

# **Business Expectations Survey Report**

**A Quarterly Publication**

**Second Quarter, 2016**



**Statistics Department  
Central Bank of Nigeria**

## EXECUTIVE SUMMARY

The Q2, 2016 Business Expectations Survey (BES) was carried out during the period May 1<sup>st</sup> to 13<sup>th</sup>, 2016 with a sample size of 1,950 business enterprises nationwide. A response rate of 99.5 per cent was achieved during the reporting quarter, and covered the Industry, Construction, Wholesale/Retail Trade and Services sectors.

The highlights of the business expectations report are as follows:

- Respondent firms were pessimistic on the macro economy in Q2 2016. The pessimism was driven by the opinion of respondents from all the sectors: industrial, wholesale/retail trade, construction and services .
- Respondents' pessimism in the volume of total order and their internal liquidity positions, dampened the volume of their business activities in the current quarter. Similarly, respondents' pessimism on access to credit, further lessened their internal liquidity positions in the review quarter.
- Respondents indicated a positive outlook in the volume of business activities, as well as improved prospects for employment in the next quarter. The sector with the highest prospects for employment was services, followed by wholesale/retail trade, industrial and construction sectors.
- The respondent firms identified insufficient power supply as the major constraining factor to their business activities in Q2, 2016. Other constraining factors were financial problems<sup>1</sup>,unfavourable economic climate, high interest rate, competition, access to credit and unfavourable political climate and unclear economic laws.
- Respondent firms expected the naira to further weaken in the current quarter but to strengthen in the next quarter. Inflation and borrowing rates are expected to rise in the current quarter and fall in the next quarter.

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

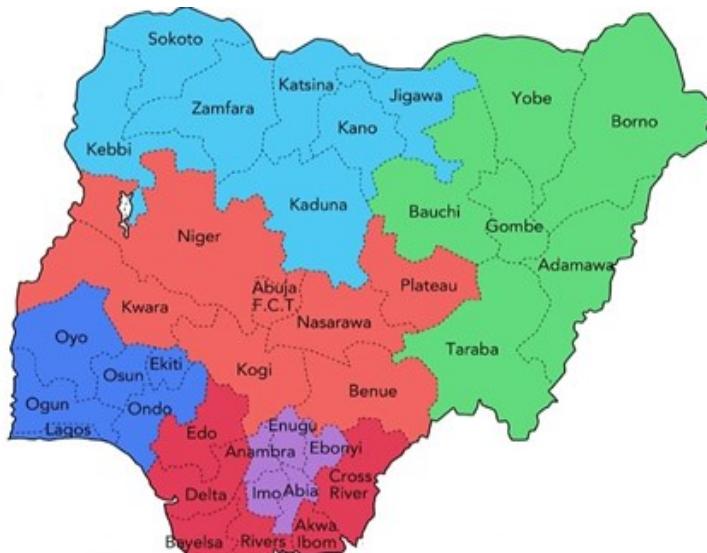
## Business Expectations Survey Second Quarter, 2016

### About the Survey

The Q2, 2016 Business Expectations Survey (BES)<sup>2</sup> was conducted during the period May 1<sup>st</sup> to 13<sup>th</sup>, 2016. A total of 1,950 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 99.5 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 response rate of the Q2, 2016 survey.

*Of the 1,950  
firms surveyed,  
1,941 responded,  
representing 99.5  
per cent response  
rate*



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ZONE	SAMPLE STATE	Q2 2016 SAMPLE SIZE	Q2 2016 RESPONSES	Q2 2016 RESPONSE RATE (%)
North Central	Niger, Kwara, Kogi, Abuja, Nassarawa, Benue and Plateau	350	349	99.7
North East	Bauchi, Adamawa, Gombe, and Taraba	300	299	99.7
North West	Kaduna, Katsina, Kano, Jigawa, Zamfara, Sokoto and Kebbi	350	350	100.0
South East	Anambra, Enugu, Ebonyi, Imo and Abia	250	248	99.2
South South	Edo, Delta, Rivers, Cross River, Bayelsa and Akwa-Ibom	300	294	98.0
South West	Lagos, Oyo, Ekiti, Osun, Ogun and Ondo	400	400	100.0
<b>TOTAL</b>		<b>1950</b>	<b>1940</b>	<b>99.5</b>

<sup>2</sup>The BES is a quarterly survey of firms drawn from Business Establishments frame of 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 Services sector is made up of Financial Intermediation, Hotels and Restaurants, Renting & Business activities and Community & Social Services.

The distribution of firms by sector showed that services sector constituted the highest number of respondents (34.5 per cent), followed by wholesale/retail (26.7 per cent), industrial (24.9 per cent) and construction (13.8 per cent) (Table 2, Section 18).

A breakdown of the respondents by orientation of business showed that 17.0 per cent were import-oriented, 2.3 per cent were export-oriented, 7.6 per cent were both import- and export-oriented, and 73.2 per cent were neither import- nor export-oriented (Table 2, sections 16 & 18).

The distribution of firms by employment size showed that small size firms constituted 80.6 per cent of responses, medium size firms 14.7 per cent, and large size firms 4.6 per cent (Table 2, Section 17).

*The overall confidence index was -12.3 points, indicating respondents' pessimism on the macro economy in Q2, 2016.*

## Overall Business Outlook on the Macro Economy

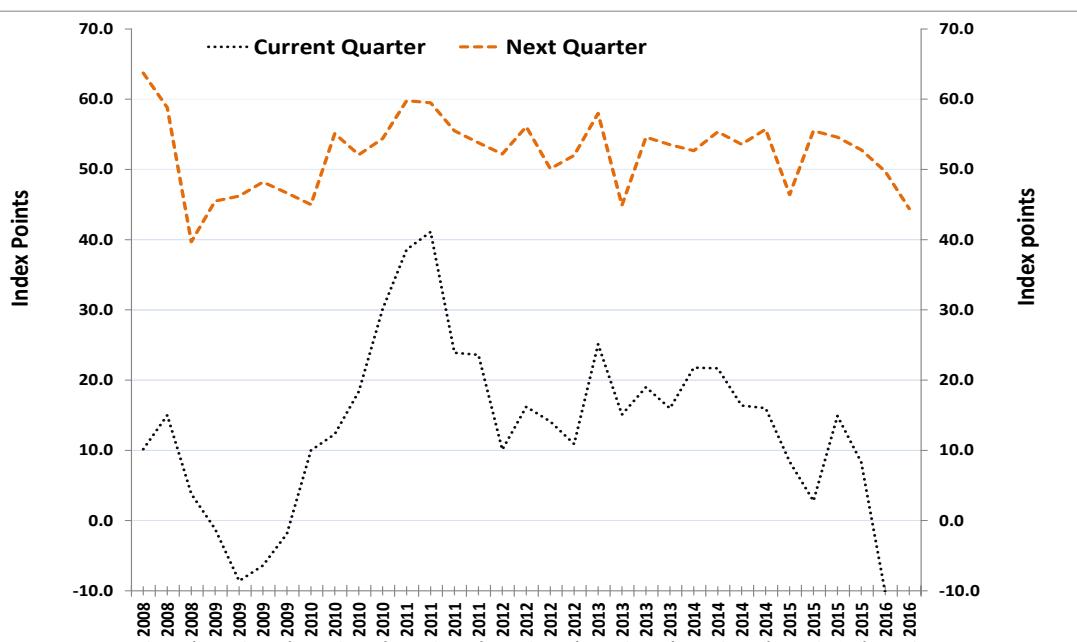
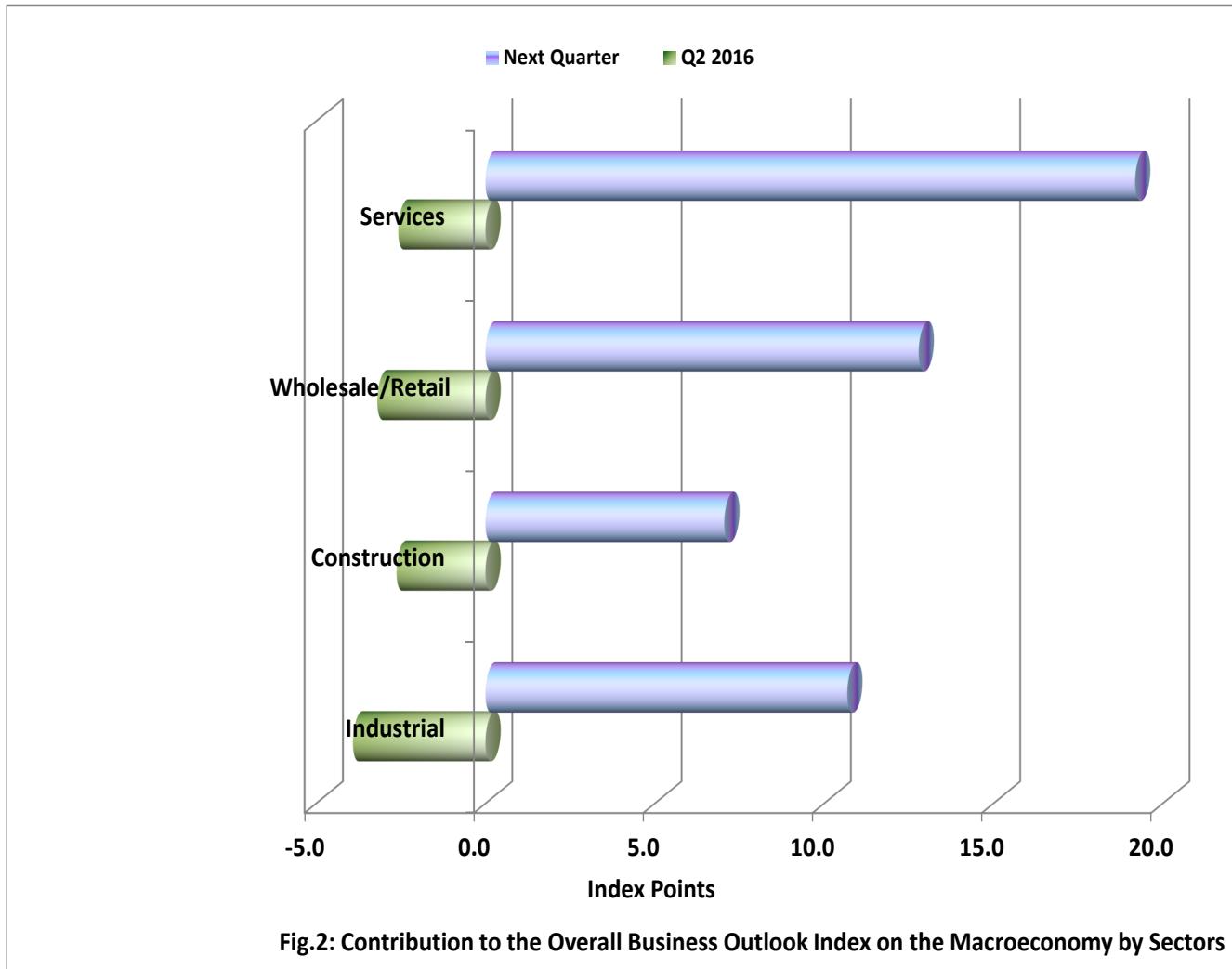


Fig.1: National Overall Business Outlook Index

The overall confidence index (CI)<sup>3</sup>, which stood at -12.3 points in Q2 2016, indicated respondent firms' pessimism on the macro economy, however at 44.4 points, the overall CI points to greater confidence on the macro economy in the next quarter.

<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.

The pessimistic outlook of respondents in the current quarter was driven by the opinion of respondents from industrial (-3.9 points), wholesale/retail trade (-3.2 points), construction (-2.6 points) and services (-2.6 points) sectors. Conversely, the expected drivers for the optimism on the macro economy in the next quarter are services (17.1 points), wholesale/retail trade (12.0 points), industrial (9.5 points) and construction (5.8 points) sectors (Table 2, Sections 19 & 20).



## 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” (-7.4 per cent), followed by “importer” (-3.5 per cent) and “both importer & exporter” (-1.5 per cent) (Table 2 Section 23).

The drivers (by size of business) of the pessimism on the macro economy in the current quarter were the small (-10.3 per cent), medium (-1.4 per cent) and large (-0.6 per cent) (Table 2 Section 25).

*Business sentiment was downbeat across all sectors in Q2 2016.*

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

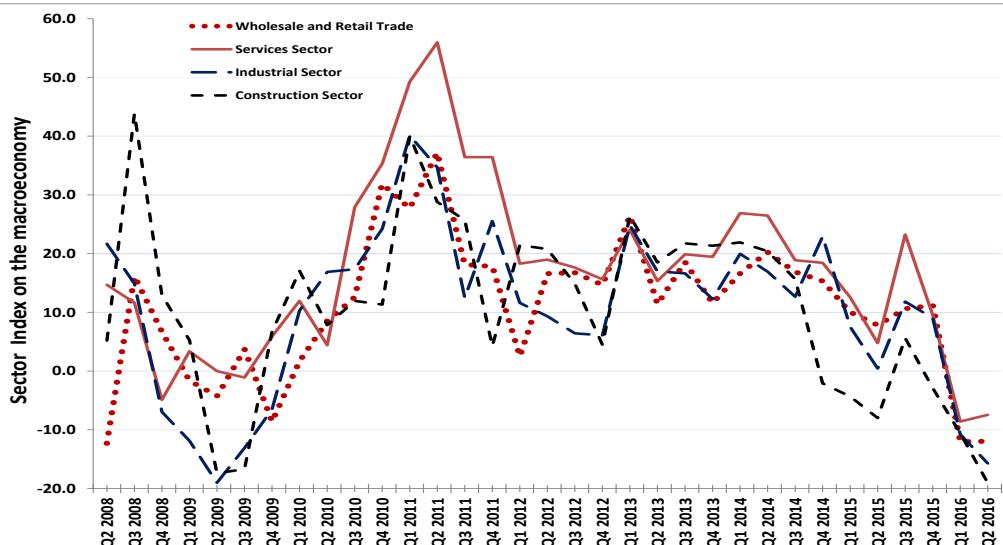


Fig.3a: Business Outlook Index on the Macroeconomy

Business sentiment across all sectors was pessimistic in the current quarter. The indices of the construction, industrial, wholesale/retail and services sectors stood at -19.0, -15.7, -11.9 and -7.5 points, respectively (Fig. 3a).

### Business Confidence on Own Operations by Sector

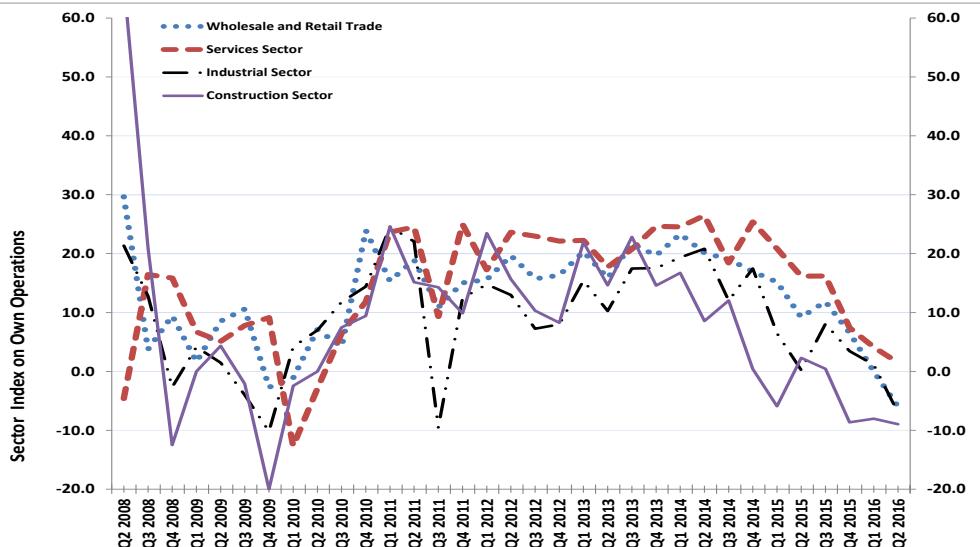
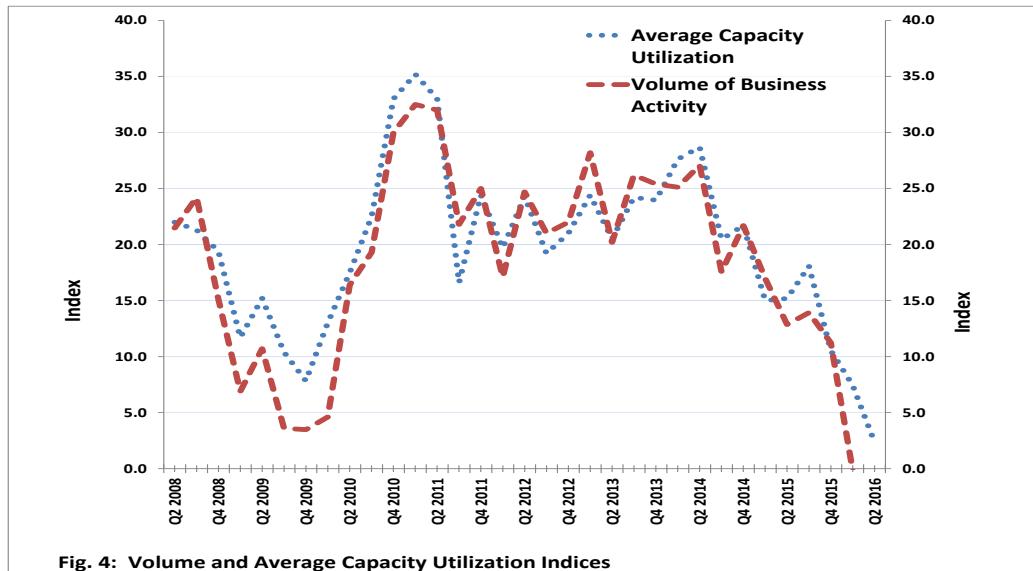


Fig.3b: Business Confidence on Own Operation by Sector

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, construction, industrial and wholesale/retail trade sectors stood at 1.5, -9.0, -7.0 and -6.0 in Q2, 2016 as compared to their levels of 16.2, 2.3, 0.2 and 9.2 in the corresponding quarter of 2015, respectively (Table 2 Section 4).

*Capacity utilization index stood at 2.4 in the current quarter as compared to 15.2 in Q2, 2015.*

At 2.4 points, the average capacity utilization index (CUI) in Q2, 2016 dipped by 12.8 points when compared with the 15.2 points achieved a year earlier (Fig. 4).

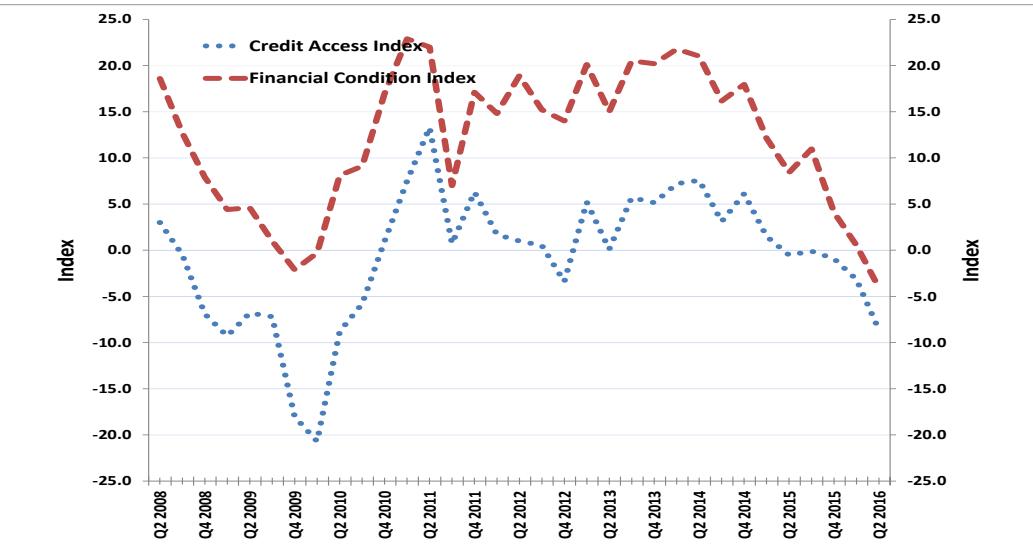


## Access to Credit and Financial Condition

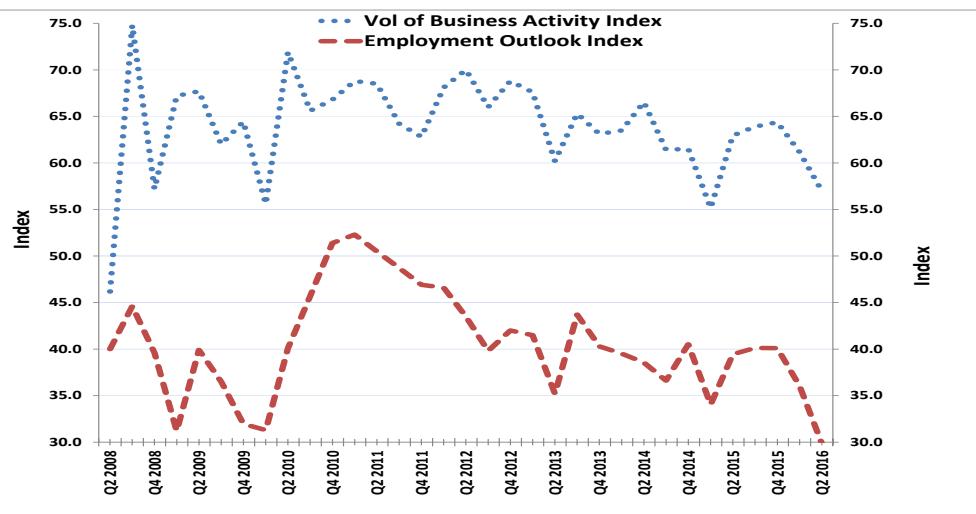
The financial condition index in the current quarter stood at -4.1 per cent and was driven by the industrial (-1.8 points), wholesale/retail trade (- 1.6 points) and construction (-1.2 points) sectors (Table 2, Sections 5 & 21).

Respondents' pessimism in the volume of total order and internal liquidity positions, dampened the volume of their business activities in the current quarter. Similarly, respondents pessimism on access to credit, further lessened their internal liquidity positions 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*



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

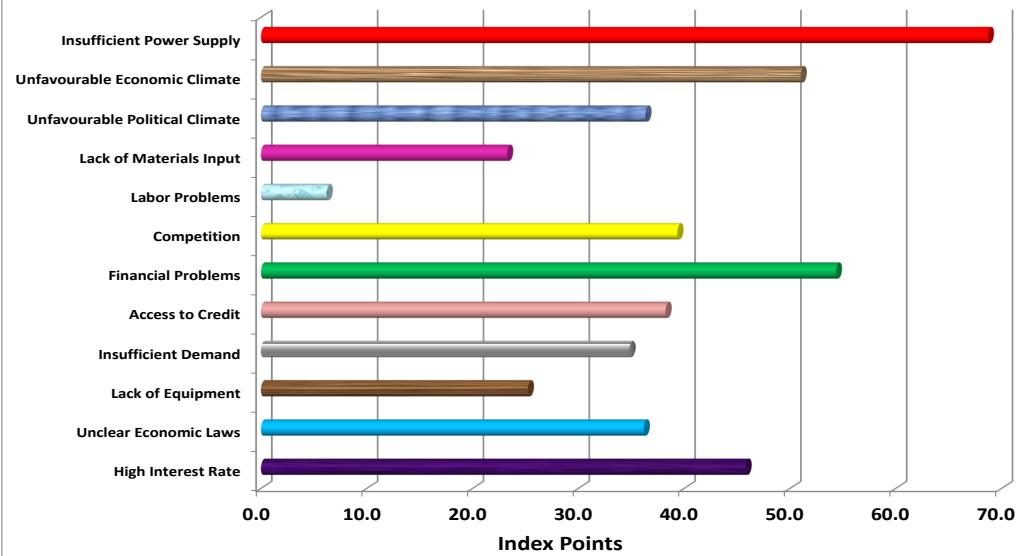


## Employment and Expansion Plans

At 57.0 index points, the positive outlook in the volume of business activities reflected higher prospects for employment in the next quarter, as the employment index stood at 29.9 points. The employment outlook index by sector, showed that the services sector (10.6 per cent) had higher prospects for creating jobs, followed by the wholesale/retail trade (8.0 per cent), industrial (6.4 per cent) and construction (4.7 per cent) sectors (Table 2, Sections 6,7 & 22).

On the analysis of businesses with expansion plans by sector in the next quarter, the construction sector indicated higher disposition for expansion with an index of 64.6 points. Similarly, services, wholesale/retail trade, and industrial firms indicated expansion plans for Q2, 2016 with indices of 64.4, 64.2 and 56.0 points, respectively (Table 2, Section 8).

## Business Constraints



*Insufficient power supply, financial problems, unfavourable economic climate, high interest rate, access to credit, unfavourable political climate and unclear economic laws, remain major constraints to businesses in Nigeria.*

*The respondent firms expect the naira to depreciate in the current and to appreciate in the next quarter.*

The respondent firms identified insufficient power supply (68.7 index points), financial problems (54.3 index points), unfavourable economic climate (51.0 index points), high interest rates (45.8 index points), access to credit (38.2 index points), unfavourable political climate (36.3 index points) and unclear economic laws (36.2 index points) as the major factors constraining business activity in the current quarter (Fig. 6b).

### Expectations on Exchange Rate

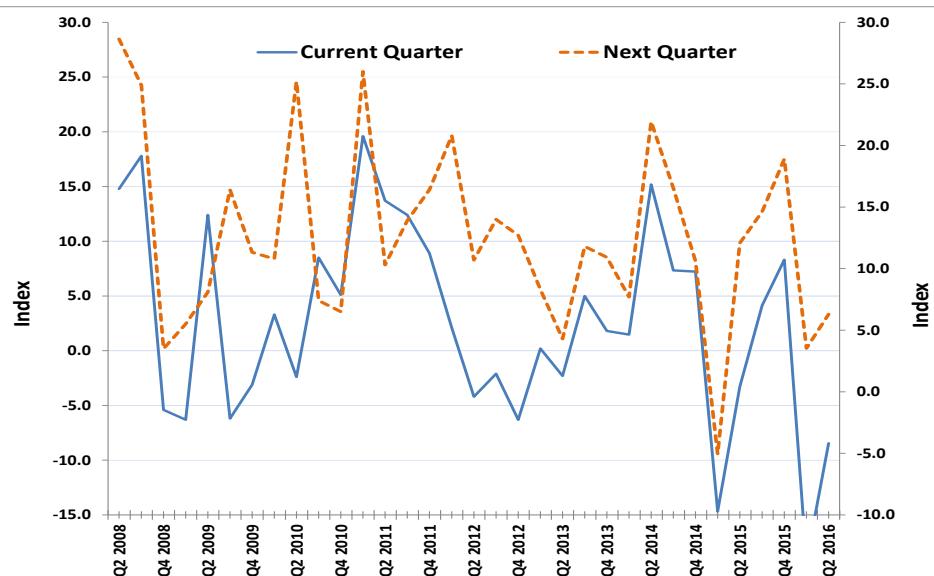


Fig. 6c: Naira/Dollar Exchange Rate Index

Majority of the respondent firms expect the naira to depreciate in the current quarter and appreciate in the next quarter, as the confidence indices stood at -8.5 and 6.3 points for the current and next quarter, respectively (Fig. 6c).

### Expectations on Inflation and Borrowing Rates

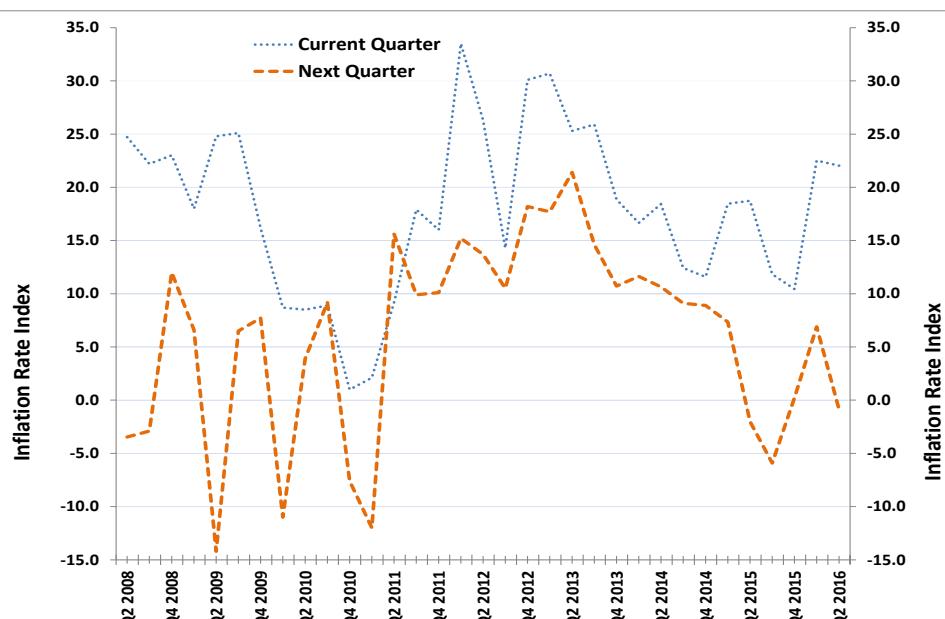
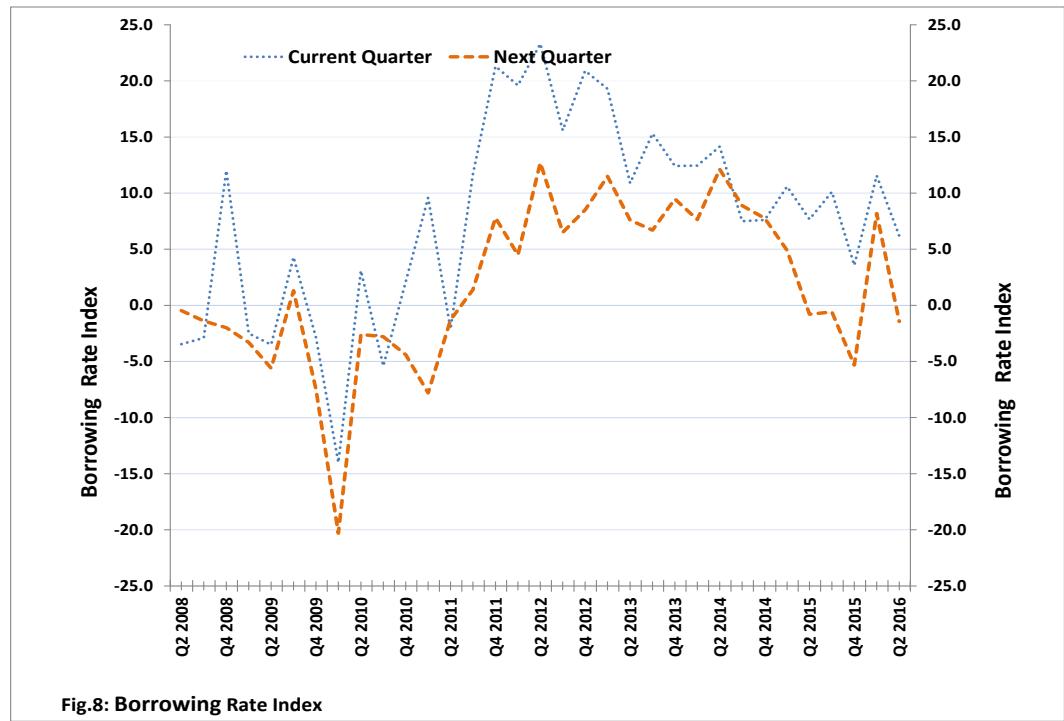


Fig. 7: Inflation Rate Index

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

Respondent firms expected inflation rate to rise in the current quarter and moderate in the next quarter, with confidence indices of 22.0 and -0.9 points for the current and next quarter, respectively (Fig. 7).

*Borrowing rates are expected to rise in the current quarter and fall in the next quarter.*



Similarly, respondent firms expect the borrowing rate to rise in the current quarter and decline in the next quarter as the confidence indices stood at 6.2 and -1.4 points, respectively (Fig. 8).

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

Year	Quarter	2014				2015				2016	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Overall Business Outlook on the Macroeconomy</b>											
<b>Confidence Index: All Sectors</b>											
<b>Current Quarter</b>											
<i>National</i>		21.8	21.7	16.4	16.0	8.4	2.8	14.9	8.3	-10.3	-12.3
<i>North Central</i>		12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6	-1.7
<i>North East</i>		21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	-13.7
<i>North West</i>		25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6	-5.4
<i>South East</i>		10.8	36.7	10.1	6.5	8.8	-1.2	-18.5	8.5	-17.4	-48.4
<i>South South</i>		38.0	35.0	17.8	25.2	19.3	-16.3	23.6	-1.7	-24.4	1.7
<i>South West</i>		20.9	17.0	8.3	-5.6	8.5	6.8	13.1	-10.4	-14.5	
<b>Next Quarter</b>											
<i>National</i>		52.7	55.3	53.6	55.7	46.4	55.5	54.6	52.8	49.7	44.4
<i>North Central</i>		39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8	43.6
<i>North East</i>		61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	47.2
<i>North West</i>		51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1	55.1
<i>South East</i>		44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0	42.9	9.3
<i>South South</i>		65.0	62.3	53.7	64.8	55.9	47.7	65.1	39.7	38.6	53.7
<i>South West</i>		57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6	48.6
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>											
<b>Industrial Sector</b>		20.0	16.9	12.7	22.9	7.5	0.4	11.8	9.0	-10.8	-15.7
<b>Construction Sector</b>		21.9	20.4	15.7	-2.1	-4.3	-8.0	5.6	-2.9	-10.6	-19.0
<b>Wholesale and Retail Trade</b>		16.6	20.3	16.9	15.3	10.0	7.8	10.6	11.2	-12.0	-11.9
<b>Services Sector of which:</b>		26.9	26.5	18.9	18.4	12.6	4.8	23.2	9.5	-8.6	-7.5
<b>Financial Intermediation</b>		36.1	33.1	28.7	32.3	22.0	8.1	45.1	9.3	-17.2	-12.9
<b>Hotels and Restaurants</b>		26.7	5.2	5.9	0.6	-1.7	-2.1	8.5	7.8	-23.9	-18.2
<b>Renting and Business Activities</b>		20.9	31.4	20.1	25.9	7.3	-2.7	24.3	11.8	1.3	-5.0
<b>Community and Social Services</b>		24.2	37.2	24.7	19.5	23.7	15.6	15.5	9.5	5.1	4.8
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>											
<b>Industrial Sector</b>		50.5	53.4	53.1	57.6	41.7	51.6	54.9	51.0	44.8	38.0
<b>Construction Sector</b>		52.2	52.7	55.8	46.9	31.9	50.2	53.6	43.2	48.2	42.2
<b>Wholesale and Retail Trade</b>		52.4	53.8	51.8	51.4	51.5	56.6	47.4	56.6	48.0	44.9
<b>Services Sector of which:</b>		54.7	58.8	54.5	61.5	51.5	59.6	60.2	54.5	55.0	49.6
<b>Financial Intermediation</b>		58.5	68.5	64.8	63.0	65.9	65.9	54.9	60.5	55.2	51.1
<b>Hotels and Restaurants</b>		58.3	45.9	50.5	58.4	47.5	61.0	61.6	47.2	54.3	39.2
<b>Renting and Business Activities</b>		52.7	58.5	55.8	67.3	39.7	49.0	66.2	54.2	50.0	57.8
<b>Community and Social Services</b>		49.1	64.4	50.5	58.5	55.1	62.2	59.1	57.7	59.9	51.3
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>											
<b>Industrial Sector</b>		19.3	20.8	12.0	17.5	6.5	0.2	8.1	3.4	1.1	-7.0
<b>Construction Sector</b>		16.7	8.6	12.0	0.4	-5.9	2.3	0.4	-8.6	-8.0	-9.0
<b>Wholesale and Retail Trade</b>		23.3	20.1	19.0	17.0	15.2	9.2	11.9	6.6	0.0	-6.0
<b>Services Sector</b>		24.5	26.5	18.4	25.4	20.8	16.2	16.2	7.4	4.1	1.5
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>											
<b>Volume of Business Activity Index</b>		25.1	27.1	17.6	21.7	17.0	12.9	13.9	11.2	-0.2	-3.8
<b>Volume of Total Order Book Index</b>		26.8	25.6	19.3	20.6	17.2	12.6	14.4	11.0	2.1	-3.8
<b>Credit Access Index</b>		7.2	7.6	3.1	6.1	1.5	-0.5	-0.1	-0.9	-3.2	-8.6
<b>Financial Condition Index</b>		21.8	21.0	16.2	18.0	12.1	8.4	11.0	4.1	0.5	-4.1
<b>Average Capacity Utilization</b>		27.6	28.7	20.4	21.7	15.0	15.2	18.1	10.5	7.4	2.4
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>											
<b>Volume of Business Activity Index</b>		63.5	66.5	61.4	61.5	55.2	62.9	63.9	64.4	61.2	57.0
<b>Employment Outlook Index</b>		39.5	38.6	36.6	40.5	34.0	39.4	40.1	40.1	36.0	29.9
<b>7. Employment Outlook Index on Own Operations by Sector: Next Quarter</b>											
<b>Industrial Sector</b>		37.4	41.4	34.5	41.5	29.7	31.4	35.0	38.1	31.6	25.8
<b>Construction Sector</b>		37.1	32.2	32.9	36.0	21.7	40.3	42.9	35.0	33.9	34.3
<b>Wholesale and Retail Trade</b>		42.2	37.3	43.3	38.9	42.6	38.2	43.7	35.7	30.1	30.8
<b>Services Sector</b>		40.1	39.2	34.2	42.6	37.9	42.4	44.0	40.6	40.1	30.8

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

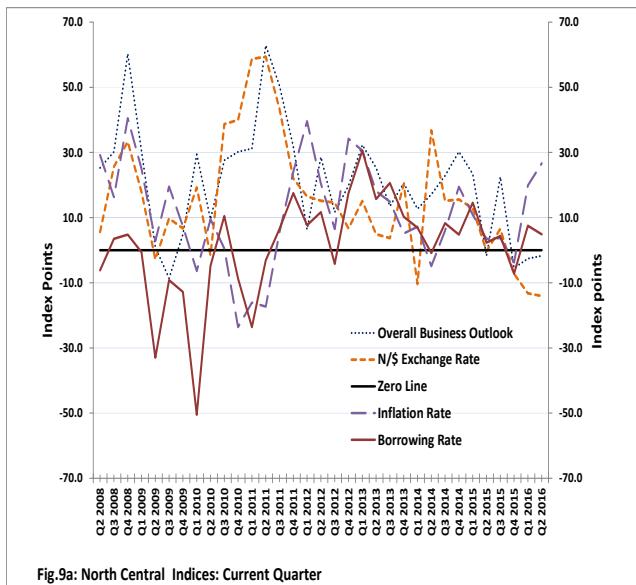
Year	2014				2015				2016			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>8. Business with Expansion Plans (in per cent): Next Quarter</b>												
Industrial Sector	62.0	62.9	56.1	59.6	54.4	62.3	59.8	62.2	57.1	56.0	57.1	56.0
Construction Sector	66.1	57.1	61.0	55.9	49.2	63.9	65.4	60.5	61.7	64.6	61.7	64.6
Wholesale and Retail Trade Services Sector of which:	67.2	69.3	68.7	56.8	59.8	71.0	66.7	69.6	63.7	64.2	63.7	64.2
Financial Intermediation	66.7	63.6	63.3	64.2	58.5	66.0	62.5	68.2	66.6	64.4	66.6	64.4
Hotels and Restaurants	66.7	65.4	63.9	66.1	60.2	64.9	60.1	60.5	67.2	63.0	67.2	63.0
Renting and Business Activities	59.4	58.7	61.7	61.8	55.8	66.3	60.4	66.7	62.5	60.2	62.5	60.2
Community and Social Services	69.6	67.3	65.4	67.3	61.6	57.8	64.4	72.5	66.9	69.6	66.9	69.6
<b>72.0</b>	<b>63.8</b>	<b>62.6</b>	<b>62.6</b>	<b>57.6</b>	<b>73.3</b>	<b>64.9</b>	<b>71.4</b>	<b>70.1</b>	<b>65.1</b>	<b>65.1</b>	<b>70.1</b>	<b>65.1</b>
<b>9. Business Constraints: Current Quarter</b>												
High Interest Rate	48.0	34.9	49.4	45.4	46.6	48.0	42.2	46.9	47.1	45.8	47.1	45.8
Unclear Economic Laws	30.4	26.4	34.3	29.9	32.0	32.0	28.6	31.6	33.4	36.2	33.4	36.2
Lack of Equipment	19.2	15.6	22.3	15.9	15.3	13.8	16.5	15.5	20.6	25.2	15.5	25.2
Insufficient Demand	21.0	19.9	27.0	25.2	23.1	25.6	22.9	25.6	31.4	34.8	31.4	34.8
Access to Credit	31.5	28.1	35.1	29.8	31.0	33.3	29.4	32.8	31.5	38.2	31.5	38.2
Financial Problems	46.9	45.2	47.2	43.0	42.4	47.8	42.2	46.9	48.3	54.3	48.3	54.3
Competition	38.2	41.3	43.2	38.1	39.7	36.7	34.8	39.4	42.0	39.4	42.0	39.4
Labor Problems	4.6	4.2	7.8	3.1	0.5	2.7	2.6	4.6	5.1	6.2	5.1	6.2
Lack of Materials Input	12.4	6.7	13.8	10.5	8.8	8.7	10.3	6.7	17.4	23.3	17.4	23.3
Unfavourable Political Climate	30.3	31.4	35.6	31.6	33.0	28.8	29.7	27.6	28.1	36.3	28.1	36.3
Unfavourable Economic Climate	38.8	35.8	43.1	37.4	39.8	40.1	39.1	37.5	39.4	51.0	37.5	51.0
Insufficient Power Supply	62.8	64.6	66.1	61.8	67.6	71.6	61.8	53.7	55.9	68.7	55.9	68.7
<b>10. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>												
N/S Exchange Rate	1.5	15.2	7.3	7.2	-14.7	-3.3	4.1	8.3	-19.2	-8.5	-19.2	-8.5
Inflation Rate	16.6	18.4	12.4	11.6	18.5	18.7	11.8	10.4	22.5	22.0	22.5	22.0
Borrowing Rate	12.4	14.2	7.5	7.6	10.6	7.7	10.1	3.6	11.6	6.2	11.6	6.2
<b>11. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>												
N/S Exchange Rate	7.7	21.9	16.5	10.6	-5.1	12.1	14.6	18.9	3.5	6.3	3.5	6.3
Inflation Rate	11.6	10.6	9.1	8.9	7.3	-2.0	-5.9	0.2	6.9	-0.9	6.9	-0.9
Borrowing Rate	7.6	12.1	8.9	7.8	4.9	-0.8	-0.6	-5.3	8.2	-1.4	8.2	-1.4
<b>12. Business Outlook index on the Macroeconomy by Type of Business: Current Quarter</b>												
Importer	31.0	15.4	26.2	16.7	4.8	0.3	15.0	2.4	-13.1	-20.3	-13.1	-20.3
Exporter	8.2	28.3	15.8	42.3	12.2	19.6	4.7	21.8	-18.8	4.5	21.8	-18.8
Both Importer and Exporter	27.4	4.9	12.5	3.3	-3.4	-14.3	7.4	7.2	-26.2	-20.4	7.2	-26.2
Neither Importer nor exporter	19.6	24.8	14.2	16.8	10.3	4.6	16.1	9.1	-7.7	-10.1	9.1	-7.7
<b>13. Business Outlook index on the Macroeconomy by Type of Business: Next Quarter</b>												
Importer	57.1	49.1	53.0	54.9	47.1	59.4	42.9	50.3	46.1	38.2	46.1	38.2
Exporter	42.9	52.2	73.7	53.8	30.6	23.5	44.2	61.8	25.0	61.4	61.8	61.4
Both Importer and Exporter	44.6	45.4	48.3	51.6	29.5	50.0	49.7	57.2	38.4	42.2	57.2	38.4
Neither Importer nor exporter	53.3	57.9	53.8	56.4	48.6	56.5	58.3	52.4	52.3	45.6	52.4	45.6
<b>14. Business Outlook index on the Macroeconomy by size of Business: Current Quarter</b>												
Small (<50)	22.0	23.5	16.0	16.0	8.1	3.3	15.6	8.2	-11.4	-12.7	-11.4	-12.7
Medium (50 and <200)	25.3	20.2	21.7	18.8	9.0	1.0	16.3	12.2	-6.8	-9.8	12.2	-9.8
Large (200 and Up)	11.3	5.7	10.7	11.1	10.3	-1.7	2.9	-0.9	-6.7	-13.3	-6.7	-13.3
<b>15. Business Outlook index on the Macroeconomy by size of Business: Next Quarter</b>												
Small (<50)	53.1	57.2	53.7	58.4	48.3	58.0	55.4	52.2	52.0	43.0	52.0	43.0
Medium (50 and <200)	48.3	51.3	55.0	46.7	35.2	43.9	56.5	60.7	42.6	50.3	42.6	50.3
Large (200 and Up)	56.5	44.3	49.2	46.4	47.8	54.2	37.9	41.2	41.0	50.0	41.0	50.0
<b>16. Percentage Distribution of Respondent Firms by Type of Business</b>												
Importer	14.6	15.0	19.4	14.1	16.5	16.7	17.5	15.8	15.1	17.0	15.1	17.0
Exporter	2.7	2.5	2.0	1.4	2.6	2.7	2.3	2.9	1.7	2.3	1.7	2.3
Both Importer and Exporter	10.2	8.9	9.4	8.2	7.9	8.2	8.0	8.8	8.8	7.6	8.8	7.6
Neither Importer nor exporter	72.5	73.6	69.1	76.3	73.0	72.5	72.5	74.4	74.4	73.2	74.4	73.2

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

Year	Quarter	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2
<b>17. Percentage Distribution of Respondent Firms by Employment Size</b>	Small (<50)	79.0	77.7	80.6	78.1	78.6	77.9	81.6	79.6	76.4	80.6	80.6	80.6
	Medium (50 and <200)	14.2	14.6	12.9	13.7	14.2	15.7	12.8	14.4	17.9	14.7	14.7	14.7
	Large (200 and Up)	6.8	7.7	6.5	8.2	7.2	6.4	5.5	6.1	5.6	4.6	4.6	4.6
	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
<b>18. Distribution of Respondent Firms by Sector</b>	Sample Size (N)	1850	1850	1900	1900	1900	1900	1900	1900	1900	1900	1900	1950
	Response Rate(%)	99.0	98.7	98.3	97.9	98.9	99.4	97.8	98.8	98.5	99.5	99.5	99.5
<b>All Sectors</b>	<b>1832</b>	<b>1826</b>	<b>1868</b>	<b>1861</b>	<b>1880</b>	<b>1859</b>	<b>1859</b>	<b>1878</b>	<b>1878</b>	<b>1872</b>	<b>1941</b>	<b>1941</b>	<b>1941</b>
Industrial Sector	481.0	461.0	458	458	465	465	457	465	446	446	484	484	484
Construction Sector	251	245	249	239	254	263	233	243	274	274	268	268	268
Wholesale and Retail Trade Services Sector of which:	464	474.0	515	502	508	512	489	519	499	519	519	519	519
Financial Intermediation	636	646	646	662	653	649	680	651	653	670	670	670	670
Hotels and Restaurants	147	127	122	127	123	135	173	129	134	134	139	139	139
Renting and Business Activities	180	172	188	178	181	187	165	180	184	184	181	181	181
Community and Social Services	148	159	154	162	151	147	148	153	157	157	161	161	161
161	188	182	195	198	180	194	189	178	178	178	189	189	189
<b>19. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>	Industrial Sector	5.2	4.3	3.1	5.6	1.9	0.1	2.9	2.2	-2.6	-3.9	-3.9	-3.9
	Construction Sector	3.0	2.7	2.1	-0.3	-0.6	-1.1	0.7	-0.4	-1.5	-2.6	-2.6	-2.6
	Wholesale and Retail Trade	4.2	5.3	4.7	4.1	2.7	2.1	2.8	3.1	-3.2	-3.2	-3.2	-3.2
	Services Sector	9.3	9.4	6.5	6.6	4.4	1.6	8.5	3.3	-3.0	-2.6	-2.6	-2.6
	<b>21.8</b>	<b>21.6</b>	<b>16.4</b>	<b>16.1</b>	<b>8.4</b>	<b>2.8</b>	<b>14.9</b>	<b>8.3</b>	<b>-10.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>
<b>20. Business Confidence Index on Own Operations by Sector: Next Quarter</b>	Industrial Sector	13.3	13.5	13.0	14.2	10.3	12.7	13.5	12.6	10.7	9.5	9.5	9.5
	Construction Sector	7.2	7.1	7.4	6.0	4.3	7.0	6.7	5.6	7.1	5.8	5.8	5.8
	Wholesale and Retail Trade	13.3	14.0	14.3	13.9	13.9	15.4	12.5	15.7	12.8	12.0	12.0	12.0
	Services Sector	19.0	19.8	18.8	21.9	17.9	20.5	22.0	18.9	19.2	17.1	17.1	17.1
	<b>52.7</b>	<b>55.3</b>	<b>53.6</b>	<b>55.9</b>	<b>46.4</b>	<b>12.1</b>	<b>8.4</b>	<b>54.7</b>	<b>52.8</b>	<b>49.7</b>	<b>44.4</b>	<b>44.4</b>	<b>44.4</b>
<b>22. Employment Outlook Index on Own Operations by Sector: Current Quarter</b>	Industrial Sector	5.1	5.3	2.9	4.3	1.6	0.1	2.0	0.9	0.3	-1.8	-1.8	-1.8
	Construction Sector	2.3	1.2	1.6	0.1	-0.8	0.3	0.1	-1.1	-1.2	-1.2	-1.2	-1.2
	Wholesale and Retail Trade	5.9	5.2	5.2	4.6	4.1	2.5	3.1	1.8	0.0	-1.6	-1.6	-1.6
	Services Sector	8.5	9.4	6.4	9.0	7.2	5.6	5.9	2.6	1.4	0.5	0.5	0.5
	<b>21.8</b>	<b>21.0</b>	<b>16.2</b>	<b>18.0</b>	<b>12.1</b>	<b>8.4</b>	<b>11.1</b>	<b>4.1</b>	<b>0.5</b>	<b>0.5</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-4.1</b>
<b>23. Drivers of macroeconomic Outlook by type of business: Current Quarter</b>	Industrial Sector	9.8	10.5	8.5	10.2	7.3	7.7	8.6	9.4	7.5	6.4	6.4	6.4
	Construction Sector	5.1	4.3	4.4	4.6	2.9	5.6	5.4	4.5	5.0	4.7	4.7	4.7
	Wholesale and Retail Trade	10.7	9.7	11.9	10.5	10.6	11.5	10.1	12.1	9.5	8.0	8.0	8.0
	Services Sector	13.9	13.9	11.8	15.2	13.2	14.6	16.1	14.1	14.0	10.6	10.6	10.6
	<b>39.5</b>	<b>38.3</b>	<b>36.6</b>	<b>40.5</b>	<b>34.1</b>	<b>39.4</b>	<b>40.1</b>	<b>40.1</b>	<b>40.1</b>	<b>36.0</b>	<b>29.8</b>	<b>29.8</b>	<b>29.8</b>
<b>24. Drivers of macroeconomic Outlook by type of business: Next Quarter</b>	Importer	4.5	2.3	5.1	2.4	0.8	0.1	2.6	0.4	-2.0	-3.5	-3.5	-3.5
	Exporter	0.2	0.7	0.3	0.6	0.3	0.5	0.1	0.6	-0.3	0.1	0.1	0.1
	Both Importer and Exporter	2.8	0.4	1.2	0.3	-0.3	-1.2	0.6	0.6	-2.3	-1.5	-1.5	-1.5
	Neither Importer nor exporter	14.2	18.2	9.8	12.8	7.5	3.3	11.6	6.6	-5.7	-7.4	-7.4	-7.4
	Macroeconomic Outlook Index	21.8	21.7	16.4	16.0	8.4	2.8	14.9	8.3	-10.3	-12.3	-12.3	-12.3
<b>25. Drivers of macroeconomic Outlook by Size of Business: Current Quarter</b>	Importer	8.4	7.3	10.3	7.8	7.8	9.9	7.5	7.9	7.0	6.5	6.5	6.5
	Exporter	1.1	1.3	1.5	0.7	0.8	0.6	1.0	1.8	0.4	1.4	1.4	1.4
	Both Importer and Exporter	4.5	4.1	4.6	4.2	2.3	4.1	4.0	5.1	3.4	3.2	3.2	3.2
	Neither Importer nor exporter	38.6	42.6	37.2	43.0	35.5	40.9	42.1	38.0	38.9	33.3	33.3	33.3
	Macroeconomic Outlook Index: Next Quarter	<b>52.7</b>	<b>55.3</b>	<b>53.5</b>	<b>55.7</b>	<b>46.4</b>	<b>55.6</b>	<b>54.6</b>	<b>52.8</b>	<b>49.7</b>	<b>44.4</b>	<b>44.4</b>	<b>44.4</b>
<b>Small (&lt;50)</b>	17.4	18.2	12.9	12.5	6.3	2.5	12.7	6.5	-8.7	-10.3	-10.3	-10.3	-10.3
<b>Medium (50 and &lt;200)</b>	3.6	3.0	2.8	2.6	1.3	0.2	2.1	1.8	-1.2	-1.4	-1.4	-1.4	-1.4
<b>Large (200 and Up)</b>	0.8	0.4	0.7	0.9	0.7	-0.1	0.2	-0.1	-0.4	-0.6	-0.6	-0.6	-0.6
<b>Macroeconomic Outlook Index: Current Quarter</b>	<b>21.8</b>	<b>21.6</b>	<b>16.4</b>	<b>16.0</b>	<b>8.4</b>	<b>2.6</b>	<b>15.0</b>	<b>8.3</b>	<b>-10.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>

## ***Business Expectations*** ***Q2 2016 North Central Zone***

### **Business Outlook**

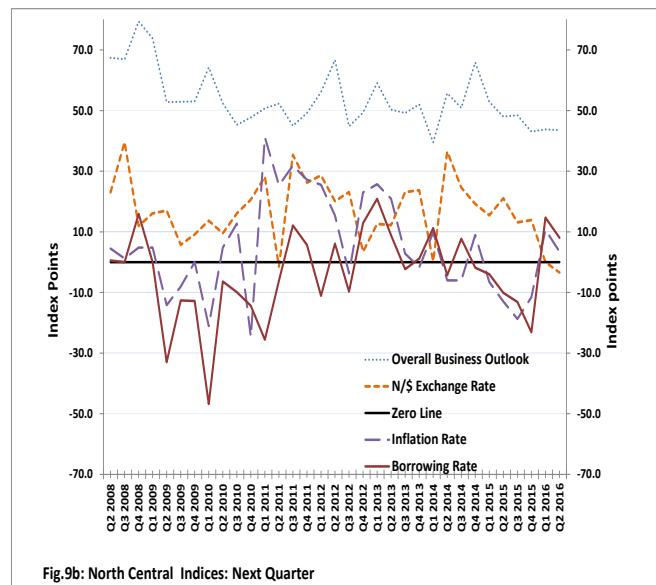


Respondents in the North Central zone were pessimistic on business activities in the review quarter as overall confidence index stood at -1.7 index points, same with the level achieved in the corresponding quarter of 2015. At 43.6 points, respondents were more optimistic about business activities in the next quarter (Fig. 9).

The pessimism in the overall business outlook in the zone was driven by the services (-2.0 points), wholesale and retail trade (-0.9 point) and construction (-0.3 point) sectors (Table 3 Sections 2 & 14).

Respondents' optimism in the volume of business activities and total order book index, buoyed the financial condition of the firms in the current quarter. Despite respondents pessimism on access to credit, their internal liquidity position was expected to improve in the review quarter.

The financial condition (or internal liquidity position) index of the firms at 7.2 points in the current quarter was driven by services (2.3 points), construction and wholesale & retail trade (1.7 points) and industrial sector (1.4 points) (Table 3 Sections 2 & 15).



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

Respondent firms in the zone expected the naira to depreciate in both the current and next quarters. 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 76.2 per cent, followed by "importer" 17.5 per cent, "both importer and exporter" 4.3 per cent and "exporter" 2.0 per cent (Table 3 Section 11).

**TABLE 3**  
**BUSINESS EXPECTATIONS SURVEY**  
**North Central Zone**

Year	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy</b>												
Confidence Index: All Sectors												
Current Quarter	12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6	-1.7		
North Central/ Next Quarter	39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8	43.6		
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>												
Industrial Sector	25.7	2.9	20.9	29.4	33.3	-4.4	1.6	-9.3	-2.7	7.2		
Construction Sector	-1.9	10.2	34.0	9.1	6.1	-8.5	30.2	-8.3	-4.0	-2.0		
Wholesale and Retail Trade	12.4	29.9	32.4	37.5	31.1	5.9	40.5	1.2	2.1	-3.0		
Services Sector of which:	11.8	17.6	11.2	32.8	19.3	-3.9	18.5	-6.4	-5.5	-5.4		
Financial Intermediation	6.9	26.7	24.0	30.8	18.5	-10.7	28.6	3.8	-26.7	3.8		
Hotels and Restaurants	21.2	-9.1	-2.9	3.0	-14.3	2.9	-2.6	-4.8	0.0	-2.9		
Renting and Business Activities	9.4	18.9	3.4	53.1	24.1	-5.9	38.7	-3.0	-9.1	-33.3		
Community and Social Services	9.5	33.3	22.2	41.9	43.2	-3.1	15.2	-17.9	13.8	10.8		
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>												
Industrial Sector	41.4	51.5	56.7	69.1	46.0	52.9	46.0	38.7	45.3	43.5		
Construction Sector	32.7	42.9	51.1	31.8	36.7	42.6	46.5	31.3	28.0	46.9		
Wholesale and Retail Trade	44.9	67.0	55.0	76.1	57.3	54.9	41.7	51.8	40.4	37.6		
Services Sector of which:	37.5	54.4	44.0	68.7	58.5	41.9	54.6	44.3	51.6	46.9		
Financial Intermediation	44.8	60.0	52.0	69.2	81.5	42.9	57.1	53.8	30.0	57.7		
Hotels and Restaurants	54.5	36.4	42.9	63.6	45.7	45.7	55.3	35.7	66.7	35.3		
Renting and Business Activities	37.5	48.6	55.2	75.0	44.8	41.2	58.1	48.5	54.5	57.6		
Community and Social Services	19.0	72.2	30.6	67.4	63.6	37.5	48.5	43.6	51.7	40.5		
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>												
Industrial Sector	1.4	19.1	1.5	20.6	19.0	-2.9	15.9	-24.0	-2.7	7.2		
Construction Sector	7.7	-4.1	21.3	13.6	8.2	-4.3	18.6	-41.7	-18.0	12.2		
Wholesale and Retail Trade	11.2	36.1	26.1	34.1	24.3	2.9	21.4	-7.2	-9.6	5.9		
Services Sector	4.4	27.2	11.2	19.4	31.9	3.9	6.2	-20.0	-10.9	6.2		
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>												
Volume of Business Activity Index	9.2	22.3	21.1	28.4	27.1	6.4	20.3	-7.2	4.0	5.4		
Volume of Total Order Book Index	11.5	22.6	20.6	29.9	30.0	6.1	16.9	-12.7	-2.3	1.4		
Credit Access Index	2.0	3.7	6.0	9.6	8.0	-6.6	-4.7	-16.2	-7.8	-6.6		
Financial Condition Index	6.1	23.9	15.4	22.8	24.0	1.2	13.8	-20.8	-9.8	7.2		
Average Capacity Utilization	12.4	27.3	20.9	27.2	28.0	9.5	23.1	-6.9	2.9	15.8		
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>												
Volume of Business Activity Index	53.9	66.7	59.4	75.7	63.7	49.7	54.7	48.6	45.0	58.2		
Employment Outlook Index	29.4	44.0	40.9	53.0	43.4	35.8	40.9	34.7	23.9	35.2		
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>												
Industrial Sector	57.1	70.6	59.7	61.8	58.7	66.2	68.3	65.3	49.3	56.7		
Construction Sector	57.7	57.1	59.6	50.0	51.0	68.1	72.1	72.9	54.0	75.5		
Wholesale and Retail Trade	64.0	77.3	71.2	64.8	67.0	80.2	73.8	80.7	58.5	67.7		
Services Sector of which:	58.8	73.5	59.2	62.7	61.5	69.5	69.0	68.6	54.7	64.6		
Financial Intermediation	55.2	70.0	60.0	61.5	66.7	63.0	53.6	65.4	53.3	64.0		
Hotels and Restaurants	57.6	69.7	54.3	60.6	62.9	80.0	65.8	69.0	44.4	52.9		
Renting and Business Activities	62.5	75.7	62.1	62.5	51.7	58.8	76.7	69.7	63.6	81.8		
Community and Social Services	59.5	77.8	61.1	65.1	63.6	75.0	78.8	69.2	58.6	60.0		

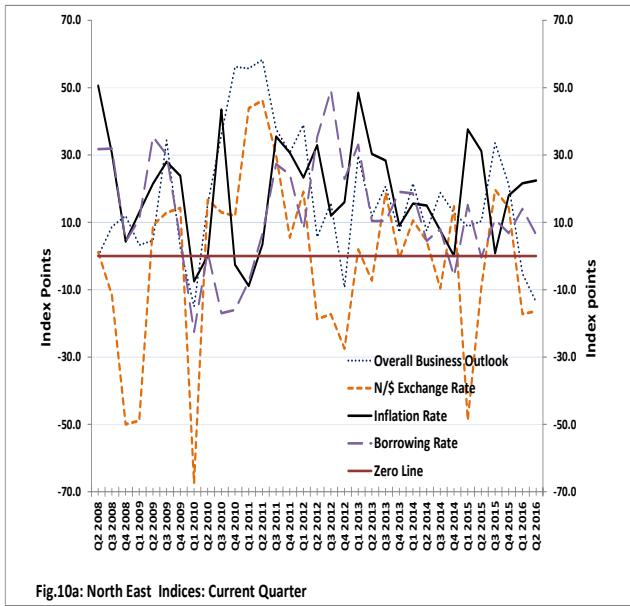
**TABLE 3**  
**BUSINESS EXPECTATIONS SURVEY**  
**North Central Zone**

Year	Quarter	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2
<b>8. Business Constraints: Current Quarter</b>	High Interest Rate	38.6	37.9	55.6	43.7	60.0	50.3	44.7	51.4	50.4	53.4		
	Unclear Economic Laws	24.9	22.7	40.6	31.7	43.4	38.4	28.8	34.2	43.4	41.1		
	Lack of Equipment	4.6	16.0	35.3	4.5	22.0	24.7	16.6	16.0	20.6	29.4		
	Insufficient Demand	11.5	27.1	36.7	34.0	25.1	38.3	28.4	30.8	24.9	35.7		
	Access to Credit	30.7	22.7	46.3	27.8	40.9	37.7	23.4	40.2	23.5	48.0		
	Financial Problems	39.9	45.4	54.9	36.4	42.1	51.7	47.8	54.6	45.5	60.3		
	Competition	33.4	51.1	56.9	52.5	49.6	45.1	35.8	43.4	45.0	48.7		
	Labor Problems	-7.8	1.7	24.9	-0.7	11.0	15.2	5.9	10.1	11.5	13.0		
	Lack of Materials Input	0.0	9.7	25.7	6.6	16.7	14.0	9.1	2.2	16.1	29.7		
	Unfavourable Political Climate	26.1	32.6	38.3	35.6	41.6	34.7	26.4	34.8	34.3	41.3		
	Unfavourable Economic Climate	28.7	39.9	48.0	40.6	49.6	44.9	36.3	41.5	40.8	54.2		
	Insufficient Power Supply	48.1	61.4	64.7	60.5	68.3	65.2	68.6	49.3	44.2	70.9		
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>	N/\$ Exchange Rate	-10.4	36.8	15.1	15.6	12.9	-0.3	6.6	-7.2	-13.3	-14.0		
	Inflation Rate	7.2	-4.9	6.0	19.5	10.9	3.5	3.8	-3.8	19.9	26.6		
	Borrowing Rate	6.9	-0.9	8.3	4.8	14.6	2.3	4.4	-7.2	7.5	4.9		
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>	N/\$ Exchange Rate	0.3	36.5	24.6	19.2	15.4	21.1	13.1	13.9	0.0	-3.4		
	Inflation Rate	9.8	-6.0	-6.0	9.0	-6.6	-13.0	-18.8	-11.6	10.7	3.4		
	Borrowing Rate	11.2	-4.3	7.7	-1.8	-4.0	-10.1	-13.1	-23.1	14.7	8.0		
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>	Importer	11.8	11.7	21.1	11.7	20.9	15.7	15.0	10.1	14.4	17.5		
	Exporter	0.9	2.3	2.9	2.4	2.6	3.2	1.3	2.3	1.7	2.0		
	Both Importer and Exporter	7.5	9.7	6.9	4.2	9.7	6.1	4.7	9.0	8.6	4.3		
	Neither Importer nor Exporter	79.8	76.3	69.1	81.7	66.9	75.1	79.1	78.6	75.2	76.2		
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>	Small (<50)	85.3	84.5	85.1	90.4	85.1	84.7	90.0	79.2	80.7	86.8		
	Medium (50 and <200)	10.1	10.3	12.0	8.7	10.9	11.3	8.1	13.6	13.5	12.0		
	Large (200 and Up)	4.6	5.2	2.9	0.9	4.0	4.0	1.9	7.2	5.8	1.1		
	No Response	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	347	350	350	334	350	346	320	346	347	349		
	Industrial Sector	70	68	67	68	63	68	63	75	75	69		
	Construction Sector	52	49	47	44	49	47	43	48	50	49		
	Wholesale and Retail Trade	89	97	111	88	103	102	84	83	94	101		
	Services Sector of which:	136	136	125	134	135	129	130	140	128	130		
	Financial Intermediation	29	30	25	26	27	28	28	26	30	26		
	Hotels and Restaurants	33	33	35	33	35	38	42	36	34	34		
	Renting and Business Activities	32	37	29	32	29	34	31	33	33	33		
	Community and Social Services	42	36	36	43	44	32	33	39	29	37		
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>	Industrial Sector	5.2	0.6	4.0	6.0	6.0	-0.9	0.3	-2.0	-0.6	1.4		
	Construction Sector	-0.3	1.4	4.6	1.2	0.9	-1.2	4.1	-1.2	-0.6	-0.3		
	Wholesale and Retail Trade	3.2	8.3	10.3	9.9	9.1	1.7	10.6	0.3	0.6	-0.9		
	Services Sector	4.6	6.9	4.0	13.2	7.4	-1.4	7.5	-2.6	-2.0	-2.0		
<b>15. Business Confidence Index on Own Operations by Sector</b>	Industrial Sector	0.3	3.7	0.3	4.2	3.4	-0.6	3.1	-5.2	-0.6	1.4		
	Construction Sector	1.2	-0.6	2.9	1.8	1.1	-0.6	2.5	-5.8	-2.6	1.7		
	Wholesale and Retail Trade	2.9	10.0	8.3	9.0	7.1	0.9	5.6	-1.7	-2.6	1.7		
	Services Sector	1.7	10.6	4.0	7.8	12.3	1.4	2.5	-8.1	-4.0	2.3		

## ***Business Expectations***

### ***Q2 2016 North East Zone***

#### **Business Outlook**

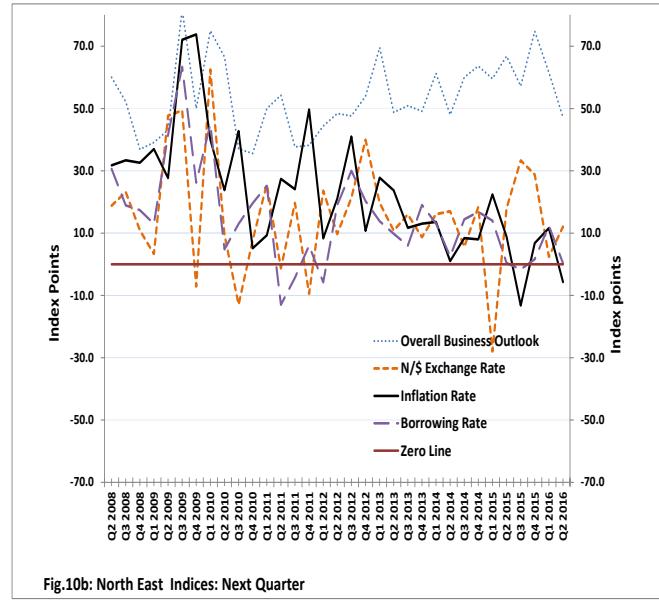


Respondents in the North East zone were pessimistic on business activities in Q2 2016. At -13.7 points, overall confidence index declined by 24.1 index points compared with the level recorded in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index stood at 47.2 points (Fig. 10).

The pessimism in the overall business outlook in the zone could be attributed to industrial (-6.0 points), wholesale and retail trade (-4.0 points) and services (-3.7 points) (Table 4 Sections 2 & 14).

Respondents' pessimism in the volume of total order and their internal liquidity position, dampened the volume of their business activities in the current quarter. Similarly, respondents pessimism on access to credit, further reduced their internal liquidity position in the review quarter.

The financial condition (or internal liquidity position) index of the firms which stood at -5.0 points in the current quarter was driven by industrial (-3.3 points) wholesale and retail trade (-1.0 points) and construction (-0.7 points) sectors (Table 4 Sections 5 & 15).



Respondents in the zone cited insufficient power supply, financial problems, unfavourable economic climate, competition, unfavourable political climate, access to credit and unclear economic laws 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 to appreciate in the current quarter and depreciate in next quarter while the borrowing rate is 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 81.3 per cent, followed by "Importer" with 11.4 per cent and "both importer and exporter" with 6.0 per cent "Importer" with 1.3 per cent (Table 4 Section 11).

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

### **North East Zone**

Year Quarter	2014				2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Overall Business Outlook on the Macroeconomy</b>										
Current Quarter	21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	-13.7
North East	61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	47.2
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>										
Industrial Sector	12.5	-2.6	14.0	18.0	0.0	18.0	39.2	32.0	4.0	-30.0
Construction Sector	6.5	22.6	-10.8	0.0	16.2	8.1	28.1	25.6	-10.5	0.0
Wholesale and Retail Trade Services Sector of which:	7.8	-3.9	30.8	12.1	24.2	4.5	21.1	9.2	3.1	-15.4
Financial Intermediation	41.6	12.8	24.5	15.5	0.0	11.3	39.4	21.9	-13.4	-9.6
Hotels and Restaurants	50.0	52.6	29.2	21.7	0.0	4.5	62.0	9.1	-34.8	-23.1
Renting and Business Activities	21.1	-10.5	-4.2	29.2	4.2	20.0	21.1	37.5	-33.3	-6.9
Community and Social Services	40.0	-10.0	40.0	12.0	-28.0	-12.0	15.0	24.0	28.0	-13.3
Community and Social Services	55.0	20.0	32.0	0.0	24.0	32.0	25.0	16.0	-16.0	3.3
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>										
Industrial Sector	57.5	35.9	50.0	56.0	50.0	68.0	54.9	78.0	64.0	45.0
Construction Sector	58.1	51.6	45.9	51.4	51.4	65.6	64.1	63.2	47.8	47.8
Wholesale and Retail Trade Services Sector of which:	54.9	41.2	60.0	59.1	71.2	63.6	68.4	76.9	64.6	46.2
Financial Intermediation	68.8	56.4	70.4	76.0	59.8	74.2	51.4	76.0	57.7	48.7
Hotels and Restaurants	66.7	68.4	83.3	65.2	60.9	81.8	18.0	77.3	56.5	53.8
Renting and Business Activities	68.4	42.1	54.2	82.6	66.7	76.0	84.2	75.0	37.5	31.0
Community and Social Services	55.0	55.0	76.0	76.0	44.0	56.0	75.0	80.0	76.0	53.3
Community and Social Services	85.0	60.0	68.0	80.0	68.0	84.0	80.0	72.0	60.0	56.7
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>										
Industrial Sector	30.0	20.5	22.0	34.0	6.0	24.0	21.6	22.0	22.0	-16.7
Construction Sector	29.0	38.7	27.0	27.0	21.6	29.7	31.3	12.8	-15.8	-4.3
Wholesale and Retail Trade Services Sector	47.1	29.4	26.2	43.9	37.9	28.8	10.5	20.0	20.0	18.5
Services Sector	61.0	25.6	31.6	53.6	22.7	21.6	20.4	17.7	5.2	0.0
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>										
Volume of Business Activity Index	33.7	20.5	30.8	32.8	29.6	16.4	9.2	16.4	-6.4	-13.0
Volume of Total Order Book Index	42.2	14.0	32.4	31.6	28.8	21.6	14.1	22.8	4.0	-6.7
Credit Access Index	13.1	3.0	4.4	20.0	9.6	1.6	3.6	9.6	-0.4	-6.0
Financial Condition Index	46.2	27.5	27.6	43.2	23.2	25.2	19.3	18.4	8.8	-5.0
Average Capacity Utilization	41.7	25.0	28.8	33.6	22.4	22.4	28.9	24.4	4.4	-7.4
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>										
Volume of Business Activity Index	64.8	73.0	63.6	67.2	68.8	78.0	72.7	76.4	71.2	56.9
Employment Outlook Index	50.3	43.0	42.4	47.2	54.4	59.2	52.6	49.2	48.4	38.1
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>										
Industrial Sector	75.0	71.8	62.0	86.0	62.0	72.0	66.0	72.0	88.0	78.3
Construction Sector	71.0	87.1	70.3	83.8	59.5	83.8	90.3	74.4	84.2	89.1
Wholesale and Retail Trade Services Sector of which:	76.5	78.4	75.4	80.3	72.7	80.3	80.7	72.3	83.1	73.1
Financial Intermediation	84.4	69.2	73.5	79.4	68.0	77.3	64.6	71.9	70.1	69.6
Hotels and Restaurants	72.2	63.2	75.0	73.9	60.9	72.7	62.5	54.5	56.5	53.8
Renting and Business Activities	84.2	73.7	66.7	83.3	70.8	72.0	68.4	75.0	75.0	69.0
Community and Social Services	90.0	80.0	76.0	92.0	76.0	80.0	65.0	80.0	88.0	76.7
Community and Social Services	90.0	60.0	76.0	68.0	64.0	84.0	65.0	76.0	60.0	76.0

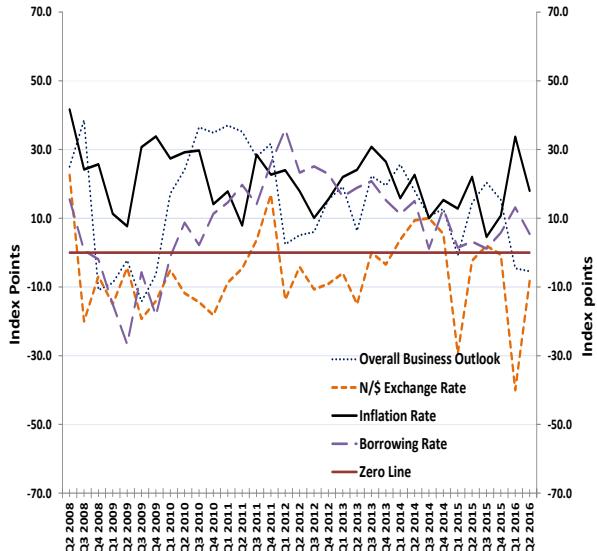
**TABLE 4**  
**BUSINESS EXPECTATIONS SURVEY**  
**North East Zone**

Year Quarter	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	45.7	37.5	39.2	43.6	32.0	43.0	32.3	41.8	42.2	33.9		
Unclear Economic Laws	41.5	38.0	32.2	40.6	27.2	39.0	36.5	35.0	31.4	37.1		
Lack of Equipment	30.7	24.0	26.0	27.0	20.0	21.8	26.9	17.2	24.8	31.1		
Insufficient Demand	25.9	23.8	22.8	31.4	16.0	27.8	26.3	22.2	28.4	35.6		
Access to Credit	21.9	25.3	19.0	16.8	15.8	33.2	31.9	27.4	31.4	38.6		
Financial Problems	46.5	52.0	43.0	48.0	39.6	51.6	46.6	44.4	55.6	58.5		
Competition	39.2	40.3	36.8	32.4	23.2	31.6	33.7	47.6	44.4	45.0		
Labor Problems	19.1	8.8	4.4	15.6	-2.8	4.4	9.2	-2.2	7.2	25.1		
Lack of Materials Input	26.1	14.5	23.4	29.8	12.6	17.6	24.7	7.0	25.6	34.6		
Unfavourable Political Climate	44.2	48.5	46.4	46.0	37.6	36.4	42.8	28.6	26.2	42.5		
Unfavourable Economic Climate	50.5	45.8	38.8	47.8	41.0	47.4	51.8	40.0	40.4	50.0		
Insufficient Power Supply	70.6	76.0	67.2	71.0	77.2	83.0	68.9	61.2	48.0	74.7		
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>												
N/\$ Exchange Rate	10.6	4.5	-9.6	14.8	-48.8	-9.2	19.7	14.4	-17.2	-16.4		
Inflation Rate	15.6	15.0	7.6	0.0	37.6	31.2	0.8	18.0	21.6	22.4		
Borrowing Rate	18.6	4.5	8.0	-6.0	15.2	-0.4	10.8	6.8	14.0	6.4		
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>												
N/\$ Exchange Rate	16.1	17.0	5.6	18.4	-28.0	18.0	33.3	28.8	2.4	12.0		
Inflation Rate	13.6	1.0	8.4	8.0	22.4	8.8	-13.3	6.8	11.6	-5.7		
Borrowing Rate	13.1	2.5	14.4	16.8	14.0	0.4	-1.6	1.6	12.4	0.3		
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>												
Importer	21.6	11.0	10.0	5.2	3.6	10.4	23.2	9.6	9.2	11.4		
Exporter	1.5	0.0	0.0	0.0	0.0	1.2	4.4	1.2	0.0	1.3		
Both Importer and Exporter	11.6	5.5	4.0	5.6	1.6	2.8	4.8	4.4	4.4	6.0		
Neither Importer nor Exporter	65.3	83.5	86.0	89.2	94.8	85.6	67.6	84.8	86.4	81.3		
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>												
Small (<50)	75.4	73.0	70.8	82.0	82.0	80.0	78.0	78.0	83.2	80.6		
Medium (50 and <200)	14.1	21.5	22.0	13.2	12.0	14.0	15.6	18.4	15.6	17.4		
Large (200 and Up)	10.6	5.5	7.2	4.8	6.0	6.0	6.4	3.6	1.2	2.0		
No Response	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	199	199	250	250	250	250	249	250	250	299		
Industrial Sector	40	39	50	50	50	51	50	50	50	60		
Construction Sector	31	31	37	37	37	37	32	39	38	46		
Wholesale and Retail Trade Services Sector of which:	51	51	65	66	66	57	65	65	78			
Financial Intermediation	77	78	98	97	97	97	109	96	97	115		
Hotels and Restaurants	18	19	24	23	23	22	50	22	23	26		
Renting and Business Activities	19	19	24	24	24	25	19	24	24	29		
Community and Social Services	20	20	25	25	25	25	20	25	25	30		
20	20	25	25	25	25	20	25	25	25	30		
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>												
Industrial Sector	2.5	-0.5	2.8	3.6	0.0	3.6	8.0	6.4	0.8	-6.0		
Construction Sector	1.0	3.5	-1.6	0.0	2.4	1.2	3.6	4.0	-1.6	0.0		
Wholesale and Retail Trade	2.0	-1.0	8.0	3.2	6.4	1.2	4.8	2.4	0.8	-4.0		
Services Sector	16.1	5.0	9.6	6.0	0.0	4.4	17.3	8.4	-5.2	-3.7		
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</b>												
Industrial Sector	6.0	4.0	4.4	6.8	1.2	4.8	4.4	4.4	4.4	-3.3		
Construction Sector	4.5	6.0	4.0	4.0	3.2	4.4	4.0	2.0	-2.4	-0.7		
Wholesale and Retail Trade	12.1	7.5	6.8	11.6	10.0	7.6	2.4	5.2	4.8	-1.0		
Services Sector	23.6	10.1	12.4	20.8	8.8	8.4	6.8	2.0	2.0	0.0		

## ***Business Expectations***

### ***Q2 2016 North West Zone***

#### **Business Outlook**

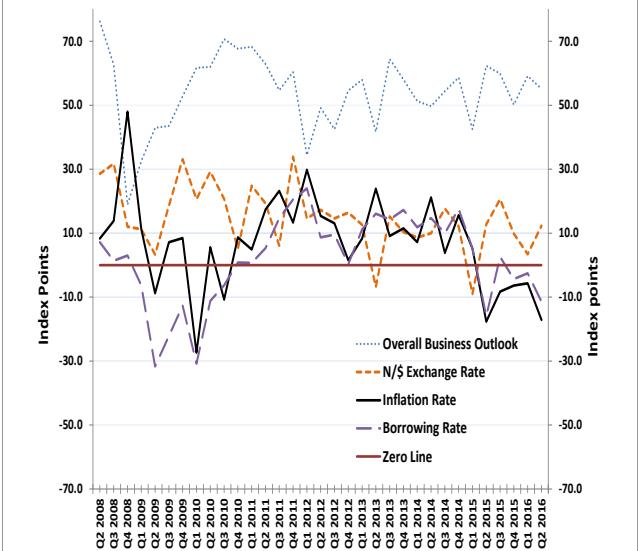


Respondents in the North West zone were more pessimistic on business activities in the quarter under review. At -5.4 points, overall confidence index declined by 19.9 index points below the level achieved in the corresponding quarter of 2015. Respondents were more optimistic about business activities in the next quarter as the index is expected to rise to 55.1 points (Fig. 11).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of construction (-2.6 points), wholesale and retail trade (-2.3 points) and services sector (-0.6 points) (Table 5 Sections 2 & 14).

In spite of respondents pessimism on business activities, volume of total order book, and credit access, respondents remained optimistic in their internal liquidity position.

The financial condition (or internal liquidity position) of the firms, which stood at 1.7 points in the current quarter was driven by services sector (2.9 points) and industrial sector (0.3 points) (Table 5 Sections 5 & 15).



Respondents in the zone cited insufficient power supply, financial problems, unfavourable economic climate, high interest rate, unclear economic laws, competition, insufficient demand, unfavourable political climate and access to credit 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 73.7 per cent, followed by “importer” 13.4 per cent, “both importer and exporter” 10.0 per cent, “and “exporter” 2.9 per cent (Table 5 Section 11).

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

Year	Quarter	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy</b>													
Current Quarter		25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6	-5.4		
North West	North West	51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1	55.1		
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>													
Industrial Sector		15.5	6.0	3.1	21.3	-4.3	14.9	7.9	10.8	-10.1	0.0		
Construction Sector		11.1	10.8	25.0	-16.7	-10.4	-15.9	6.5	-14.6	-4.2	-18.8		
Wholesale and Retail Trade		19.3	14.8	4.5	7.5	-5.6	19.3	16.1	30.7	-10.6	-9.3		
Services Sector of which:		43.3	32.0	16.2	20.5	9.6	21.8	40.4	17.9	4.2	-1.8		
Financial Intermediation		52.0	32.0	37.5	38.5	23.1	18.5	57.1	32.0	12.0	3.8		
Hotels and Restaurants		48.6	21.2	9.7	3.2	-19.4	12.5	20.0	14.7	-12.1	-21.9		
Renting and Business Activities		32.1	30.3	3.7	25.0	10.3	16.7	53.8	3.2	13.8	14.3		
Community and Social Services		40.6	45.2	17.2	17.9	28.6	40.0	33.3	24.2	6.5	0.0		
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>													
Industrial Sector		46.6	50.0	59.4	67.0	34.4	52.1	53.5	38.7	42.4	46.6		
Construction Sector		47.2	37.8	63.6	35.7	39.6	54.5	63.8	31.7	60.4	60.4		
Wholesale and Retail Trade		54.5	35.8	49.4	52.7	46.1	61.4	52.9	58.0	62.4	66.3		
Services Sector of which:		54.2	62.3	50.5	65.0	47.4	73.9	69.3	59.3	70.3	52.2		
Financial Intermediation		40.0	56.0	54.2	76.9	53.8	81.5	75.0	72.0	76.0	61.5		
Hotels and Restaurants		62.9	63.6	54.8	61.3	38.7	81.3	63.3	47.1	66.7	43.8		
Renting and Business Activities		50.0	69.7	44.4	71.9	37.9	66.7	88.5	51.6	62.1	71.4		
Community and Social Services		59.4	58.1	48.3	50.0	60.7	66.7	53.3	69.7	77.4	33.3		
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>													
Industrial Sector		24.3	5.0	6.3	3.2	4.3	-3.2	5.9	-4.3	-4.0	1.0		
Construction Sector		8.3	13.5	11.4	-23.8	-16.7	4.5	0.0	-4.9	-14.6	-10.4		
Wholesale and Retail Trade		25.0	7.4	-1.1	7.5	-1.1	-3.4	14.9	8.0	0.0	0.0		
Services Sector		31.7	28.7	15.3	29.9	14.0	17.6	35.1	13.8	17.8	8.8		
<b>5. Business Confidence Index on Own Operations : Current Quarter</b>													
Volume of Business Activity Index		26.8	21.5	0.3	18.5	5.2	18.3	18.9	13.0	-2.6	-0.6		
Volume of Total Order Book Index		28.8	18.8	4.4	16.5	5.5	17.7	18.6	13.9	0.6	-4.3		
Credit Access Index		15.0	14.7	1.5	9.0	0.0	11.6	12.0	5.5	8.0	-4.3		
Financial Condition Index		25.4	15.0	7.9	10.1	3.2	4.9	16.9	5.2	2.9	1.7		
Average Capacity Utilization		28.0	22.6	4.7	19.1	5.2	15.9	14.9	16.5	6.6	2.3		
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>													
Volume of Business Activity Index		63.1	59.7	57.1	64.5	44.2	60.9	59.6	55.4	63.7	55.1		
Employment Outlook Index		39.8	29.7	30.9	39.0	24.1	38.8	33.5	32.2	37.7	22.9		
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>													
Industrial Sector		59.2	60.0	44.8	50.0	48.4	50.5	50.0	43.0	49.0	40.8		
Construction Sector		61.1	54.1	70.5	52.4	47.9	56.8	65.2	51.2	54.2	45.8		
Wholesale and Retail Trade		47.7	71.6	55.1	47.3	38.6	46.6	57.5	62.5	57.6	47.7		
Services Sector of which:		70.8	59.8	55.5	63.2	55.3	48.7	57.1	73.2	68.6	54.9		
Financial Intermediation		56.0	60.0	70.8	69.2	57.7	55.6	57.1	68.0	76.0	61.5		
Hotels and Restaurants		68.6	42.4	45.2	61.3	41.9	50.0	58.6	67.6	66.7	50.0		
Renting and Business Activities		71.4	69.7	53.8	53.1	65.5	26.7	60.0	80.6	72.4	57.1		
Community and Social Services		84.4	67.7	55.2	71.4	57.1	63.3	53.3	75.8	61.3	51.9		

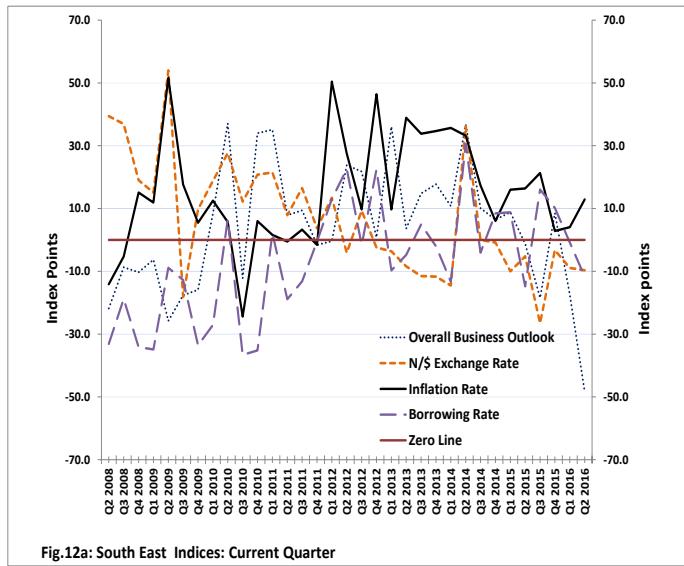
**TABLE 5**  
**BUSINESS EXPECTATIONS SURVEY**  
**North West Zone**

Year Quarter	2014				2015				2016			
1. Overall Business Outlook on the Macroeconomy	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>8. Business Constraints: Current Quarter</b>												
High Interest Rate	51.2	51.6	36.0	44.7	50.7	39.0	43.0	48.7	44.0	42.0		
Unclear Economic Laws	37.8	43.1	28.5	35.8	39.4	33.8	33.5	35.6	31.9	40.3		
Lack of Equipment	22.9	29.6	14.4	23.1	19.9	15.5	20.8	22.8	26.1	20.4		
Insufficient Demand	32.3	35.3	32.2	34.4	38.5	33.8	18.9	23.5	37.0	38.9		
Access to Credit	28.0	35.3	32.5	32.8	37.4	32.9	27.2	31.8	30.6	32.4		
Financial Problems	42.9	50.1	49.6	48.3	49.3	44.5	38.4	42.4	46.7	57.0		
Competition	38.8	39.4	35.6	34.8	42.9	26.8	30.9	28.5	34.1	40.3		
Labor Problems	9.7	13.1	3.4	3.6	-3.6	2.9	7.9	9.7	-3.3	4.3		
Lack of Materials Input	11.1	16.5	5.0	14.3	11.9	14.8	11.5	12.4	19.6	20.3		
Unfavourable Political Climate	37.3	39.6	33.2	34.5	45.8	32.5	23.9	23.8	24.4	38.9		
Unfavourable Economic Climate	40.6	42.8	42.6	42.9	51.7	42.3	32.8	28.9	39.4	54.1		
Insufficient Power Supply	63.4	65.9	62.9	66.3	68.3	69.6	49.6	45.8	50.7	72.3		
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>												
N/\$ Exchange Rate	3.7	9.4	10.0	5.5	-29.4	-2.3	2.0	-0.6	-40.0	-8.3		
Inflation Rate	15.9	22.6	10.0	15.3	12.8	22.0	4.6	10.7	33.7	18.0		
Borrowing Rate	11.2	15.0	1.2	12.7	1.5	3.2	1.1	5.8	13.1	5.4		
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>												
N/\$ Exchange Rate	8.6	10.0	17.6	12.1	-9.0	12.8	20.6	9.9	3.4	12.3		
Inflation Rate	7.2	21.2	3.8	15.6	5.2	-17.7	-8.3	-6.4	-5.7	-17.1		
Borrowing Rate	11.8	14.7	10.0	17.6	5.2	-15.9	2.6	-4.3	-2.6	-11.4		
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>												
Importer	11.8	11.5	14.5	11.6	12.5	13.0	13.5	14.8	14.3	13.4		
Exporter	2.9	2.4	2.4	2.0	5.8	2.3	2.0	1.7	1.1	2.9		
Both Importer and Exporter	13.5	9.7	12.1	11.8	13.1	11.9	11.5	13.9	12.0	10.0		
Neither Importer nor exporter	71.8	76.5	71.0	74.6	68.6	72.8	73.1	69.6	72.6	73.7		
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>												
Small (<50)	73.8	75.3	78.8	74.3	74.4	73.7	74.1	72.5	72.6	74.9		
Medium (50 and <200)	16.7	16.5	12.6	17.1	17.2	18.4	19.0	19.1	20.9	17.1		
Large (200 and Up)	9.5	8.2	8.5	8.7	8.4	7.9	6.9	8.4	6.6	8.0		
No Response	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	347	340	346	344	345	349	345	350	350	350		
Industrial Sector	103	100	96	94	93	94	101	93	99	103		
Construction Sector	36	37	44	42	48	44	47	41	48	48		
Wholesale and Retail Trade	88	81	89	93	89	88	87	88	85	86		
Services Sector of which:	120	122	111	117	114	119	114	123	118	113		
Financial Intermediation	25	25	24	26	26	27	28	25	25	26		
Hotels and Restaurants	35	33	31	31	31	32	30	34	33	32		
Renting and Business Activities	28	33	27	32	29	30	26	31	29	28		
Community and Social Services	32	31	29	28	28	30	30	33	31	27		
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>												
Industrial Sector	4.6	1.8	0.9	5.8	-1.2	4.1	2.3	2.9	-2.9	0.0		
Construction Sector	1.2	1.2	3.2	-2.0	-1.5	-2.0	0.9	-1.7	-0.6	-2.6		
Wholesale and Retail Trade	4.9	3.5	1.2	2.0	-1.5	4.9	4.0	7.8	-2.6	-2.3		
Services Sector	15.0	11.5	5.3	6.9	3.2	7.5	13.2	6.4	1.4	-0.6		
<b>15. Business Confidence Index on Own Operations by Sector</b>												
Industrial Sector	7.2	1.5	1.8	0.9	1.2	-0.9	1.7	-1.2	-1.1	0.3		
Construction Sector	0.9	1.5	1.5	-2.9	-2.3	0.6	0.0	-0.6	-2.0	-1.4		
Wholesale and Retail Trade	6.3	1.8	-0.3	2.0	-0.3	-0.9	3.7	2.0	0.0	0.0		
Services Sector	11.0	10.3	5.0	10.1	4.7	6.1	11.5	4.9	6.0	2.9		

## ***Business Expectations***

### ***Q2 2016 South East Zone***

#### **Business Outlook**

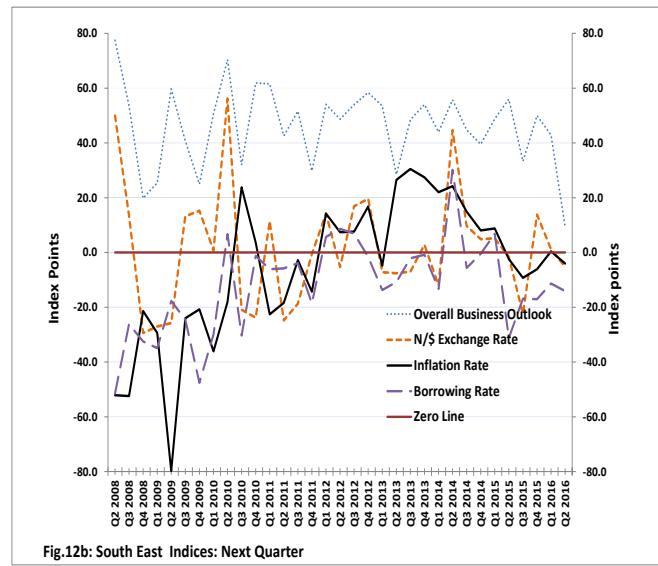


Respondents in the South East zone were pessimistic on business activities in the Q2 2016. At -48.4 points, the overall confidence index declined by 47.2 index points, compared with the level achieved in the corresponding quarter of 2015. However, respondents were optimistic about business activities in the next quarter as the index would be expected to rise to 9.3 points (Fig. 12).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of industrial (-14.9 points), wholesale/retail trade (-12.9 points), services (-10.9 points) and construction (-9.7 points) sectors (Table 6 Sections 2 & 14).

Respondents' pessimism in the volume of total order and their internal liquidity position, damped the volume of their business activities in the current quarter. Similarly, respondents pessimism on access to credit, further lessened their internal liquidity position in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at -29.4 points in the current quarter, was driven by wholesale & retail trade (-11.7 points), industrial (-9.7 points), construction(-4.8 points) and services sector (-3.2 points) (Table 6 Sections 5 & 15).



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

Respondent firms expected the naira to depreciate in both the current and the next quarters. Inflation was expected to rise in the current and decline in the 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 63.7 per cent, followed by "importer" 26.2 per cent, "both importer and exporter" 9.3 per cent, and "exporter" 0.8 per cent (Table 6 Section 11).

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

Year	Quarter	2014				2015				2016			
		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		10.8	36.7	10.1	6.5	8.8	-1.2	-18.5	8.5	-17.4			-48.4
South East		44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0	42.9			9.3
Next Quarter													
South East													
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>													
Industrial Sector	2.7	35.6	10.1	18.6	10.8	-3.0	-7.4	19.7	-12.9	-57.8			
Construction Sector	30.8	37.8	5.3	-25.6	-12.8	-11.9	-29.7	-7.3	-14.6	-63.2			
Wholesale and Retail Trade Services Sector of which:	-1.6	21.7	-4.8	5.9	7.3	-4.4	-35.9	13.6	-18.5	-45.7			
Financial Intermediation	19.7	53.6	24.1	13.4	17.6	9.5	-8.8	1.5	-21.5	-35.5			
Hotels and Restaurants	7.7	44.4	40.0	18.2	63.6	0.0	-5.0	-7.7	-17.6	-43.8			
Renting and Business Activities	28.6	25.0	4.0	-7.7	-4.5	4.2	5.0	0.0	-44.0	-52.4			
Community and Social Services	17.6	64.7	27.8	36.4	16.0	13.3	-5.0	-11.8	-20.0	-13.0			
Renting and Business Activities	20.0	61.3	34.6	13.0	18.2	20.0	-30.0	22.2	5.9	-37.5			
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>													
Industrial Sector	33.3	61.0	40.6	33.9	44.6	47.0	30.9	52.1	25.8	-20.3			
Construction Sector	64.1	51.4	57.9	20.5	20.5	47.6	27.0	26.8	43.9	2.6			
Wholesale and Retail Trade Services Sector of which:	36.1	50.7	37.1	35.3	60.0	54.4	25.0	43.9	58.5	18.6			
Financial Intermediation	51.5	62.3	48.1	60.5	57.1	70.3	45.0	67.6	43.0	28.9			
Hotels and Restaurants	61.5	100.0	90.0	63.6	90.9	86.7	55.0	69.2	76.5	31.3			
Renting and Business Activities	66.7	50.0	48.0	70.0	59.1	66.7	40.0	70.0	44.0	23.8			
Community and Social Services	35.3	64.7	38.9	54.5	40.0	60.0	40.0	64.7	10.0	34.8			
Renting and Business Activities	40.0	54.8	38.5	56.5	57.6	70.0	45.0	66.7	47.1	25.0			
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>													
Industrial Sector	8.0	16.9	0.0	16.9	10.8	-15.2	-7.4	26.8	6.5	-37.5			
Construction Sector	12.8	0.0	7.9	-23.1	-15.4	-11.9	-21.6	-7.3	-4.9	-31.6			
Wholesale and Retail Trade Services Sector	4.9	1.5	0.0	-10.3	12.7	1.5	-12.5	10.6	6.2	-41.4			
Average Capacity Utilization	22.7	21.7	20.3	-9.8	39.6	-2.7	6.3	14.7	-2.5	-10.5			
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>													
Volume of Business Activity Index	22.0	33.2	6.9	7.7	16.8	3.2	-3.6	19.5	-5.7	-33.9			
Volume of Total Order Book Index	16.2	31.5	12.9	-3.6	18.8	5.2	-3.6	25.2	-2.0	-37.9			
Credit Access Index	-2.5	17.9	2.8	-13.3	0.4	-14.0	-21.3	-7.7	-17.0	-47.2			
Financial Condition Index	12.0	11.1	7.7	-5.6	17.6	-6.4	-6.4	13.4	1.6	-29.4			
Average Capacity Utilization	12.4	31.5	17.3	1.6	15.6	0.0	1.2	7.7	3.2	-26.6			
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>													
Volume of Business Activity Index	59.8	61.7	67.7	53.2	70.4	63.2	59.8	69.9	54.7	31.0			
Employment Outlook Index	31.1	15.7	29.0	31.5	34.0	27.2	19.7	32.1	21.9	-4.0			
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>													
Industrial Sector	48.0	25.4	37.7	32.2	40.0	48.5	20.6	52.1	33.9	39.1			
Construction Sector	66.7	24.3	50.0	39.5	28.2	40.5	29.7	36.6	41.5	28.9			
Wholesale and Retail Trade Services Sector of which:	72.1	28.4	54.8	45.6	41.8	67.6	34.4	51.5	56.9	58.6			
Financial Intermediation	50.0	17.4	60.8	54.9	47.3	62.2	43.8	50.0	55.1	60.5			
Hotels and Restaurants	61.5	22.2	40.0	18.2	45.5	53.3	50.0	38.5	76.5	62.5			
Renting and Business Activities	33.3	25.0	60.0	57.7	36.4	66.7	40.0	50.0	44.0	47.6			
Community and Social Services	58.8	5.9	77.8	54.5	56.0	53.3	45.0	47.1	40.0	69.6			
Average Capacity Utilization	53.3	19.4	57.7	69.6	48.5	70.0	40.0	61.1	68.8	62.5			

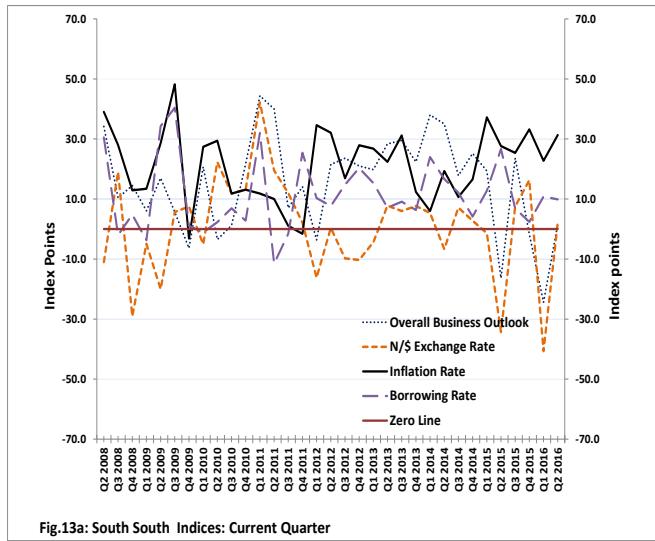
**TABLE 6**  
**BUSINESS EXPECTATIONS SURVEY**  
**South East Zone**

Year	Quarter	2014				2015				2016	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>8. Business Constraints: Current Quarter</b>	High Interest Rate	60.8	-8.7	68.8	65.5	58.2	65.0	48.4	46.3	54.7	56.7
	Nuclear Economic Laws	17.4	-23.9	34.9	11.3	23.8	18.4	18.5	26.4	32.2	40.1
	Lack of Equipment	3.9	-29.2	5.4	-7.1	-0.2	0.8	0.6	3.9	25.9	29.6
	Insufficient Demand	0.4	-16.9	13.1	1.8	13.6	10.4	17.9	6.7	41.3	34.3
	Access to Credit	41.1	14.4	52.6	48.6	43.0	57.0	46.8	37.0	53.4	46.0
	Financial Problems	57.3	37.7	63.3	57.7	55.4	60.8	40.8	48.2	52.4	52.2
	Competition	25.9	22.0	31.0	32.1	39.6	39.8	36.7	46.5	33.2	22.6
	Labor Problems	-12.4	-31.8	-10.3	-17.7	-7.0	-8.4	-11.0	-12.4	7.1	-7.1
	Lack of Materials Input	3.1	-33.5	-0.8	-13.9	-5.6	-5.6	-2.0	0.4	20.2	29.8
	Unfavourable Political Climate	16.0	-5.7	31.9	10.3	23.6	10.8	26.9	29.5	31.2	36.1
	Unfavourable Economic Climate	30.1	-9.3	40.7	18.3	29.0	32.0	34.9	40.4	43.9	56.0
	Insufficient Power Supply	67.4	63.1	81.3	77.2	79.8	82.4	74.5	59.6	66.0	66.7
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>	N/\$ Exchange Rate	-14.5	36.2	0.0	-0.8	-10.0	-5.2	-26.5	-3.3	-8.9	-9.7
	Inflation Rate	35.7	33.2	17.3	6.0	16.0	16.4	21.3	2.8	4.0	12.9
	Borrowing Rate	-13.3	30.6	-4.0	8.5	8.8	-14.8	16.1	10.2	-0.8	-11.7
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>	N/\$ Exchange Rate	-12.0	44.7	9.7	4.8	5.2	-1.6	-22.5	13.8	1.2	-5.2
	Inflation Rate	22.0	24.3	14.9	8.1	8.8	-2.4	-9.2	-6.1	0.4	-4.0
	Borrowing Rate	-13.3	30.2	-5.6	-0.4	6.8	-31.2	-16.9	-17.1	-11.3	-14.1
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>	Importer	12.9	16.5	24.7	19.8	23.3	30.8	27.3	22.0	23.9	26.2
	Exporter	4.1	1.7	0.8	0.4	0.8	0.4	0.4	0.8	0.4	0.8
	Both Importer and Exporter	6.6	3.8	5.7	6.5	4.4	2.8	4.8	2.8	4.0	9.3
	Neither Importer nor Exporter	76.3	78.0	68.8	73.4	71.5	66.0	67.5	74.4	71.7	63.7
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>	Small (<50)	78.4	87.8	87.0	80.6	85.1	77.2	81.9	84.1	73.7	79.8
	Medium (50 and <200)	16.6	10.1	9.7	16.6	11.2	18.8	14.5	13.4	24.7	16.9
	Large (200 and Up)	5.0	2.1	3.2	2.8	3.6	4.0	3.6	2.4	1.6	3.2
	No Response	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	241	237	248	248	250	250	249	246	247	248
	Industrial Sector	75	59	69	59	65	66	68	71	62	64
	Construction Sector	39	37	38	39	39	42	37	41	41	38
	Wholesale and Retail Trade	61	69	62	68	55	68	64	66	65	70
	Services Sector of which:	<u>66</u>	<u>72</u>	<u>79</u>	<u>82</u>	<u>91</u>	<u>74</u>	<u>80</u>	<u>68</u>	<u>79</u>	<u>76</u>
	Financial Intermediation	1.3	9	10	1.1	1.1	1.1	1.5	20	13	17
	Hotels and Restaurants	21	12	25	26	22	24	20	20	25	21
	Renting and Business Activities	1.7	17	18	22	25	15	20	17	20	23
	Community and Social Services	1.5	34	26	23	33	20	20	18	17	16
<b>14. Business Outlook Index on Own Operations by Sector Contribution: Current Quarter</b>	Industrial Sector	0.8	8.9	2.8	4.4	2.8	-0.8	-2.0	5.7	-3.2	-14.9
	Construction Sector	5.0	5.9	0.8	-4.0	-2.0	-2.0	-4.4	-1.2	-2.4	-9.7
	Wholesale and Retail Trade	-0.4	6.3	-1.2	1.6	1.6	-1.2	-9.2	3.7	-4.9	-12.9
	Services Sector	5.4	16.3	7.7	4.4	6.4	2.8	-2.8	0.4	-6.9	-10.9
<b>15. Business Confidence Index on the Macroeconomy by Sector Contribution: Current Quarter</b>	Industrial Sector	2.5	4.2	0.0	4.0	2.8	-4.0	-2.0	7.7	1.6	-9.7
	Construction Sector	2.1	0.0	1.2	-3.6	-2.4	-2.0	-3.2	-1.2	-0.8	-4.8
	Wholesale and Retail Trade	1.2	0.4	0.0	-2.8	2.8	0.4	-3.2	2.8	1.6	-11.7
	Services Sector	6.2	6.6	6.5	-3.2	14.4	-0.8	2.0	4.1	-0.8	-3.2

## Business Expectations

### Q2 2016 South South Zone

#### Business Outlook

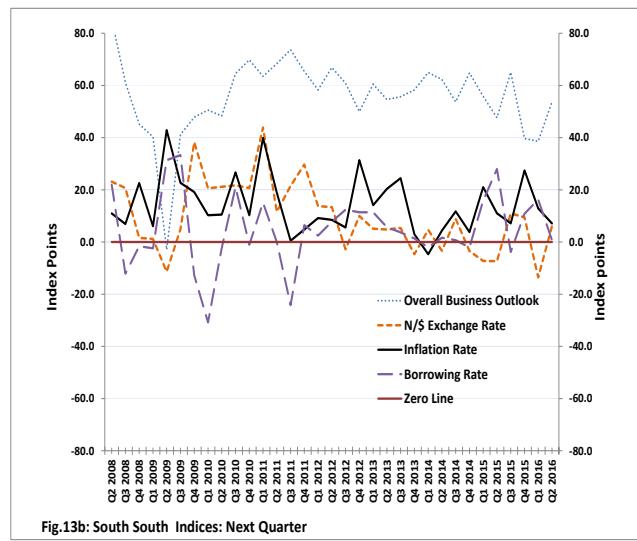


Respondents in the South South zone were optimistic on business activities in the current quarter. At 1.7 points, the overall confidence index rose by 18.0 index points, below the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the overall business outlook index for the next quarter rose to 53.7 points (Fig. 13b).

The optimism in the overall business outlook could be attributed to the contributions of services (4.1 points) and wholesale & retail trade (2.4 points), (Table 7 Sections 2 & 14).

Despite respondents optimism on the volume of business activities and volume of total order book, their financial condition was dampened as access to credit lessened in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at -9.5 points in the current quarter, was driven by construction (-4.1 points), services (-2.7 points), industrial (-1.7 points) and wholesale/retail trade (-1.0 points) (Table 7 Sections 5 & 15).



Respondents cited insufficient power supply, competition, unfavourable economic climate financial problems, high interest rate, competition, insufficient demand 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 appreciate 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 77.9 per cent, followed by “importer” 12.9 per cent, “both importer and exporter” 6.1 per cent and “exporter” firms 3.1 per cent (Table 7 Section 11).

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

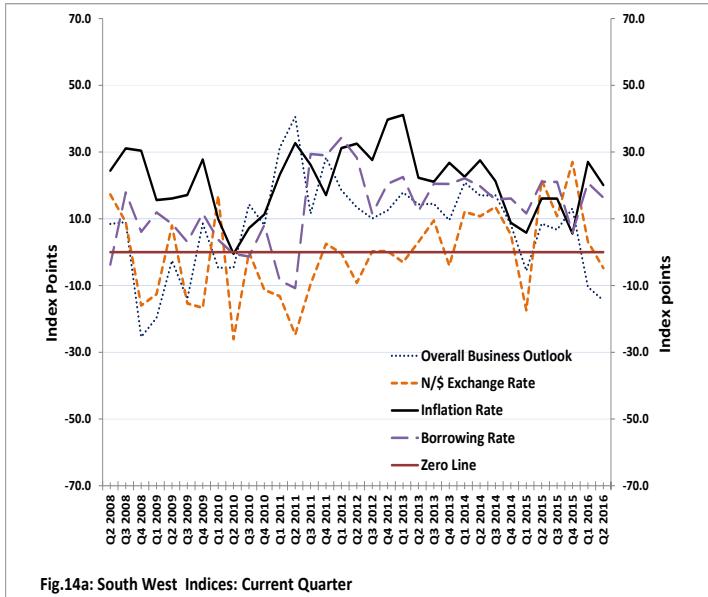
Year	Quarter	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy</b>													
Confidence Index: All Sectors	Current Quarter	38.0	35.0	17.8	25.2	19.3	-16.3	23.6	-1.7	-24.4	1.7		
South South	Next Quarter	65.0	62.3	53.7	64.8	55.9	47.7	65.1	39.7	38.6	53.7		
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>													
Industrial Sector	Industrial Sector	40.5	50.7	19.4	39.4	6.9	-20.6	28.8	-1.5	-26.3	-16.7		
Construction Sector	Construction Sector	40.8	24.5	13.6	18.6	-4.8	-33.3	11.1	-7.5	-19.7	-8.3		
Wholesale and Retail Trade	Services Sector of which:	28.8	22.4	17.1	17.3	5.2	10.5	-8.5	-25.9	8.9			
Services Sector of which:	Financial Intermediation	41.3	38.2	19.0	23.8	41.1	-20.4	34.8	5.6	-25.0	11.2		
Financial Intermediation	Hotels and Restaurants	34.8	23.8	20.8	50.0	40.0	-19.0	50.0	12.0	-36.8	-12.5		
Hotels and Restaurants	Renting and Business Activities	50.0	22.6	-12.9	3.3	48.4	-30.8	20.7	-6.3	-39.5	9.7		
Renting and Business Activities	Community and Social Services	30.8	57.7	36.0	30.8	65.0	-31.6	37.9	34.6	-5.0	22.2		
Community and Social Services	Community and Social Services	48.0	50.0	40.0	17.4	12.5	10.5	30.8	-16.0	7.1	24.0		
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>													
Industrial Sector	Industrial Sector	67.6	67.1	62.9	70.4	48.6	35.3	79.7	50.8	43.9	53.3		
Construction Sector	Construction Sector	61.2	71.4	47.7	83.7	50.0	45.6	57.8	57.5	44.3	39.6		
Wholesale and Retail Trade	Services Sector of which:	53.4	48.7	44.3	50.7	49.4	55.8	44.7	37.8	29.6	48.1		
Services Sector of which:	Financial Intermediation	73.1	64.7	57.1	68.8	69.5	51.0	74.1	27.8	39.6	64.5		
Financial Intermediation	Hotels and Restaurants	69.6	81.0	62.5	54.5	70.0	47.6	82.1	36.0	47.4	62.5		
Hotels and Restaurants	Renting and Business Activities	63.3	38.7	38.7	72.7	61.3	43.6	72.4	21.9	37.2	58.1		
Renting and Business Activities	Community and Social Services	92.3	65.4	72.0	80.8	85.0	31.6	69.0	30.8	25.0	59.3		
Community and Social Services	Community and Social Services	68.0	83.3	60.0	65.2	66.7	89.5	73.1	24.0	57.1	80.0		
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>													
Industrial Sector	Industrial Sector	31.1	41.1	33.9	11.3	23.6	-4.4	1.7	-10.8	-10.5	-8.3		
Construction Sector	Construction Sector	18.4	0.0	2.3	0.0	-7.1	-3.5	-20.0	-2.5	4.9	-25.0		
Wholesale and Retail Trade	Wholesale and Retail Trade	23.3	14.5	30.0	1.3	17.3	6.5	15.8	-6.1	-11.1	-3.8		
Services Sector	Services Sector	23.1	27.5	16.2	29.7	14.7	21.4	4.5	4.6	-4.2	-7.5		
<b>5. Business Confidence Index on Own Operations : Current Quarter</b>													
Volume of Business Activity Index	Volume of Business Activity Index	34.7	33.3	23.1	22.4	21.4	8.3	19.5	8.1	-2.4	9.5		
Volume of Total Order Book Index	Volume of Total Order Book Index	41.3	32.3	28.8	20.3	23.1	4.0	23.6	8.1	-3.1	8.2		
Credit Access Index	Credit Access Index	7.0	0.3	-7.1	3.1	2.1	-7.7	3.4	-2.4	-10.8	-2.4		
Financial Condition Index	Financial Condition Index	24.3	23.0	21.4	13.4	14.5	7.0	3.1	-2.7	-5.4	-9.5		
Average Capacity Utilization	Average Capacity Utilization	42.3	30.0	27.0	22.1	25.5	16.0	24.7	3.1	4.7	9.9		
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>													
Volume of Business Activity Index	Volume of Business Activity Index	68.3	60.7	57.7	60.0	71.0	72.3	70.5	70.2	66.8	71.4		
Employment Outlook Index	Employment Outlook Index	45.0	36.0	26.7	31.4	41.4	33.3	46.9	42.4	32.5	42.2		
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>													
Industrial Sector	Industrial Sector	67.6	67.1	69.4	70.4	75.0	66.2	78.0	75.4	52.6	66.7		
Construction Sector	Construction Sector	65.3	53.1	50.0	48.8	69.0	59.6	64.4	57.5	65.6	72.9		
Wholesale and Retail Trade	Services Sector of which:	65.8	61.8	64.3	45.3	70.4	68.8	65.8	54.9	65.4	67.1		
Services Sector of which:	Financial Intermediation	64.4	56.9	52.4	53.5	69.5	65.3	58.0	57.4	66.7	63.6		
Financial Intermediation	Hotels and Restaurants	69.6	57.1	58.3	68.2	60.0	66.7	64.3	52.0	73.7	66.7		
Hotels and Restaurants	Renting and Business Activities	50.0	41.9	54.8	43.3	67.7	59.0	62.1	53.1	69.8	74.2		
Renting and Business Activities	Community and Social Services	65.4	76.9	48.0	69.2	85.0	57.9	62.1	69.2	50.0	59.3		
Community and Social Services	Community and Social Services	76.0	54.2	48.0	34.8	66.7	84.2	42.3	56.0	71.4	52.0		

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

Year	Quarter	Q1	Q2	2014	Q3	Q4	Q1	Q2	2015	Q3	Q4	Q1	Q2	2016
<b>8. Business Constraints: Current Quarter</b>														
High Interest Rate	41.8	47.8	52.0	43.6	49.1	39.2	43.3	40.8	38.3	38.1				
Unclear Economic Laws	27.8	38.2	43.8	33.3	30.7	19.5	24.7	27.6	23.6	29.6				
Lack of Equipment	28.5	29.7	31.3	20.9	12.1	-7.7	15.6	16.4	5.1	24.0				
Insufficient Demand	20.3	20.5	32.0	20.5	22.9	17.5	22.9	34.6	22.4	32.3				
Access to Credit	30.5	45.0	39.7	30.9	35.5	19.5	33.6	35.4	23.4	32.3				
Financial Problems	49.0	51.3	46.8	38.4	40.5	44.2	49.3	49.0	45.3	52.4				
Competition	42.2	51.8	57.1	38.4	37.8	47.7	38.0	32.7	47.1	34.9				
Labor Problems	15.3	25.8	24.4	12.6	2.1	-8.2	-2.1	8.6	-4.1	-3.1				
Lack of Materials Input	21.8	19.5	24.0	17.1	4.1	-7.5	6.0	4.2	8.0	13.3				
Unfavourable Political Climate	36.3	41.5	44.7	35.9	33.6	24.8	25.9	26.8	24.7	28.9				
Unfavourable Economic Climate	45.5	50.0	56.2	42.9	43.4	32.2	46.1	48.5	28.6	58.0				
Insufficient Power Supply	59.3	73.0	68.9	59.7	72.9	75.8	67.5	66.1	66.8	70.1				
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>														
N/\$ Exchange Rate	5.3	-6.7	7.1	2.8	-1.4	-34.3	7.5	16.3	-40.7	2.0				
Inflation Rate	6.0	19.3	10.7	16.6	37.2	27.7	25.3	33.2	22.7	31.3				
Borrowing Rate	24.0	16.7	12.1	4.1	12.8	26.7	6.8	2.4	10.8	9.9				
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>														
N/\$ Exchange Rate	4.7	-3.3	8.9	-3.4	-7.2	-7.3	11.0	9.5	-13.6	6.1				
Inflation Rate	-4.7	4.3	11.7	3.8	21.0	11.0	7.2	27.5	12.9	7.1				
Borrowing Rate	-2.0	1.7	0.7	-2.1	15.9	28.0	-3.8	10.8	16.3	0.7				
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>														
Importer	12.3	13.3	16.0	19.0	22.4	9.0	13.4	16.9	10.8	12.9				
Exporter	2.3	3.0	1.4	2.8	4.1	2.7	5.1	6.4	4.4	3.1				
Both Importer and Exporter	12.3	7.3	13.5	9.7	7.2	13.0	7.9	7.8	10.8	6.1				
Neither Importer nor Exporter	73.0	76.3	69.0	68.6	66.2	75.3	73.6	68.8	73.9	77.9				
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>														
Small (<50)	82.3	82.3	82.9	77.9	74.5	77.3	82.2	85.1	73.2	83.3				
Medium (50 and <200)	12.3	10.7	10.3	12.1	16.6	19.3	12.0	10.2	23.4	13.3				
Large (200 and Up)	5.3	7.0	6.8	10.0	9.0	3.3	5.8	4.7	3.4	3.4				
No Response	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	300	300	281	290	300	292	295	295	294					
Industrial Sector	74	73	62	71	72	68	59	65	57	60				
Construction Sector	49	49	44	43	42	57	45	40	61	48				
Wholesale and Retail Trade Services Sector of which:	73	76	70	75	81	77	76	82	81	79				
Financial Intermediation	<u>104</u>	<u>102</u>	<u>105</u>	<u>101</u>	<u>95</u>	<u>98</u>	<u>112</u>	<u>108</u>	<u>96</u>	<u>107</u>				
Hotels and Restaurants	23	21	24	22	20	21	28	25	19	24				
Renting and Business Activities	30	31	31	30	31	39	29	32	43	31				
Community and Social Services	26	26	25	26	20	19	29	26	20	27				
25	24	25	23	24	19	26	25	14	25	25				
<b>14. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>														
Industrial Sector	10.0	12.3	4.3	9.7	1.7	-4.7	5.8	-0.3	-5.1	-3.4				
Construction Sector	6.7	4.0	2.1	2.8	-0.7	-6.3	1.7	-1.0	-4.1	-1.4				
Wholesale and Retail Trade Services Sector	7.0	5.7	4.3	4.5	4.8	1.3	2.7	-2.4	-7.1	2.4				
Services Sector	14.3	13.0	7.1	8.3	13.4	-6.7	13.4	2.0	-8.1	4.1				
<b>Confidence Index on Own Operations by Sector: Current Quarter</b>														
Industrial Sector	7.7	10.0	7.5	2.8	5.9	-1.0	0.3	-2.4	-2.0	-1.7				
Construction Sector	3.0	0.0	0.4	0.0	-1.0	-0.7	-3.1	-0.3	1.0	-4.1				
Wholesale and Retail Trade Services Sector	5.7	3.7	7.5	0.3	4.8	1.7	4.1	-1.7	-3.1	-1.0				
Services Sector	8.0	9.3	6.0	10.3	4.8	7.0	1.7	1.7	-1.4	-2.7				

## ***Business Expectations*** ***Q2 2016 South West Zone***

### **Business Outlook**

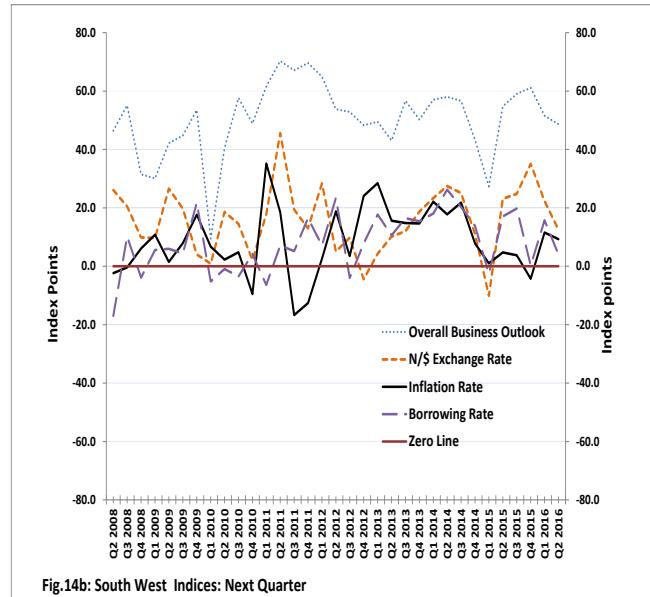


Respondents in the South West zone were pessimistic on business activities in the Q2 2016. At -14.5 points, the overall confidence index fell by -23.0 index points, compared with the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index was expected to rise to 48.6 points (Fig. 14).

The pessimism in the overall business outlook in the zone could be attributed to industrial (-4.0 points), services (-3.7 points), wholesale/retail trade (-3.5 points) and construction (-3.2 points) (Table 8 Sections 2 & 14).

Respondents' optimism in the volume of total order and their internal liquidity position, upped the volume of their business activities in the current quarter. Similarly, respondents optimism on access to credit, further improved their internal liquidity position in the review quarter.

The financial condition (or internal liquidity position) index of the firms, which stood at 1.5 points in the current quarter was driven by services sector (2.0 points) and construction (0.2 points) sector (Table 8 Sections 5 & 15).



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

Respondent firms expected the naira to depreciate in the current and appreciate 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 66.3 per cent, followed by “importer” 21.2 per cent, “both importer and exporter” 9.5 per cent and “exporter” firms 3.0 per cent (Table 8 Section 11).

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

Year	Quarter	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy</b>													
Confidence Index: All Sectors	Current Quarter	20.9	17.0	17.0	8.3	-5.6	8.5	6.8	13.1	-10.4	-14.5		
South West	Next Quarter	57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6	48.6		
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>													
Industrial Sector	Industrial Sector	21.0	10.7	13.2	14.7	4.9	-1.7	11.3	9.0	-14.6	-12.5		
Construction Sector	Construction Sector	40.9	19.0	20.5	0.0	-20.5	30.6	-20.7	-2.9	-8.3	-33.3		
Wholesale and Retail Trade	Services Sector of which:	24.5	25.0	15.3	10.7	-8.8	11.7	5.8	16.3	-20.2	-13.3		
Services Sector of which:	Financial Intermediation	11.3	16.2	21.1	3.1	-8.3	9.1	9.6	18.1	0.0	-11.6		
Financial Intermediation	Hoteles and Restaurants	51.3	30.4	26.7	26.3	6.3	54.5	52.6	-5.6	0.0	-19.0		
Hoteles and Restaurants	Renting and Business Activities	-2.4	-6.8	31.0	-20.6	-18.4	-9.4	-6.9	14.3	-17.4	-44.1		
Renting and Business Activities	Community and Social Services	0.0	34.6	16.7	-8.0	-39.1	0.0	-13.6	23.8	-3.3	0.0		
Community and Social Services	Community and Social Services	-14.8	20.9	12.2	15.1	11.4	5.6	12.3	26.5	8.1	7.4		
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>													
Industrial Sector	Industrial Sector	57.1	50.8	49.1	48.3	36.1	55.5	62.6	56.8	49.5	46.9		
Construction Sector	Construction Sector	54.5	57.1	69.2	58.8	-10.3	63.9	62.1	52.9	55.6	48.7		
Wholesale and Retail Trade	Wholesale and Retail Trade	64.7	68.0	58.5	36.4	36.3	52.3	51.2	66.7	40.7	48.6		
Services Sector of which:	Services Sector of which:	51.9	57.4	57.8	42.7	22.3	53.8	62.4	61.2	60.9	50.4		
Financial Intermediation	Financial Intermediation	69.2	69.6	60.0	42.1	43.8	63.6	78.9	61.1	55.0	28.6		
Hoteles and Restaurants	Hoteles and Restaurants	45.2	45.5	61.9	44.1	26.3	62.5	57.1	53.6	78.3	38.2		
Renting and Business Activities	Renting and Business Activities	44.0	50.0	46.7	40.0	-8.7	37.5	63.6	57.1	55.2	70.0		
Community and Social Services	Community and Social Services	44.4	67.4	61.0	43.4	27.3	51.9	59.4	67.3	59.0	59.3		
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>													
Industrial Sector	Industrial Sector	21.8	24.6	14.0	24.1	-10.7	5.9	12.2	13.5	1.9	-0.8		
Construction Sector	Construction Sector	27.3	14.3	2.6	11.8	-25.6	5.6	0.0	0.0	-2.8	2.6		
Wholesale and Retail Trade	Wholesale and Retail Trade	31.7	27.0	27.1	22.5	6.1	19.8	14.0	13.3	1.8	-1.9		
Services Sector	Services Sector	19.5	26.5	18.8	25.2	4.1	29.5	22.2	23.5	15.6	6.2		
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>													
Volume of Business Activity Index	Volume of Business Activity Index	27.9	31.0	23.6	20.1	7.1	21.1	14.3	19.7	7.6	1.3		
Volume of Total Order Book Index	Volume of Total Order Book Index	26.1	31.5	20.1	24.8	3.5	19.4	13.3	15.2	13.1	6.5		
Credit Access Index	Credit Access Index	8.0	6.5	8.5	6.3	-7.8	6.8	1.3	5.6	3.9	3.3		
Financial Condition Index	Financial Condition Index	24.1	24.8	18.3	22.9	-2.8	17.6	15.3	15.2	6.3	1.5		
Average Capacity Utilization	Average Capacity Utilization	31.7	34.3	25.6	24.1	-0.8	23.9	15.5	19.2	19.2	10.6		
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>													
Volume of Business Activity Index	Volume of Business Activity Index	70.1	76.3	64.2	49.7	27.3	59.5	67.4	70.7	66.9	63.3		
Employment Outlook Index	Employment Outlook Index	43.7	54.5	45.9	39.4	16.2	43.0	45.4	49.2	49.3	37.2		
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>													
Industrial Sector	Industrial Sector	68.1	73.8	64.9	62.1	49.2	70.6	74.8	70.3	71.8	60.9		
Construction Sector	Construction Sector	77.3	71.4	66.7	64.7	38.5	80.6	75.9	70.6	75.0	69.2		
Wholesale and Retail Trade	Wholesale and Retail Trade	80.4	88.0	83.1	58.9	63.2	80.2	79.3	83.7	64.2	69.5		
Services Sector of which:	Financial Intermediation	70.7	82.4	76.6	69.5	50.4	72.7	74.1	80.2	80.0	71.3		
Financial Intermediation	Hoteles and Restaurants	79.5	91.3	66.7	84.2	62.5	77.3	73.7	77.8	75.0	71.4		
Hoteles and Restaurants	Renting and Business Activities	61.9	77.3	83.3	67.6	52.6	71.9	62.1	82.1	78.3	64.7		
Renting and Business Activities	Community and Social Services	72.0	73.1	76.7	76.0	39.1	75.0	72.7	81.0	76.7	70.0		
Community and Social Services	Community and Social Services	70.4	88.4	73.2	62.3	50.0	70.4	80.0	79.6	83.9	75.9		

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

Year	Quarter	2014				2015				2016			
8. Business Constraints: Current Quarter		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
High Interest Rate	51.5	32.9	47.9	37.5	31.1	52.9	41.1	49.6	51.8	50.3	35.6	35.6	29.9
Nuclear Economic Laws	33.0	30.6	27.8	25.4	24.9	38.6	30.0	30.0	30.0	31.2	19.3	14.3	21.2
Lack of Equipment	25.0	15.3	19.3	22.9	14.4	22.1	16.9	14.3	14.3	34.7	32.1	34.7	32.1
Insufficient Demand	29.8	19.9	21.7	23.8	18.7	21.9	22.9	30.1	30.1	31.7	34.1	31.7	34.1
Access to Credit	34.9	23.8	23.7	24.7	15.5	25.5	20.8	26.2	26.2	47.3	46.4	43.3	46.4
Financial Problems	48.6	37.1	31.5	35.0	31.8	39.4	34.3	40.6	40.6	46.7	39.8	34.5	39.8
Competition	45.7	38.5	39.6	35.9	40.3	30.9	34.5	40.6	40.6	46.7	39.8	40.6	39.8
Labour Problems	5.8	1.5	-1.5	3.9	0.4	5.7	3.0	7.1	11.1	2.9	2.9	2.9	2.9
Lack of Materials Input	16.0	6.0	6.6	8.6	9.0	14.3	12.3	11.3	11.3	16.6	15.0	16.6	15.0
Unfavourable Political Climate	25.3	29.1	24.3	26.8	16.7	29.9	33.8	23.2	23.2	27.7	30.8	27.7	30.8
Unfavourable Economic Climate	40.5	37.5	34.1	31.2	24.0	40.5	36.6	29.9	29.9	42.8	38.0	38.0	38.0
Insufficient Power Supply	70.9	55.1	57.8	45.1	48.6	61.7	50.4	46.7	46.7	61.4	59.3	59.3	59.3
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>		12.1	10.8	13.5	5.3	-17.4	21.6	10.8	27.0	3.1	-4.8	3.1	-4.8
N/\$ Exchange Rate	22.6	27.5	21.3	8.8	5.8	16.1	16.0	5.6	27.0	20.1	20.1	20.1	20.1
Inflation Rate	22.1	17.8	21.8	7.8	1.0	4.8	3.8	-4.3	11.5	9.3	9.3	9.3	9.3
Borrowing Rate	22.1	19.8	15.8	16.1	11.6	21.1	21.1	0.3	15.7	4.0	16.3	16.3	16.3
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>		23.4	27.5	25.1	11.1	-10.1	23.1	24.8	35.1	22.3	12.6	12.6	12.6
N/\$ Exchange Rate	22.1	27.5	21.3	8.8	5.8	16.1	16.0	5.6	27.0	20.1	20.1	20.1	20.1
Inflation Rate	22.1	17.8	21.8	7.8	1.0	4.8	3.8	-4.3	11.5	9.3	9.3	9.3	9.3
Borrowing Rate	22.1	19.8	15.8	16.1	11.6	21.1	21.1	0.3	15.7	4.0	16.3	16.3	16.3
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>		18.8	23.0	27.1	17.0	15.7	21.6	16.5	20.7	18.0	21.2	21.2	21.2
Importer	4.0	4.3	3.5	0.5	1.5	5.0	1.3	4.3	2.1	3.0	3.0	3.0	3.0
Exporter	9.3	13.5	12.3	10.0	8.6	9.8	11.8	11.6	10.2	9.5	9.5	9.5	9.5
Both Importer and Exporter	67.8	59.3	57.1	72.5	74.2	63.6	70.5	63.4	69.7	66.3	66.3	66.3	66.3
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>		77.6	66.8	78.7	67.5	73.0	75.4	83.0	80.1	76.0	78.8	78.8	78.8
Small (<50)	15.8	19.0	11.8	14.5	16.2	13.6	9.3	12.1	12.3	12.7	12.7	12.7	12.7
Medium (50 and <200)	6.5	14.3	9.5	18.0	10.9	11.1	7.8	7.8	11.7	8.5	8.5	8.5	8.5
Large (200 and Up)	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>		398	400	399	393	396	398	400	396	383	401	401	401
All Sectors	119	122	114	116	122	119	115	111	103	128	128	128	128
Industrial Sector	44	42	39	34	39	36	29	34	36	39	39	39	39
Construction Sector	102	100	118	112	114	111	121	135	109	105	105	105	105
Wholesale and Retail Trade Services Sector of which:	<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>	<u>129</u>	<u>129</u>	<u>129</u>	<u>129</u>
Financial Intermediation	39	23	15	19	16	22	19	18	20	21	21	21	21
Hospitality and Restaurants	42	44	42	34	38	32	29	28	23	34	34	34	34
Renting and Business Activities	25	26	30	25	23	24	22	21	30	20	20	20	20
Community and Social Services	27	43	41	53	44	54	65	49	62	54	54	54	54
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>		6.3	3.3	3.8	4.3	1.5	-0.5	3.3	2.5	-3.9	-4.0	-4.0	-4.0
Industrial Sector	4.5	2.0	2.0	0.0	-2.0	2.8	-1.5	-0.3	-0.3	-0.8	-3.2	-3.2	-3.2
Construction Sector	6.3	6.3	4.5	3.1	-2.5	3.3	1.8	5.6	5.6	-5.7	-3.5	-3.5	-3.5
Wholesale and Retail Trade Services Sector	3.8	5.5	6.8	1.0	-2.5	3.0	3.3	5.3	5.3	0.0	-3.7	-3.7	-3.7
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</b>		6.5	7.5	4.0	7.1	-3.3	1.8	3.5	3.8	0.5	-0.2	-0.2	-0.2
Industrial Sector	3.0	1.5	0.3	1.0	-2.5	0.5	0.0	0.0	0.0	-0.3	0.2	0.2	0.2
Construction Sector	8.1	6.8	8.0	6.4	1.8	5.5	4.3	4.5	4.5	0.5	-0.5	-0.5	-0.5
Wholesale and Retail Trade Services Sector	6.5	9.0	6.0	8.4	1.3	9.8	7.5	6.9	5.5	2.0	2.0	2.0	2.0