	14.1	22.8	4.0		
Credit Access Index	12.3	5.6	18.1	2.7	13.1	3.0	4.4	20.0	9.6	1.6	3.6	9.6	-0.4		
Financial Condition Index	18.8	17.8	26.7	25.1	46.2	27.5	27.6	43.2	23.2	25.2	19.3	18.4	8.8		
Average Capacity Utilization	18.4	23.7	33.5	28.4	41.7	25.0	28.8	33.6	22.4	22.4	28.9	24.4	4.4		
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>															
Volume of Business Activity Index	80.6	62.4	64.6	65.6	64.8	73.0	63.6	67.2	68.8	78.0	72.7	76.4	71.2		
Employment Outlook Index	51.1	35.5	41.8	51.2	50.3	43.0	42.4	47.2	54.4	59.2	52.6	49.2	48.4		
<b>7. Business with Expansion Plans (in percent) : Next Quarter</b>															
Industrial Sector	60.7	26.7	77.6	75.0	71.8	62.0	86.0	62.0	72.0	66.0	72.0	88.0			
Construction Sector	62.8	10.5	77.3	80.0	71.0	87.1	70.3	83.8	59.5	83.8	90.3	74.4	84.2		
Wholesale and Retail Trade	65.0	7.7	75.0	83.3	76.5	78.4	75.4	80.3	72.7	80.3	80.7	72.3	83.1		
Services Sector of which:	47.8	35.1	63.2	75.9	84.4	69.2	73.5	79.4	68.0	77.3	64.6	71.9	70.1		
Financial Intermediation	60.0	36.0	65.2	76.9	72.2	63.2	75.0	73.9	60.9	72.7	62.5	54.5	56.5		
Hotels and Restaurants	31.0	17.2	72.4	65.5	84.2	73.7	66.7	83.3	70.8	72.0	68.4	75.0			
Renting and Business Activities	50.0	26.7	50.0	80.0	90.0	80.0	76.0	92.0	80.0	65.0	80.0	88.0			
Community and Social Services	51.7	63.0	65.7	80.6	90.0	60.0	76.0	68.0	84.0	65.0	76.0	60.0			

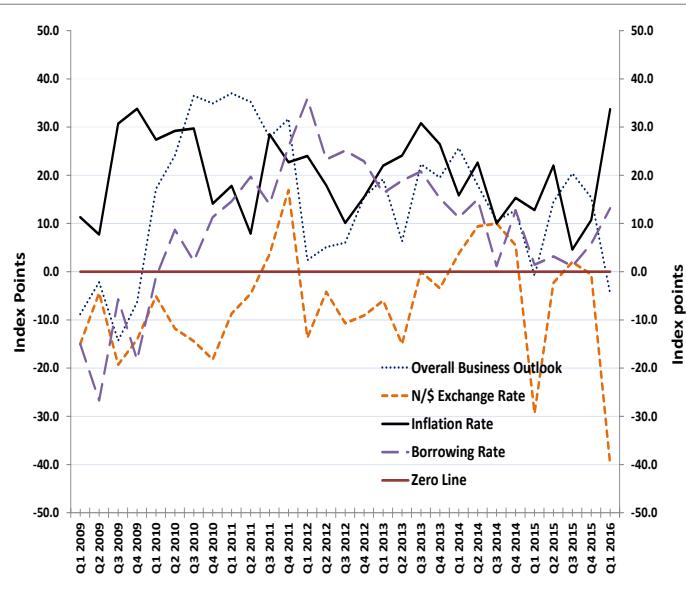
**TABLE 4**  
**BUSINESS EXPECTATIONS SURVEY**

Year	Quarter	2013				2014				2015				2016			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>8. Business Constraints: Current Quarter</b>																	
High Interest Rate	37.2	48.5	22.8	43.3	45.7	37.5	39.2	43.6	32.0	43.0	32.3	41.8	42.2				
Unclear Economic Laws	30.3	41.5	28.0	34.6	41.5	38.0	32.2	40.6	27.2	39.0	36.5	35.0	31.4				
Lack of Equipment	9.3	15.4	18.6	34.9	30.7	24.0	26.0	27.0	20.0	21.8	26.9	17.2	24.8				
Insufficient Demand	12.6	26.0	16.7	27.9	25.9	23.8	22.8	31.4	16.0	27.8	26.3	22.2	28.4				
Access to Credit	24.2	23.0	23.6	21.9	23.2	21.9	25.3	19.0	16.8	15.8	33.2	31.9	27.4	31.4			
Financial Problems	50.2	56.7	35.5	51.8	46.5	52.0	43.0	48.0	39.6	51.6	46.6	44.4	55.6				
Competition	43.9	31.5	25.2	34.6	39.2	40.3	36.8	32.4	23.2	31.6	33.7	47.6	44.4				
Labor Problems	-6.7	-9.3	2.7	19.2	19.1	8.8	4.4	15.6	-2.8	4.4	9.2	-2.2	7.2				
Lack of Materials Input	1.2	2.8	13.1	29.6	26.1	14.5	23.4	29.8	12.6	17.6	24.7	7.0	25.6				
Unfavourable Political Climate	32.4	50.1	29.8	43.1	44.2	48.5	46.4	46.0	37.6	36.4	42.8	28.6	26.2				
Unfavourable Economic Climate	32.2	47.2	33.8	45.0	50.5	45.8	38.8	47.8	41.0	47.4	51.8	40.0	40.4				
Insufficient Power Supply	77.2	80.5	55.8	68.2	70.6	76.0	67.2	71.0	77.2	83.0	68.9	61.2	48.0				
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>																	
N/S Exchange Rate	2.0	-7.3	18.8	-0.7	10.6	4.5	-9.6	14.8	-48.8	-9.2	19.7	14.4	-17.2				
Inflation Rate	48.5	30.3	28.4	9.0	15.6	15.0	7.6	0.0	37.6	31.2	0.8	18.0	21.6				
Borrowing Rate	33.1	10.4	10.4	19.1	18.6	4.5	8.0	-6.0	15.2	-0.4	10.8	6.8	14.0				
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>																	
N/S Exchange Rate	19.7	10.8	16.0	8.7	16.1	17.0	5.6	18.4	-28.0	18.0	33.3	28.8	2.4				
Inflation Rate	27.8	23.7	11.7	13.0	13.6	1.0	8.4	8.0	22.4	8.8	-13.3	6.8	11.6				
Borrowing Rate	13.8	9.8	6.0	19.1	13.1	2.5	14.4	16.8	14.0	0.4	-1.6	1.6	12.4				
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>																	
Importer	18.1	6.6	16.1	9.7	21.6	11.0	10.0	5.2	3.6	10.4	23.2	9.6	9.2				
Exporter	0.0	1.0	1.7	1.3	1.5	0.0	0.0	0.0	0.0	1.2	4.4	1.2	0.0				
Both Importer and Exporter	7.7	3.5	11.7	6.0	11.6	5.5	4.0	5.6	1.6	2.8	4.8	4.4	4.4				
Neither Importer nor Exporter	74.2	88.9	70.6	82.9	65.3	83.5	86.0	89.2	94.8	85.6	67.6	84.8	86.4				
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>																	
Small (<50)	80.6	83.3	80.3	78.3	75.4	73.0	70.8	82.0	82.0	80.0	78.0	78.0	83.2				
Medium (50 and <200)	14.4	11.5	15.4	15.4	14.1	21.5	22.0	13.2	12.0	14.0	15.6	18.4	15.6				
Large (200 and Up)	5.0	5.2	4.3	6.4	10.6	5.5	7.2	4.8	6.0	6.0	6.4	3.6	1.2				
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
<b>13. Distribution of Respondent Firms by Sector</b>																	
All Sectors	299	287	299	299	199	199	250	250	250	250	249	250	250				
Industrial Sector	61	60.0	58	60	40	39	50	50	50	50	51	50	50				
Construction Sector	43	38.0	44	45	31	31	37	37	37	37	32	39	38				
Wholesale and Retail Trade Services Sector of which:	80	80	78	51	51	65	66	66	66	66	57	65	65				
Financial Intermediation	115	111	117	116	77	78	97	97	97	97	109	96	97				
Hotels and Restaurants	25	25	23	26	18	19	23	23	23	23	22	50	22				
Renting and Business Activities	29	29	29	19	19	24	24	24	24	24	19	24	24				
Community and Social Services	32	30.0	30	20	20	25	25	25	25	25	20	25	25				
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>																	
Industrial Sector	4.7	3.1	3.3	-3.3	2.5	-0.5	2.8	3.6	0.0	3.6	8.0	6.4	6.4				
Construction Sector	6.0	1.7	6.7	2.7	1.0	3.5	-1.6	0.0	2.4	1.2	3.6	4.0	4.0				
Wholesale and Retail Trade Services Sector	11.7	3.1	8.0	0.0	2.0	-1.0	8.0	3.2	6.4	1.2	4.8	2.4	2.4				
Services Sector	7.4	3.8	2.7	7.7	16.1	5.0	9.6	6.0	0.0	4.4	17.3	8.4	8.4				
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																	
Industrial Sector	4.7	1.7	3.3	3.7	6.0	4.0	4.4	6.8	1.2	4.8	4.4	4.4	4.4				
Construction Sector	4.0	1.7	7.7	6.0	4.5	6.0	4.0	4.0	3.2	4.4	4.0	2.0	2.0				
Wholesale and Retail Trade Services Sector	8.0	2.4	9.7	5.7	12.1	7.5	6.8	11.6	10.0	7.6	2.4	5.2	4.8				
Services Sector	2.0	11.8	6.0	9.7	23.6	10.1	12.4	20.8	8.8	8.4	8.9	6.8	2.0				

# Business Expectations Survey

## Q1 2016 North West Zone

### Business Outlook

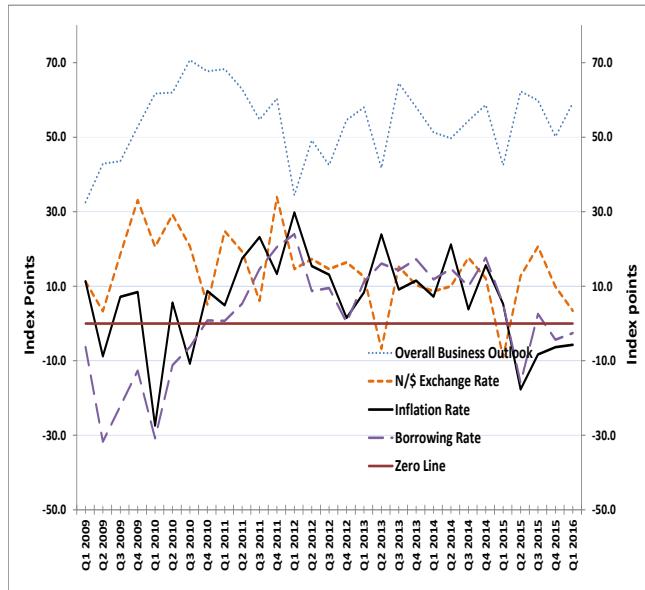


Respondents in the North West zone were more pessimistic on business activities in the quarter under review. At -4.6 points, overall confidence index declined by 3.7 index points below the level achieved in the corresponding quarter of 2015. Respondents were more optimistic about business activities in the next quarter as the index will be expected to rise to 59.1 points (Fig. 11).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of industrial (-2.9 points) wholesale and retail trade (-2.6 points) and construction (-0.6 points) (Table 5 Sections 2 & 14).

In spite of respondents optimism on volume of total order book and financial condition of the firms in the zone, respondents were pessimistic of the volume of business activity in the current quarter. Firms were optimistic on access to credit and their financial condition improved in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at 2.9 points in the current quarter was driven by services sector (6.0 points) (Table 5 Sections 5 & 15).



Respondents in the zone cited insufficient power supply, financial problems, high interest rate, unfavourable economic climate, insufficient demand competition, unclear economic laws, access to credit and lack of equipment as limiting factors to the growth of business activities (Table 5 Section 8).

Respondent firms expected the naira to depreciate in the current quarter but to appreciate in the next quarter. Inflation and borrowing rates were expected to rise in the current quarter, but to fall in the next quarter (Table 5 Sections 9 & 10).

The respondent firms by type of business showed that “neither importer nor exporter” category constituted the majority with 72.6 per cent, followed by “importer” 14.3 per cent, “both importer and exporter” 12.0 per cent, “and “exporter” 1.1 per cent (Table 5 Section 11).

**TABLE 5**  
**BUSINESS EXPECTATIONS SURVEY**  
**North West Zone**

Year	Quarter	2013						2014						2015					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Overall Business Outlook on the Macroeconomy</b>																			
Confidence Index: All Sectors																			
Current Quarter	North West	19.2	6.3	22.3	19.5	25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6					
Next Quarter	North West	58.0	41.7	64.5	58.0	51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1					
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>																			
Industrial Sector		23.0	4.2	14.0	19.8	15.5	6.0	3.1	21.3	-4.3	14.9	7.9	10.8	-10.1					
Construction Sector		0.0	7.5	14.9	7.0	11.1	10.8	25.0	-16.7	-10.4	-15.9	6.5	-14.6	-4.2					
Wholesale and Retail Trade		26.6	7.4	27.0	5.4	19.3	14.8	4.5	7.5	-5.6	19.3	16.1	30.7	-10.6					
Services Sector of which:		16.8	6.8	28.6	35.3	43.3	32.0	16.2	20.5	9.6	21.8	40.4	17.9	4.2					
Financial Intermediation		15.0	-6.7	56.0	52.0	52.0	37.5	38.5	23.1	18.5	57.1	32.0	12.0						
Hotels and Restaurants		3.1	-2.9	19.4	34.3	48.6	21.2	9.7	3.2	-19.4	12.5	20.0	14.7	-12.1					
Renting and Business Activities		23.3	10.7	6.9	29.0	32.1	30.3	3.7	25.0	10.3	16.7	53.8	3.2	13.8					
Community and Social Services		25.8	30.8	37.0	28.0	40.6	45.2	17.2	17.9	28.6	40.0	33.3	24.2	6.5					
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>																			
Industrial Sector		59.0	43.8	67.7	60.4	46.6	50.0	59.4	67.0	34.4	52.1	53.5	38.7	42.4					
Construction Sector		51.2	35.0	61.7	34.9	47.2	37.8	63.6	35.7	39.6	54.5	63.8	31.7	60.4					
Wholesale and Retail Trade		61.7	42.6	58.4	58.1	54.5	35.8	49.4	52.7	46.1	61.4	52.9	58.0	62.4					
Services Sector of which:		56.6	41.5	67.9	68.8	54.2	62.3	50.5	65.0	47.4	73.9	69.3	59.3	70.3					
Financial Intermediation		55.0	43.3	76.0	48.0	40.0	56.0	54.2	76.9	53.8	81.5	75.0	72.0	76.0					
Hotels and Restaurants		43.8	26.5	74.2	100.0	62.9	63.6	54.8	61.3	38.7	81.3	63.3	47.1	66.7					
Renting and Business Activities		56.7	42.9	58.6	71.0	50.0	69.7	44.4	71.9	37.9	66.7	88.5	51.6	62.1					
Community and Social Services		71.0	57.7	63.0	52.0	59.4	58.1	48.3	50.0	60.7	66.7	53.3	69.7	77.4					
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																			
Industrial Sector		11.0	10.4	10.8	22.9	24.3	5.0	6.3	3.2	4.3	-3.2	5.9	-4.3	-4.0					
Construction Sector		18.6	17.5	25.5	-4.7	8.3	13.5	11.4	-23.8	-16.7	4.5	0.0	-4.9	-14.6					
Wholesale and Retail Trade		18.1	8.5	27.0	14.0	25.0	7.4	-1.1	7.5	-1.1	-3.4	14.9	8.0	0.0					
Services Sector		24.8	5.9	33.0	29.3	31.7	28.7	15.3	29.9	14.0	17.6	35.1	13.8	17.8					
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>																			
Volume of Business Activity Index		26.0	10.6	24.1	22.1	26.8	21.5	0.3	18.5	5.2	18.3	18.9	13.0	-2.6					
Volume of Total Order Book Index		23.5	8.3	24.1	23.3	28.8	18.8	4.4	16.5	5.5	17.7	18.6	13.9	0.6					
Credit Access Index		7.1	-9.2	-7.3	7.2	15.0	14.7	1.5	9.0	0.0	11.6	12.0	5.5	8.0					
Financial Condition Index		18.3	9.1	24.3	19.3	25.4	15.0	7.9	10.1	3.2	4.9	16.9	5.2	2.9					
Average Capacity Utilization		24.3	5.2	23.2	17.0	28.0	22.6	4.7	19.1	5.2	15.9	14.9	16.5	6.6					
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>																			
Volume of Business Activity Index		69.1	50.3	73.0	62.9	63.1	59.7	57.1	64.5	44.2	60.9	59.6	55.4	63.7					
Employment Outlook Index		41.7	27.3	52.5	36.8	39.8	29.7	30.9	39.0	24.1	38.8	33.5	32.2	37.7					
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>																			
Industrial Sector		22.0	52.1	65.6	57.3	59.2	60.0	44.8	50.0	48.4	50.5	50.0	43.0	49.0					
Construction Sector		48.8	62.5	89.4	65.1	61.1	54.1	70.5	52.4	47.9	56.8	65.2	51.2	54.2					
Wholesale and Retail Trade		51.1	60.6	65.2	54.8	47.7	71.6	55.1	47.3	38.6	46.6	57.5	62.5	57.6					
Services Sector of which:		50.4	63.6	74.1	60.9	70.8	59.8	55.5	63.2	57.7	55.6	57.1	73.2	68.6					
Financial Intermediation		50.0	60.0	68.0	40.0	56.0	60.0	70.8	69.2	57.7	55.6	57.1	68.0	76.0					
Hotels and Restaurants		18.8	64.7	67.7	68.6	68.6	42.4	61.3	41.9	50.0	58.6	67.6	66.7						
Renting and Business Activities		66.7	60.7	82.8	67.7	71.4	69.7	53.8	53.1	65.5	26.7	60.0	80.6	72.4					
Community and Social Services		67.7	69.2	77.8	62.5	84.4	67.7	55.2	71.4	57.1	63.3	53.3	75.8	61.3					

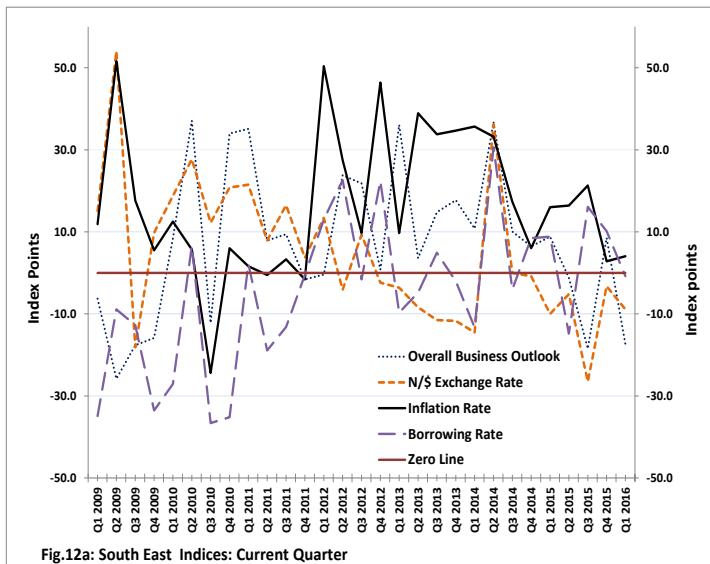
**TABLE 5**  
**BUSINESS EXPECTATIONS SURVEY**  
**North West Zone**

Year	Quarter	2013			2014			2015			2016		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>8. Business Constraints: Current Quarter</b>													
High Interest Rate	49.7	44.9	47.2	52.9	51.2	36.0	44.7	50.7	39.0	43.0	48.7	44.0	
Unclear Economic Laws	38.4	44.7	38.0	33.5	37.8	43.1	28.5	35.8	39.4	33.8	33.5	35.6	31.9
Lack of Equipment	21.3	11.8	27.2	18.0	22.9	29.6	14.4	23.1	19.9	15.5	20.8	22.8	26.1
Insufficient Demand	23.2	32.3	26.4	28.2	32.3	35.3	32.2	34.4	38.5	33.8	18.9	23.5	37.0
Access to Credit	32.1	33.8	21.7	31.0	28.0	35.3	32.5	32.8	37.4	32.9	27.2	31.8	30.6
Financial Problems	46.9	50.8	55.0	43.5	42.9	50.1	49.6	48.3	49.3	44.5	38.4	42.4	46.7
Competition	36.7	25.6	39.9	42.4	38.8	39.4	35.6	34.8	42.9	26.8	30.9	28.5	34.1
Labor Problems	7.0	3.3	11.1	5.6	9.7	13.1	3.4	3.6	-3.6	2.9	7.9	9.7	3.3
Lack of Materials Input	8.9	13.6	21.4	6.0	11.1	16.5	5.0	14.3	11.9	14.8	11.5	12.4	19.6
Unfavourable Political Climate	30.2	46.3	42.4	35.1	37.3	39.6	33.2	34.5	45.8	32.5	23.9	23.8	24.4
Unfavourable Economic Climate	34.0	50.1	42.8	40.9	40.6	42.8	42.6	42.9	51.7	42.3	32.8	28.9	39.4
Insufficient Power Supply	63.5	72.6	69.5	64.2	63.4	65.9	62.9	66.3	68.3	69.6	49.6	45.8	50.7
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>													
N/\$ Exchange Rate	-6.0	-15.0	0.0	-3.4	3.7	9.4	10.0	5.5	-29.4	-2.3	2.0	-0.6	-40.0
Inflation Rate	22.0	24.1	30.8	26.4	15.9	22.6	10.0	15.3	12.8	22.0	4.6	10.7	33.7
Borrowing Rate	16.3	18.9	20.8	15.2	11.2	15.0	1.2	12.7	1.5	3.2	1.1	5.8	13.1
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>													
N/\$ Exchange Rate	12.6	-6.8	15.2	10.3	8.6	10.0	17.6	12.1	-9.0	12.8	20.6	9.9	3.4
Inflation Rate	8.3	23.9	9.1	11.5	7.2	21.2	3.8	15.6	5.2	-17.7	-8.3	-6.4	-5.7
Borrowing Rate	11.2	16.1	14.3	17.2	11.8	14.7	10.0	17.6	5.2	-15.9	2.6	-4.3	-2.6
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>													
Importer	11.7	10.5	9.1	12.9	11.8	11.5	14.5	11.6	12.5	13.0	13.5	14.8	14.3
Exporter	1.4	2.3	2.1	1.4	2.9	2.4	2.4	2.0	5.8	2.3	2.0	1.7	1.1
Both Importer and Exporter	15.1	15.1	7.6	13.8	13.5	9.7	12.1	11.8	13.1	11.9	11.5	13.9	12.0
Neither Importer nor Exporter	71.7	72.1	81.2	71.8	71.8	76.5	71.0	74.6	68.6	72.8	73.1	69.6	72.6
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>													
Small (<50)	73.4	79.0	76.2	76.4	73.8	75.3	78.8	74.3	74.4	73.7	74.1	72.5	72.6
Medium (50 and <200)	18.9	13.2	13.5	15.2	16.7	16.5	12.6	17.1	17.2	18.4	19.0	19.1	20.9
Large (200 and Up)	7.7	7.5	10.3	8.3	9.5	8.2	8.5	8.7	8.4	7.9	6.9	8.4	6.6
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>13. Distribution of Respondent Firms by Sector</b>													
All Sectors	350	348	341	348	347	340	340	346	344	345	349	345	350
Industrial Sector	100	96	93	96	103	100	96	94	93	94	101	93	99
Construction Sector	43	40	47	43	36	37	44	42	48	44	47	41	48
Wholesale and Retail Trade Services Sector of which:	94	94	89	93	88	81	89	93	89	88	87	88	85
Financial Intermediation	<u>113</u>	<u>113</u>	<u>112</u>	<u>116</u>	<u>120</u>	<u>122</u>	<u>111</u>	<u>117</u>	<u>114</u>	<u>119</u>	<u>114</u>	<u>123</u>	<u>118</u>
Hotels and Restaurants	20	30	25	25	25	25	24	26	26	27	28	25	25
Renting and Business Activities	32	34	31	35	33	31	31	31	31	32	30	34	33
Community and Social Services	30	28	29	31	28	33	27	32	29	30	26	31	29
31	26	27	25	32	31	29	28	28	30	30	33	33	31
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>													
Industrial Sector	6.6	1.1	3.8	5.5	4.6	1.8	0.9	5.8	-1.2	4.1	2.3	2.9	-2.9
Construction Sector	0.0	0.9	2.1	0.9	1.2	1.2	3.2	-2.0	-1.5	-2.0	0.9	-1.7	-0.6
Wholesale and Retail Trade Services Sector	7.1	2.0	7.0	1.4	4.9	3.5	1.2	2.0	-1.5	4.9	4.0	7.8	-2.6
Services Sector	5.4	2.3	9.4	11.8	15.0	11.5	5.3	6.9	3.2	7.5	13.2	6.4	1.4
<b>15. Business Confidence Index on Own Operations by Sector</b>													
Industrial Sector	3.1	2.9	2.9	6.3	7.2	1.5	1.8	0.9	1.2	-0.9	1.7	-1.2	-1.1
Construction Sector	2.3	2.0	3.5	-0.6	0.9	1.5	1.5	-2.9	-2.3	0.6	0.0	-0.6	-2.0
Wholesale and Retail Trade Services Sector	4.9	2.3	7.0	3.7	6.3	1.8	-0.3	2.0	-0.3	-0.9	3.7	2.0	0.0
Services Sector	8.0	2.0	10.9	9.8	11.0	10.3	5.0	10.1	4.7	6.1	11.5	4.9	6.0

# ***Business Expectations Survey***

## ***Q1 2016 South East Zone***

### **Business Outlook**

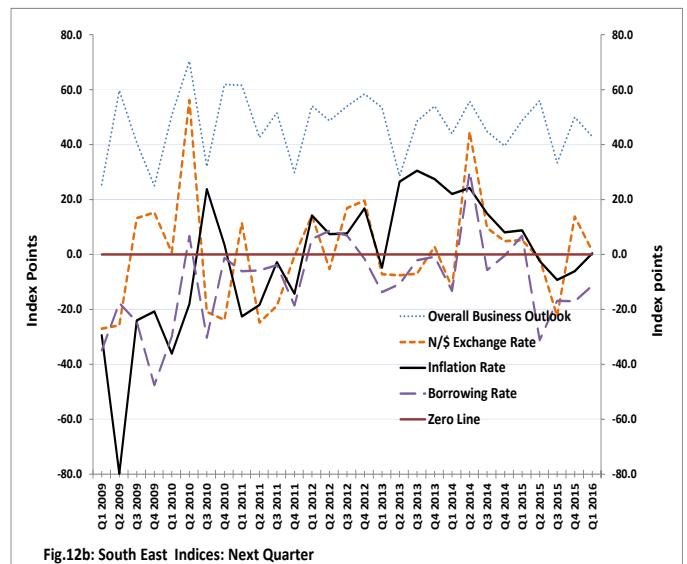


Respondents in the South East zone were pessimistic on business activities in the Q1 2016. At -17.4 points, the overall confidence index declined by 26.2 index points, compared with the level achieved in the corresponding quarter of 2015. However, respondents were optimistic about business activities in the next quarter as the index would be expected to rise to 42.9 points (Fig. 12).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of services (-6.9 points) wholesale/retail trade (-4.9 points) industrial (-3.2 points) and construction (-2.4 points) sectors (Table 6 Sections 2 & 14).

Respondents were pessimistic on the volume of total and their expectation of the volume of business activity was dampened in the current quarter. Though firms expressed pessimism on access to credit, they expected their financial condition to improve in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at 1.6 points in the current quarter, was driven by both industrial and wholesale & retail trade (1.6 points each) sectors (Table 6 Sections 5 & 15).



Respondents in the zone cited insufficient power supply, high interest rate, access to credit, financial problems, unfavourable economic climate, insufficient demand, and competition as limiting factors to the growth of business activities (Table 6 Section 8).

Respondent firms expected the naira to depreciate in the current, but appreciate in the next quarter. Inflation was expected to rise in both the current and next quarters, while borrowing rate was expected to decline in both current and the next quarters (Table 6 Section 9 & 10).

The respondent firms by type of business showed that “neither importer nor exporter” category constituted the majority with 71.7 per cent, followed by “importer” 23.9 per cent, “both importer and exporter” 4.0 per cent, and “exporter” 0.4 per cent (Table 6 Section 11).

**TABLE 6**  
**BUSINESS EXPECTATIONS SURVEY**  
**South East Zone**

Year	Quarter	2013						2014						2015					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
<b>1. Overall Business Outlook on the Macroeconomy</b>																			
<b>Confidence Index: All Sectors</b>																			
<b>Current Quarter</b>																			
<i>South East</i>		36.1	3.6	14.8	17.7	10.8	36.7	10.1	6.5	8.8	-1.2	-18.5	8.5						-17.4
<b>Next Quarter</b>																			
<i>South East</i>		53.5	28.5	48.5	54.0	44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0						42.9
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>																			
Industrial Sector		41.9	14.5	-1.8	17.5	2.7	35.6	10.1	18.6	10.8	-3.0	-7.4	19.7						-12.9
Construction Sector		34.0	2.9	25.0	32.4	30.8	37.8	5.3	-25.6	-12.8	-11.9	-29.7	-7.3						-14.6
Wholesale and Retail Trade		18.5	0.0	14.0	16.1	-1.6	21.7	-4.8	5.9	7.3	-4.4	-35.9	13.6						-18.5
Services Sector of which:		48.0	-1.0	20.9	13.3	19.7	53.6	24.1	13.4	17.6	9.5	-8.8	1.5						-21.5
Financial Intermediation		70.6	42.9	76.9	22.2	7.7	44.4	40.0	18.2	63.6	0.0	-5.0	-7.7						-17.6
Hotels and Restaurants		26.3	0.0	7.7	10.5	28.6	25.0	4.0	-7.7	-4.5	4.2	5.0	0.0						-44.0
Renting and Business Activities		63.6	-5.7	38.7	23.8	17.6	64.7	27.8	36.4	16.0	13.3	-5.0	-11.8						-20.0
Community and Social Services		29.4	-22.7	-23.8	8.2	20.0	61.3	34.6	13.0	18.2	20.0	-30.0	22.2						5.9
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>																			
Industrial Sector		58.1	32.3	45.5	50.9	33.3	61.0	40.6	33.9	44.6	47.0	30.9	52.1						25.8
Construction Sector		57.4	35.3	55.0	89.2	64.1	51.4	57.9	20.5	20.5	47.6	27.0	26.8						43.9
Wholesale and Retail Trade		40.0	30.4	45.6	41.1	36.1	50.7	37.1	35.3	60.0	54.4	25.0	43.9						58.5
Services Sector of which:		58.7	22.7	49.5	52.7	51.5	62.3	48.1	60.5	57.1	70.3	45.0	67.6						43.0
Financial Intermediation		76.5	42.9	84.6	55.6	61.5	100.0	90.0	63.6	90.9	86.7	55.0	69.2						76.5
Hotels and Restaurants		15.8	23.1	30.8	100.0	66.7	50.0	48.0	70.0	59.1	66.7	40.0	70.0						44.0
Renting and Business Activities		68.2	8.6	58.1	38.1	35.3	64.7	38.9	54.5	40.0	60.0	40.0	64.7						10.0
Community and Social Services		76.5	31.8	38.1	44.9	40.0	54.8	38.5	56.5	57.6	70.0	45.0	66.7						47.1
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																			
Industrial Sector		1.6	-21.0	1.8	-3.5	8.0	16.9	0.0	16.9	10.8	-15.2	-7.4	26.8						6.5
Construction Sector		4.3	8.8	20.0	10.8	12.8	0.0	7.9	-23.1	-15.4	-11.9	-21.6	-7.3						-4.9
Wholesale and Retail Trade		3.1	5.4	0.0	5.4	4.9	1.5	0.0	-10.3	12.7	1.5	-12.5	10.6						6.2
Services Sector		14.7	-6.2	3.3	12.2	22.7	21.7	20.3	-9.8	39.6	-2.7	6.3	14.7						-2.5
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>																			
Volume of Business Activity Index		25.7	2.8	18.1	21.4	22.0	33.2	6.9	7.7	16.8	3.2	-3.6	19.5						-5.7
Volume of Total Order Book Index		14.4	-0.8	18.9	14.9	16.2	31.5	12.9	-3.6	18.8	5.2	-3.6	25.2						-2.0
Credit Access Index		-6.0	-10.8	7.0	-0.8	-2.5	17.9	2.8	-13.3	0.4	-14.0	-21.3	-7.7						-17.0
Financial Condition Index		6.4	-5.2	5.0	6.9	12.0	11.1	7.7	-5.6	17.6	-6.4	-6.4	13.4						1.6
Average Capacity Utilization		16.8	8.8	13.2	15.7	12.4	31.5	17.3	1.6	15.6	0.0	1.2	7.7						3.2
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>																			
Volume of Business Activity Index		54.3	38.5	59.7	61.7	59.8	61.7	67.7	53.2	70.4	63.2	59.8	69.9						54.7
Employment Outlook Index		23.2	13.2	36.2	33.5	31.1	15.7	29.0	31.5	34.0	27.2	19.7	32.1						21.9
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>																			
Industrial Sector		-9.7	61.3	36.4	70.2	48.0	25.4	37.7	32.2	40.0	48.5	20.6	52.1						33.9
Construction Sector		-10.6	44.1	37.5	69.4	66.7	24.3	50.0	39.5	28.2	40.5	29.7	36.6						41.5
Wholesale and Retail Trade		1.5	62.5	29.8	76.8	72.1	28.4	54.8	45.6	41.8	67.6	34.4	51.5						56.9
Services Sector of which:		12.0	50.5	34.1	68.4	50.0	17.4	60.8	54.9	47.3	62.2	43.8	50.0						55.1
Financial Intermediation		41.2	50.0	23.1	44.4	61.5	22.2	40.0	18.2	45.5	53.3	50.0	38.5						76.5
Hotels and Restaurants		-5.3	53.8	38.5	68.4	33.3	25.0	60.0	57.7	36.4	66.7	40.0	50.0						44.0
Renting and Business Activities		-9.1	42.9	35.5	66.7	58.8	5.9	77.8	54.5	56.0	53.3	45.0	47.1						40.0
Community and Social Services		29.4	59.1	33.3	73.5	53.3	19.4	57.7	69.6	48.5	70.0	40.0	61.1						68.8

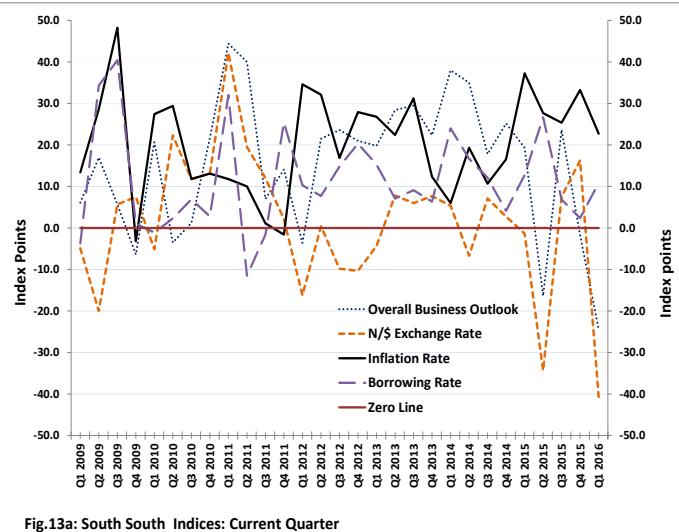
**TABLE 6**  
**BUSINESS EXPECTATIONS SURVEY**  
**South East Zone**

Year	Quarter	2013				2014				2015				2016	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>8. Business Constraints: Current Quarter</b>															
High Interest Rate	62.1	59.9	52.1	58.5	60.8	-8.7	68.8	65.5	58.2	65.0	48.4	46.3	54.7	54.7	
Unclear Economic Laws	30.4	46.8	30.7	49.4	17.4	-23.9	34.9	11.3	23.8	18.4	18.5	26.4	32.2	32.2	
Lack of Equipment	1.7	1.1	6.4	9.1	3.9	-29.2	5.4	-7.1	-0.2	0.8	0.6	3.9	25.9	25.9	
Insufficient Demand	-0.4	2.3	2.0	12.7	0.4	-16.9	13.1	1.8	13.6	10.4	17.9	6.7	41.3	41.3	
Access to Credit	40.0	45.0	52.6	53.4	41.1	14.4	52.6	48.6	43.0	57.0	46.8	37.0	53.4	53.4	
Financial Problems	48.4	45.8	58.6	56.7	57.3	37.7	63.3	57.7	55.4	60.8	40.8	48.2	52.4	52.4	
Competition	8.6	21.9	33.4	24.2	25.9	22.0	31.0	32.1	39.6	39.8	36.7	46.5	33.2	33.2	
Labor Problems	-24.3	-20.2	-11.1	-3.0	-12.4	-31.8	-10.3	-17.7	-7.0	-8.4	-11.0	-12.4	7.1	7.1	
Lack of Materials Input	-5.1	-10.4	9.2	7.5	3.1	-33.5	-0.8	-13.9	-5.6	-5.6	-2.0	0.4	20.2	20.2	
Unfavourable Political Climate	6.7	5.1	27.3	29.2	16.0	-5.7	31.9	10.3	23.6	10.8	26.9	29.5	31.2	31.2	
Unfavourable Economic Climate	38.4	41.2	48.3	54.6	30.1	-9.3	40.7	18.3	29.0	32.0	34.9	40.4	43.9	43.9	
Insufficient Power Supply	72.9	63.1	72.5	70.0	67.4	63.1	81.3	77.2	79.8	82.4	74.5	59.6	66.0	66.0	
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>															
N/\$ Exchange Rate	-3.6	-8.4	-11.5	-11.7	-14.5	36.2	0.0	-0.8	-10.0	-5.2	-26.5	-3.3	-8.9	-8.9	
Inflation Rate	9.7	38.9	33.8	34.7	35.7	33.2	17.3	6.0	16.0	16.4	21.3	2.8	4.0	4.0	
Borrowing Rate	-9.7	-4.8	4.9	-2.0	-13.3	30.6	-4.0	8.5	8.8	-14.8	16.1	10.2	-0.8	-0.8	
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>															
N/\$ Exchange Rate	-7.2	-7.6	-7.0	2.8	-12.0	44.7	9.7	4.8	5.2	-1.6	-22.5	13.8	1.2	1.2	
Inflation Rate	-4.8	26.5	30.5	27.4	22.0	24.3	14.9	8.1	8.8	-2.4	-9.2	-6.1	0.4	0.4	
Borrowing Rate	-13.7	-10.8	-2.1	-0.8	-13.3	30.2	-5.6	-0.4	6.8	-31.2	-16.9	-17.1	-11.3	-11.3	
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>															
Importer	22.9	11.2	16.0	15.3	12.9	16.5	24.7	19.8	23.3	30.8	27.3	22.0	23.9	23.9	
Exporter	1.2	3.2	3.7	4.0	4.1	1.7	0.8	0.4	0.8	0.4	0.4	0.8	0.4	0.4	
Both Importer and Exporter	5.2	8.8	7.8	4.8	6.6	3.8	5.7	6.5	4.4	2.8	4.8	2.8	4.0	4.0	
Neither Importer nor Exporter	70.7	76.7	72.4	75.8	76.3	78.0	68.8	73.4	71.5	66.0	67.5	74.4	71.7	71.7	
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>															
Small (<50)	85.9	77.5	71.0	79.4	78.4	87.8	87.0	80.6	85.1	77.2	81.9	84.1	73.7	73.7	
Medium (50 and <200)	9.6	16.5	21.2	14.1	16.6	10.1	9.7	16.6	11.2	18.8	14.5	13.4	24.7	24.7	
Large (200 and Up)	4.4	6.0	7.9	6.5	5.0	2.1	3.2	2.8	3.6	4.0	3.6	2.4	1.6	1.6	
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>13. Distribution of Respondent Firms by Sector</b>															
All Sectors	249	249	243	248	241	237	248	248	250	250	249	246	247	247	
Industrial Sector	62	62	55	57	75	59	69	59	65	66	68	71	62	62	
Construction Sector	47	34	40	37	39	37	38	39	42	37	41	41	41	41	
Wholesale and Retail Trade	65	56	57	56	61	69	62	68	55	68	64	66	65	65	
Services Sector of which:	75	97	91	98	66	72	79	82	91	74	80	68	79	79	
Financial Intermediation	17	14	13	9	13	9	10	11	11	15	20	13	17	17	
Hoteles and Restaurants	19	26	26	19	21	12	25	26	22	24	20	20	25	25	
Renting and Business Activities	22	35	31	21	17	17	18	22	25	15	20	17	20	20	
Community and Social Services	17	22	21	49	15	34	26	23	33	20	20	18	17	17	
<b>14. Business Outlook Index on Own Operations by Sector Contribution: Current Quarter</b>															
Industrial Sector	10.4	3.6	-0.4	4.0	0.8	8.9	2.8	4.4	2.8	-0.8	-2.0	5.7	-3.2	-3.2	
Construction Sector	6.4	0.4	4.1	4.8	5.0	5.9	0.8	-4.0	-2.0	-4.4	-1.2	-2.4	-2.4	-2.4	
Wholesale and Retail Trade	4.8	0.0	3.3	3.6	-0.4	6.3	-1.2	1.6	-1.2	-9.2	3.7	-4.9	-4.9	-4.9	
Services Sector	14.5	-0.4	7.8	5.2	5.4	7.7	2.4	6.4	2.8	-2.8	0.4	-6.9	-6.9	-6.9	
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</b>															
Industrial Sector	0.4	-5.2	0.4	-0.8	2.5	4.2	0.0	4.0	2.8	-4.0	-2.0	7.7	1.6	1.6	
Construction Sector	0.8	1.2	3.3	1.6	2.1	0.0	1.2	-3.6	-2.4	-2.0	-3.2	-1.2	-0.8	-0.8	
Wholesale and Retail Trade	0.8	1.2	0.0	1.2	1.2	0.4	0.0	-2.8	2.8	0.4	-3.2	2.8	1.6	1.6	
Services Sector	4.4	-2.4	1.2	4.8	6.2	6.6	6.5	-3.2	14.4	-0.8	2.0	4.1	-0.8	-0.8	

# Business Expectations Survey

## Q1 2016 South South Zone

### Business Outlook

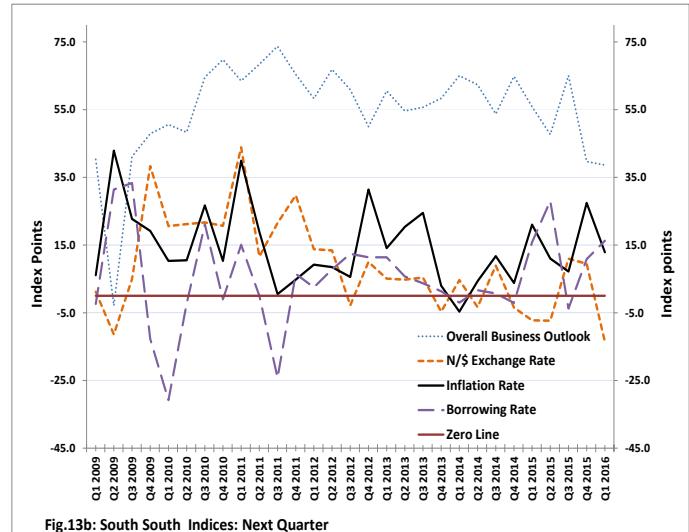


Respondents in the South South zone were pessimistic on business activities in the current quarter. At -24.4 points, the overall confidence index declined by 43.7 index points, below the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the overall business outlook index for the next quarter rose to 38.6 points (Fig. 13b).

The pessimism in the overall business outlook could be attributed to the contributions of services (-8.1 points) wholesale and retail trade (-7.1 points), industrial (-5.1 points) and construction (-4.1 points) (Table 7 Sections 2 & 14).

The volume of total order book and the volume of business activity declined in the current quarter. Similarly, the outlook on access to credit was pessimistic in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at -5.4 points in the current quarter, was driven by wholesale/retail trade (-3.1 points) industrial (-2.0 points) and services (-1.4 points) (Table 7 Sections 5 & 15).



Respondents cited insufficient power supply, competition, financial problems, high interest rate, unfavourable economic climate, unfavourable political climate, unclear economic laws and access to credit as limiting factors to the growth of business activities in the zone (Table 7 Section 8).

Respondent firms expected the naira to depreciate in both the current and next quarters. Inflation and borrowing rates were expected to rise in both quarters (Table 7 Sections 9 & 10).

The respondent firms by type of business showed that “neither importer nor exporter” category constituted the majority with 73.9 per cent, followed by “importer” 10.8 per cent, “both importer and exporter” 10.8 per cent and “exporter” firms 4.4 per cent (Table 7 Section 11).

**TABLE 7**  
**BUSINESS EXPECTATIONS SURVEY**  
**South South Zone**

Year	2013						2014						2015						2016	
	Q1		Q2		Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2	
Quarter	South																			
<b>1. Overall Business Outlook on the Macroeconomy</b>																				
Confidence Index: All Sectors																				
Current Quarter	19.8	28.4	29.5	22.3	38.0	35.0	17.8	25.2	19.3	-16.3	23.6	-1.7	-24.4							
South Quarter	54.6	55.7	58.3	65.0	62.3	53.7	64.8	55.9	47.7	65.1	39.7	38.6								
Next Quarter	60.5	54.6	55.7	58.3	65.0	40.3	20.3	40.5	50.7	19.4	39.4	6.9	-20.6	28.8	-1.5	-26.3				
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>																				
Industrial Sector	26.9	32.4	40.3	20.3	40.5	50.7	19.4	39.4	6.9	-20.6	28.8	-1.5	-26.3							
Construction Sector	16.3	25.0	26.5	28.6	40.8	24.5	13.6	18.6	-4.8	-33.3	11.1	-7.5	-19.7							
Wholesale and Retail Trade	19.2	15.5	23.6	26.0	28.8	22.4	17.1	17.3	5.2	10.5	-8.5	-25.9								
Services Sector of which:	17.1	36.1	27.6	18.3	41.3	38.2	19.0	23.8	41.1	-20.4	34.8	5.6	-25.0							
Financial Intermediation	46.7	55.6	41.7	39.1	34.8	23.8	20.8	50.0	40.0	-19.0	50.0	12.0	-36.8							
Hotels and Restaurants	3.4	40.7	33.3	13.3	50.0	22.6	-12.9	3.3	48.4	-30.8	20.7	-6.3	-39.5							
Renting and Business Activities	3.4	11.5	19.2	3.8	30.8	57.7	36.0	30.8	65.0	-31.6	37.9	34.6	-5.0							
Community and Social Services	26.3	35.7	16.0	20.0	48.0	50.0	40.0	17.4	12.5	10.5	30.8	-16.0	7.1							
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>																				
Industrial Sector	74.6	54.4	63.9	50.0	67.6	67.1	62.9	70.4	48.6	35.3	79.7	50.8	43.9							
Construction Sector	46.5	50.0	51.0	67.3	61.2	71.4	47.7	83.7	50.0	45.6	57.8	57.5	44.3							
Wholesale and Retail Trade	69.2	45.1	45.8	53.4	48.7	44.3	50.7	49.4	55.8	44.7	37.8	29.6								
Services Sector of which:	51.4	63.0	59.0	70.2	73.1	64.7	57.1	68.8	69.5	51.0	74.1	27.8	39.6							
Financial Intermediation	66.7	70.4	62.5	56.5	69.6	81.0	62.5	54.5	70.0	47.6	82.1	36.0	47.4							
Hotels and Restaurants	44.8	59.3	56.7	100.0	63.3	38.7	38.7	72.7	61.3	43.6	72.4	21.9	37.2							
Renting and Business Activities	51.7	50.0	69.2	92.3	65.4	72.0	80.8	85.0	31.6	69.0	30.8	25.0								
Community and Social Services	50.0	71.4	48.0	60.0	68.0	83.3	60.0	65.2	66.7	89.5	73.1	24.0	57.1							
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																				
Industrial Sector	16.4	23.5	23.6	25.7	31.1	41.1	33.9	11.3	23.6	-4.4	1.7	-10.8	-10.5							
Construction Sector	14.0	2.1	12.2	-10.2	18.4	0.0	2.3	0.0	-7.1	-3.5	-20.0	-2.5	4.9							
Wholesale and Retail Trade	23.1	25.4	16.7	15.1	23.3	14.5	30.0	1.3	17.3	6.5	15.8	-6.1	-11.1							
Services Sector	19.8	25.0	15.2	21.2	23.1	27.5	16.2	29.7	14.7	21.4	4.5	4.6	-4.2							
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>																				
Volume of Business Activity Index	29.1	31.8	32.2	22.3	34.7	33.3	23.1	22.4	21.4	8.3	19.5	8.1	-2.4							
Volume of Total Order Book Index	24.4	29.5	30.6	26.3	41.3	32.3	28.8	20.3	23.1	4.0	23.6	8.1	-3.1							
Credit Access Index	4.7	5.0	2.4	-1.7	7.0	0.3	-7.1	3.1	2.1	-7.7	3.4	-2.4	-10.8							
Financial Condition Index	19.1	21.1	17.2	15.7	24.3	23.0	21.4	13.4	14.5	7.0	3.1	-2.7	-5.4							
Average Capacity Utilization	20.4	25.4	21.5	22.7	42.3	30.0	27.0	22.1	25.5	16.0	24.7	3.1	4.7							
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>																				
Volume of Business Activity Index	65.5	67.8	59.7	55.7	68.3	60.7	57.7	60.0	71.0	72.3	70.5	70.2	66.8							
Employment Outlook Index	36.8	37.2	35.9	23.7	45.0	36.0	26.7	31.4	41.4	33.3	46.9	42.4	32.5							
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>																				
Industrial Sector	19.4	64.7	62.5	67.6	67.1	69.4	70.4	75.0	66.2	78.0	75.4	52.6								
Construction Sector	16.3	52.1	49.0	42.9	65.3	53.1	50.0	48.8	69.0	59.6	64.4	57.5	65.6							
Wholesale and Retail Trade	13.2	67.6	73.6	57.5	61.8	64.3	45.3	70.4	68.8	65.8	54.9	65.4								
Services Sector of which:	-11.7	64.8	52.4	58.7	64.4	56.9	52.4	53.5	69.5	65.3	58.0	57.4	66.7							
Financial Intermediation	-6.7	59.3	50.0	65.2	69.6	57.1	58.3	68.2	60.0	66.7	64.3	52.0	73.7							
Hotels and Restaurants	-31.0	66.7	56.7	60.0	50.0	41.9	54.8	43.3	67.7	59.0	62.1	53.1	69.8							
Renting and Business Activities	-24.1	69.2	50.0	57.7	65.4	76.9	48.0	69.2	85.0	57.9	62.1	69.2	50.0							
Community and Social Services	10.5	64.3	52.0	52.0	76.0	54.2	48.0	34.8	66.7	84.2	42.3	56.0	71.4							

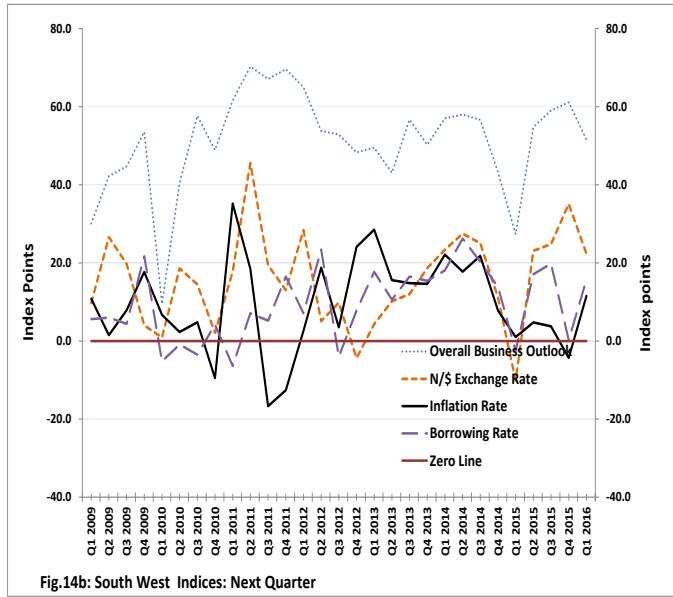
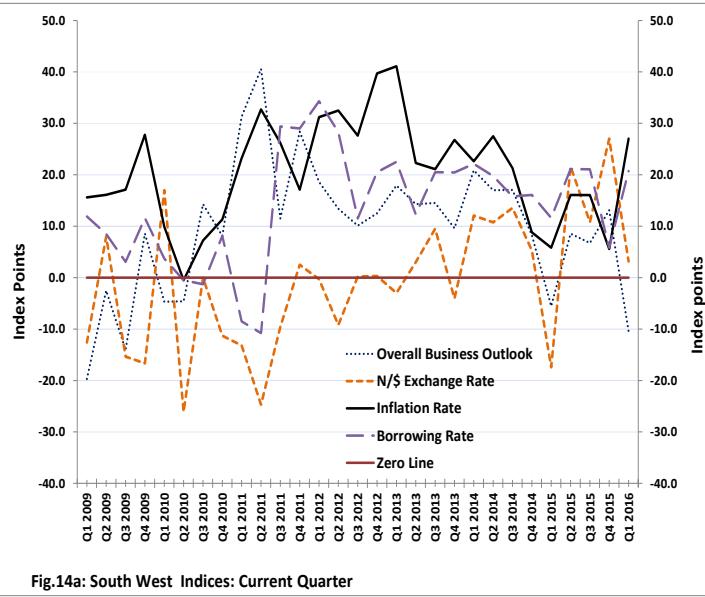
**TABLE 7**  
**BUSINESS EXPECTATIONS SURVEY**  
**South South Zone**

Year	Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015	2016
<b>8. Business Constraints: Current Quarter</b>															
High Interest Rate	46.4	51.6	36.5	39.2	41.8	47.8	52.0	43.6	49.1	39.2	43.3	40.8	38.3		
Unclear Economic Laws	35.5	37.6	34.0	33.8	27.8	38.2	43.8	33.3	30.7	19.5	24.7	27.6	23.6		
Lack of Equipment	23.4	22.1	23.2	24.2	28.5	29.7	31.3	20.9	12.1	-7.7	15.6	16.4	5.1		
Insufficient Demand	22.5	27.3	31.9	22.2	20.3	20.5	32.0	20.5	22.9	17.5	22.9	34.6	22.4		
Access to Credit	38.0	35.8	34.5	32.0	30.5	45.0	39.7	30.9	35.5	19.5	33.6	35.4	23.4		
Financial Problems	48.0	45.9	37.4	41.8	49.0	51.3	46.8	38.4	40.5	44.2	49.3	49.0	45.3		
Competition	44.0	43.4	42.0	40.3	42.2	51.8	57.1	38.4	37.8	47.7	38.0	32.7	47.1		
Labor Problems	15.1	7.4	11.0	13.5	15.3	25.8	24.4	12.6	2.1	-8.2	-2.1	8.6	-4.1		
Lack of Materials Input	16.3	12.9	19.2	17.8	21.8	19.5	24.0	17.1	4.1	-7.5	6.0	4.2	8.0		
Unfavourable Political Climate	29.3	35.2	35.1	33.8	36.3	41.5	44.7	35.9	33.6	24.8	25.9	26.8	24.7		
Unfavourable Economic Climate	32.8	46.3	42.2	44.7	45.5	50.0	56.2	42.9	43.4	32.2	46.1	48.5	28.6		
Insufficient Power Supply	74.6	69.3	57.5	57.3	59.3	73.0	68.9	59.7	72.9	75.8	67.5	66.1	66.8		
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>															
N/\$ Exchange Rate	-4.4	7.8	6.0	7.7	5.3	-6.7	7.1	2.8	-1.4	-34.3	7.5	16.3	-40.7		
Inflation Rate	26.8	22.4	31.2	12.3	6.0	19.3	10.7	16.6	37.2	27.7	25.3	33.2	22.7		
Borrowing Rate	15.3	7.1	9.1	6.3	24.0	16.7	12.1	4.1	12.8	26.7	6.8	2.4	10.8		
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>															
N/\$ Exchange Rate	5.1	4.8	5.4	-4.7	4.7	-3.3	8.9	-3.4	-7.2	-7.3	11.0	9.5	-13.6		
Inflation Rate	14.1	20.4	24.5	3.0	-4.7	4.3	11.7	3.8	21.0	11.0	7.2	27.5	12.9		
Borrowing Rate	11.4	5.7	3.7	1.3	-2.0	1.7	0.7	-2.1	15.9	28.0	-3.8	10.8	16.3		
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>															
Importer	14.4	12.9	16.8	20.7	12.3	13.3	16.0	19.0	22.4	9.0	13.4	16.9	10.8		
Exporter	0.3	2.4	2.3	1.3	2.3	3.0	1.4	2.8	4.1	2.7	5.1	6.4	4.4		
Both Importer and Exporter	7.4	7.5	9.1	10.7	12.3	7.3	13.5	9.7	7.2	13.0	7.9	7.8	10.8		
Neither Importer nor Exporter	77.9	77.3	71.8	67.3	73.0	76.3	69.0	68.6	66.2	75.3	73.6	68.8	73.9		
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>															
Small (<50)	82.3	85.4	78.9	78.3	82.3	82.9	77.9	74.5	77.3	82.2	85.1	73.2			
Medium (50 and <200)	12.4	9.8	13.4	10.3	12.3	10.7	10.3	12.1	16.6	19.3	12.0	10.2	23.4		
Large (200 and Up)	5.4	4.7	7.7	11.3	5.3	7.0	6.8	10.0	9.0	3.3	5.8	4.7	3.4		
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>13. Distribution of Respondent Firms by Sector</b>															
All Sectors	299	295	298	300	300	281	290	290	300	292	295	295	295		
Industrial Sector	67	68	72	74	73	62	71	72	68	59	65	57			
Construction Sector	43	48	49	49	49	49	44	43	42	57	45	40	61		
Wholesale and Retail Trade Services Sector of which:	78	71	72	73	73	76	70	75	81	77	76	82	81		
Financial Intermediation	111	108	105	104	104	102	105	101	95	98	112	108	96		
Hotels and Restaurants	15	27	24	23	23	21	24	22	20	21	28	25	19		
Renting and Business Activities	29	27	30	30	31	31	31	30	31	39	29	32	43		
Community and Social Services	38	28	25	25	25	26	25	26	20	19	29	26	20		
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>															
Industrial Sector	6.0	7.5	9.7	5.0	10.0	12.3	4.3	9.7	1.7	-4.7	5.8	-0.3	-5.1		
Construction Sector	2.3	4.1	4.4	4.7	6.7	4.0	2.1	2.8	-0.7	-6.3	1.7	-1.0	-4.1		
Wholesale and Retail Trade Services Sector	5.0	3.7	5.7	6.3	7.0	5.7	4.3	4.5	4.8	1.3	2.7	-2.4	-7.1		
Services Sector	6.4	13.2	9.7	6.3	14.3	13.0	7.1	8.3	13.4	-6.7	13.4	2.0	-8.1		
<b>Confidence Index on Own Operations by Sector: Current Quarter</b>	3.7	5.4	5.7	6.3	7.7	10.0	7.5	2.8	5.9	-1.0	0.3	-2.4	-2.0		
Industrial Sector	2.0	0.3	2.0	-1.7	3.0	0.0	0.4	0.0	-1.0	-0.7	-3.1	-0.3	-4.1		
Construction Sector	6.0	6.1	4.0	3.7	5.7	3.7	7.5	0.3	4.8	1.7	4.1	-1.7	-3.1		
Wholesale and Retail Trade Services Sector	7.4	9.2	5.4	7.3	8.0	9.3	6.0	10.3	4.8	7.0	1.7	2.0	-1.4		

# Business Expectations Survey

## Q1 2016 South West Zone

### Business Outlook



Respondents in the South West zone were pessimistic on business activities in the Q1 2016. At -10.4 points, the overall confidence index fell by 4.8 index points, compared with the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index was expected to rise to 51.6 points (Fig. 14).

The pessimism in the overall business outlook in the zone could be attributed to the wholesale/retail trade (-5.7 points), industrial (-3.9 points) and construction (-0.8 points) sectors (Table 8 Sections 2 & 14).

The volume of total order book and financial condition of the firms in the zone, buoyed the volume of business activity in the current quarter. Firms were optimistic on access to credit and their financial condition improved in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at 6.3 points in the current quarter, was driven by services sector (5.5 points) both industrial and wholesale/retail trade sectors had (0.5 points) (Table 8 Sections 5 & 15).

Respondents cited insufficient power supply, high interest rate, financial problems, competition, unfavourable economic climate, unclear economic laws, insufficient demand and access to credit as limiting factors to the growth of business activities in the zone (Table 8 Section 8).

Respondent firms expected the naira to appreciate in the current and next quarters. Inflation and borrowing rates were also expected to rise in both the current and the next quarters (Table 8 Sections 9 & 10).

The respondent firms by type of business showed that “neither importer nor exporter” category constituted the majority with 69.7 per cent, followed by “importer” 18.0 per cent, “both importer and exporter” 10.2 per cent and “exporter” firms 2.1 per cent (Table 8 Section 11).

**TABLE 8**  
**BUSINESS EXPECTATIONS SURVEY**  
**South West Zone**

Year	Quarter	2013				2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy Confidence Index: All Sectors</b>																	
Current Quarter	South West	17.9	14.3	14.5	9.6	20.9	17.0	17.0	8.3	-5.6	8.5	6.8	13.1	-10.4			
Next Quarter	South West	49.5	43.1	56.7	50.3	57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6			
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>																	
Industrial Sector	18.3	17.8	14.5	10.4	21.0	10.7	13.2	14.7	4.9	-1.7	11.3	9.0	-14.6				
Construction Sector	17.6	31.0	22.0	11.4	40.9	19.0	20.5	0.0	-20.5	30.6	-20.7	-2.9	-8.3				
Wholesale and Retail Trade Services Sector of which:	8.7	5.9	6.0	0.9	24.5	25.0	15.3	10.7	-8.8	11.7	5.8	16.3	-20.2				
Financial Intermediation	22.9	12.4	18.4	15.5	11.3	16.2	21.1	3.1	-8.3	9.1	9.6	18.1	0.0				
Hotels and Restaurants	25.9	47.6	53.5	57.6	51.3	30.4	26.7	26.3	6.3	54.5	52.6	-5.6					
Renting and Business Activities	23.6	-4.2	6.3	5.1	-2.4	-6.8	31.0	-20.6	-18.4	-9.4	-6.9	14.3	-17.4				
Community and Social Services	34.0	-14.8	12.5	3.8	0.0	34.6	16.7	-8.0	-39.1	0.0	-13.6	23.8	-3.3				
5.4	31.7	-11.5	-6.5	-14.8	20.9	12.2	15.1	11.4	5.6	12.3	26.5	8.1					
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>																	
Industrial Sector	47.1	46.6	56.4	47.8	57.1	50.8	49.1	48.3	36.1	55.5	62.6	56.8	49.5				
Construction Sector	61.8	47.6	46.3	56.8	54.5	57.1	69.2	58.8	-10.3	63.9	62.1	52.9	55.6				
Wholesale and Retail Trade Services Sector of which:	45.7	37.3	55.0	50.0	64.7	68.0	58.5	36.4	36.3	52.3	51.2	66.7	40.7				
Financial Intermediation	50.6	43.1	61.0	55.1	51.9	57.4	57.8	42.7	22.3	53.8	62.4	61.2	60.9				
Hotels and Restaurants	37.0	71.4	83.7	87.9	69.2	69.6	60.0	42.1	43.8	63.6	78.9	61.1	55.0				
Renting and Business Activities	56.4	35.4	50.0	64.3	45.2	45.5	61.9	44.1	26.3	62.5	57.1	53.6	78.3				
Community and Social Services	57.4	22.2	62.5	57.7	44.0	50.0	46.7	40.0	-8.7	37.5	63.6	57.1	55.2				
43.2	51.2	42.3	9.7	44.4	67.4	61.0	43.4	27.3	51.9	59.4	67.3	59.0					
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																	
Industrial Sector	20.2	16.1	24.8	20.0	21.8	24.6	14.0	24.1	-10.7	5.9	12.2	13.5	1.9				
Construction Sector	23.5	33.3	26.8	27.3	27.3	14.3	2.6	11.8	-25.6	5.6	0.0	0.0	-2.8				
Wholesale and Retail Trade Services Sector	21.7	20.6	23.2	21.3	31.7	27.0	27.1	22.5	6.1	19.8	14.0	13.3	1.8				
36.1	26.3	34.8	32.6	19.5	26.5	18.8	25.2	4.1	29.5	22.2	23.5	15.6					
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>																	
Volume of Business Activity Index	29.5	26.6	30.1	29.0	27.9	31.0	23.6	20.1	7.1	21.1	14.3	19.7	7.6				
Volume of Total Order Book Index	27.3	22.8	28.1	27.0	26.1	31.5	20.1	24.8	3.5	19.4	13.3	15.2	13.1				
Credit Access Index	3.0	1.3	8.3	4.8	8.0	6.5	8.5	6.3	-7.8	6.8	1.3	5.6	3.9				
Financial Condition Index	27.5	22.6	28.1	25.3	24.1	24.8	18.3	22.9	-2.8	17.6	15.3	15.2	6.3				
Average Capacity Utilization	35.9	30.4	28.0	30.8	31.7	34.3	25.6	24.1	-0.8	23.9	15.5	19.2	19.2				
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>																	
Volume of Business Activity Index	73.8	75.4	68.4	71.7	70.1	76.3	64.2	49.7	27.3	59.5	67.4	70.7	66.9				
Employment Outlook Index	51.0	53.9	44.6	48.2	43.7	54.5	45.9	39.4	16.2	43.0	45.4	49.2	49.3				
<b>7. Business with Expansion Plans (in percent): Next Quarter</b>																	
Industrial Sector	17.3	61.9	61.5	62.6	68.1	73.8	64.9	62.1	49.2	70.6	74.8	70.3	71.8				
Construction Sector	70.6	81.0	75.6	72.7	77.3	71.4	66.7	64.7	38.5	80.6	75.9	70.6	75.0				
Wholesale and Retail Trade Services Sector of which:	50.0	71.6	67.7	75.9	80.4	88.0	83.1	58.9	63.2	80.2	79.3	83.7	64.2				
Financial Intermediation	30.1	73.7	70.2	69.8	70.7	82.4	76.6	69.5	50.4	72.7	74.1	80.2	80.0				
Hotels and Restaurants	55.6	85.7	72.1	93.9	79.5	91.3	66.7	84.2	62.5	77.3	73.7	77.8	75.0				
Renting and Business Activities	49.1	70.8	72.9	64.1	61.9	77.3	83.3	67.6	52.6	71.9	62.1	82.1	78.3				
Community and Social Services	6.4	70.4	75.0	57.7	72.0	73.1	76.7	76.0	39.1	75.0	72.7	81.0	76.7				
13.5	73.2	57.7	61.3	70.4	88.4	73.2	62.3	50.0	70.4	80.0	79.6	79.6	83.9				

**TABLE 8**  
**BUSINESS EXPECTATIONS SURVEY**  
**South West Zone**

Year	Quarter	2013				2014				2015				2016
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>8. Business Constraints: Current Quarter</b>														
High Interest Rate	52.5	54.8	50.8	52.9	51.5	32.9	47.9	37.5	31.1	52.9	41.1	49.6	51.8	
Unclear Economic Laws	35.7	38.7	37.4	32.8	33.0	30.6	27.8	25.4	24.9	38.6	28.5	30.0	35.6	
Lack of Equipment	28.7	32.9	33.2	18.0	25.0	15.3	19.3	22.9	14.4	22.1	16.9	14.3	21.2	
Insufficient Demand	30.1	30.3	40.1	21.9	29.8	19.9	21.7	23.8	18.7	21.9	22.9	30.1	34.7	
Access to Credit	36.1	42.8	42.7	33.5	34.9	23.8	23.7	24.7	15.5	25.5	20.8	26.2	31.7	
Financial Problems	50.2	50.5	53.8	42.5	48.6	37.1	31.5	35.0	31.8	39.4	34.3	43.3	47.3	
Competition	46.0	43.7	49.4	40.8	45.7	38.5	39.6	35.9	40.3	30.9	34.5	40.6	46.7	
Labour Problems	19.4	12.3	19.5	13.2	5.8	1.5	-1.5	3.9	0.4	5.7	3.0	7.1	11.1	
Lack of Materials Input	16.8	23.2	26.5	13.7	16.0	6.0	6.6	8.6	9.0	14.3	12.3	11.3	16.6	
Unfavourable Political Climate	32.1	38.7	33.2	32.0	25.3	29.1	24.3	26.8	16.7	29.9	33.8	23.2	27.7	
Unfavourable Economic Climate	36.9	50.1	47.3	40.6	40.5	37.5	34.1	31.2	24.0	40.5	36.6	29.9	42.8	
Insufficient Power Supply	68.2	71.9	69.4	66.1	70.9	55.1	57.8	45.1	48.6	61.7	50.4	46.7	61.4	
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>														
N/\$ Exchange Rate	-3.0	3.0	9.5	-4.0	12.1	10.8	13.5	5.3	-17.4	21.6	10.8	27.0	3.1	
Inflation Rate	41.1	22.3	21.1	26.8	22.6	27.5	21.3	8.8	5.8	16.1	16.0	5.6	27.0	
Borrowing Rate	22.5	12.3	20.5	20.5	22.1	19.8	15.8	16.1	11.6	21.1	21.1	5.8	20.7	
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>														
N/\$ Exchange Rate	4.3	10.2	12	18.7	23.4	27.5	25.1	11.1	-10.1	23.1	24.8	35.1	22.3	
Inflation Rate	28.5	15.6	14.8	14.6	22.1	17.8	21.8	7.8	1.0	4.8	3.8	-4.3	11.5	
Borrowing Rate	17.7	10.6	16.5	15.4	18.1	26.3	20.3	13.8	-2.5	17.1	19.8	0.3	15.7	
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>														
Importer	20.2	16.0	21.6	15.2	18.8	23.0	27.1	17.0	15.7	21.6	16.5	20.7	18.0	
Exporter	4.3	2.5	3.3	3.3	4.0	4.3	3.5	0.5	1.5	5.0	1.3	4.3	2.1	
Both Importer and Exporter	7.3	8.3	9.8	8.1	9.3	13.5	12.3	10.0	8.6	9.8	11.8	11.6	10.2	
Neither Importer nor Exporter	68.2	73.2	65.4	73.4	67.8	59.3	57.1	72.5	74.2	63.6	70.5	63.4	69.7	
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>														
Small (<50)	75.0	78.9	78.2	74.1	77.6	66.8	78.7	67.5	73.0	75.4	83.0	80.1	76.0	
Medium (50 and <200)	15.9	13.5	15.0	17.3	15.8	19.0	11.8	14.5	16.2	13.6	9.3	12.1	12.3	
Large (200 and Up)	9.1	7.5	6.8	8.6	6.5	14.3	9.5	18.0	10.9	11.1	7.8	7.8	11.7	
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>13. Distribution of Respondent Firms by Sector</b>														
All Sectors	<b>396</b>	<b>399</b>	<b>399</b>	<b>396</b>	<b>400</b>	<b>399</b>	<b>393</b>	<b>396</b>	<b>398</b>	<b>400</b>	<b>396</b>	<b>396</b>	<b>383</b>	
Industrial Sector	104	118	117	115	119	122	114	116	122	119	115	111	103	
Construction Sector	34	42	41	44	44	42	39	34	39	36	29	34	36	
Wholesale and Retail Trade Services Sector	92	102	100	108	102	100	118	112	114	111	121	135	109	
Services Sector of which:	<u>166</u>	<u>137</u>	<u>141</u>	<u>129</u>	<u>133</u>	<u>136</u>	<u>128</u>	<u>131</u>	<u>121</u>	<u>132</u>	<u>135</u>	<u>116</u>	<u>135</u>	
Financial Intermediation	27	21	43	33	39	23	15	19	16	22	19	18	20	
Hotels and Restaurants	55	48	48	39	42	44	42	34	38	32	29	28	23	
Renting and Business Activities	47	27	24	26	25	26	30	25	23	24	22	21	30	
Community and Social Services	37	41	26	31	27	43	41	53	44	54	65	49	62	
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>														
Industrial Sector	4.8	5.3	4.3	3.0	6.3	3.3	3.8	4.3	1.5	-0.5	3.3	2.5	-3.9	
Construction Sector	1.5	3.3	2.3	1.3	4.5	2.0	0.0	-2.0	2.8	-1.5	0.0	-0.3	-0.8	
Wholesale and Retail Trade Services Sector	2.0	1.5	1.5	0.3	6.3	4.5	3.1	-2.5	3.3	1.8	5.6	-5.7		
Services Sector	9.6	4.3	6.5	5.1	3.8	5.5	6.8	1.0	-2.5	3.0	3.3	5.3	0.0	
<b>15. Business Confidence Index on Own Operations by Sector</b>														
Industrial Sector	5.3	4.8	7.3	5.8	6.5	7.5	4.0	7.1	-3.3	1.8	3.5	3.8	0.5	
Construction Sector	2.0	3.5	2.8	3.0	3.0	1.5	0.3	1.0	-2.5	0.5	0.0	0.0	-0.3	
Wholesale and Retail Trade Services Sector	5.1	5.3	5.8	8.1	6.8	8.0	6.4	1.8	5.5	4.3	4.5	0.5		
Services Sector	15.2	9.0	12.3	10.6	6.5	9.0	6.0	8.4	1.3	9.8	7.5	6.9	5.5	