

# **Business Expectations Survey Report**

**A Quarterly Publication**

**Third Quarter, 2016**



**Statistics Department  
Central Bank of Nigeria**

## EXECUTIVE SUMMARY

The Q3, 2016 Business Expectations Survey (BES) was carried out during the period August 1<sup>st</sup> to 13<sup>th</sup>, 2016 with a sample size of 1,950 business enterprises nationwide. A response rate of 99.1 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 Q3 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 construction, services, followed by wholesale/retail trade and industrial sectors.
- The respondent firms identified insufficient power supply as the major constraining factor to their business activities in Q3, 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 both the current and next quarters.

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

# Business Expectations Survey

## Third Quarter, 2016

### About the Survey

The Q3, 2016 Business Expectations Survey (BES)<sup>2</sup> was conducted during the period August 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 99.1 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 Q3, 2016 survey.

*Of the 1,950  
firms surveyed,  
1,933 responded,  
representing 99.1  
per cent response  
rate*



ZONE	SAMPLE STATE	Q3 2016 SAMPLE SIZE	Q3 2016 RESPONSES	Q3 2016 RESPONSE RATE (%)
North Central	Niger, Kwara, Kogi, Abuja, Nassarawa, Benue and Plateau	350	340	97.1
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	249	99.6
South South	Edo, Delta, Rivers, Cross River, Bayelsa and Akwa-Ibom	300	299	99.7
South West	Lagos, Oyo, Ekiti, Osun, Ogun and Ondo	400	396	99.0
<b>TOTAL</b>		<b>1950</b>	<b>1933</b>	<b>99.1</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.

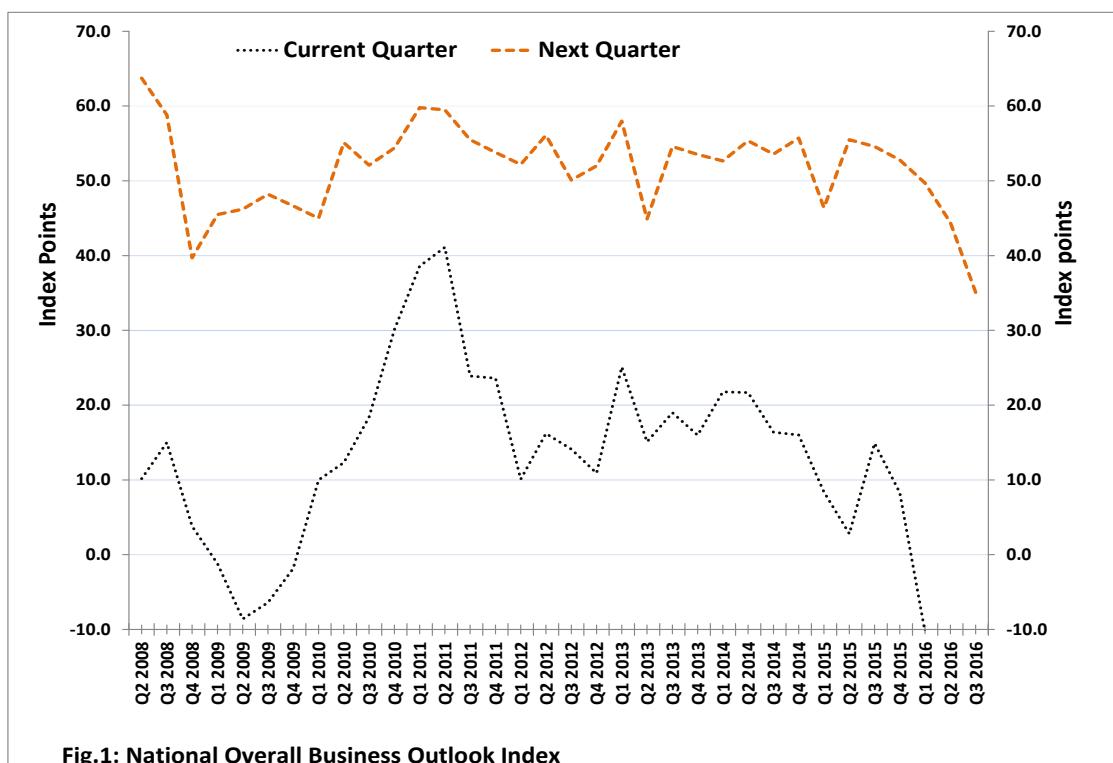
The distribution of firms by sector showed that services sector constituted the highest number of respondents (35.4 per cent), followed by wholesale/retail (26.0 per cent), industrial (25.3 per cent) and construction (13.2 per cent) (Table 2, Section 18 & 26).

A breakdown of the respondents by type of businesses showed that 15.4 per cent were import-oriented, 1.9 per cent were export-oriented, 9.0 per cent were both import- and export-oriented, and 73.7 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 79.5 per cent of responses, medium size firms 14.8 per cent, and large size firms 5.6 per cent (Table 2, Section 17).

## Overall Business Outlook on the Macro Economy

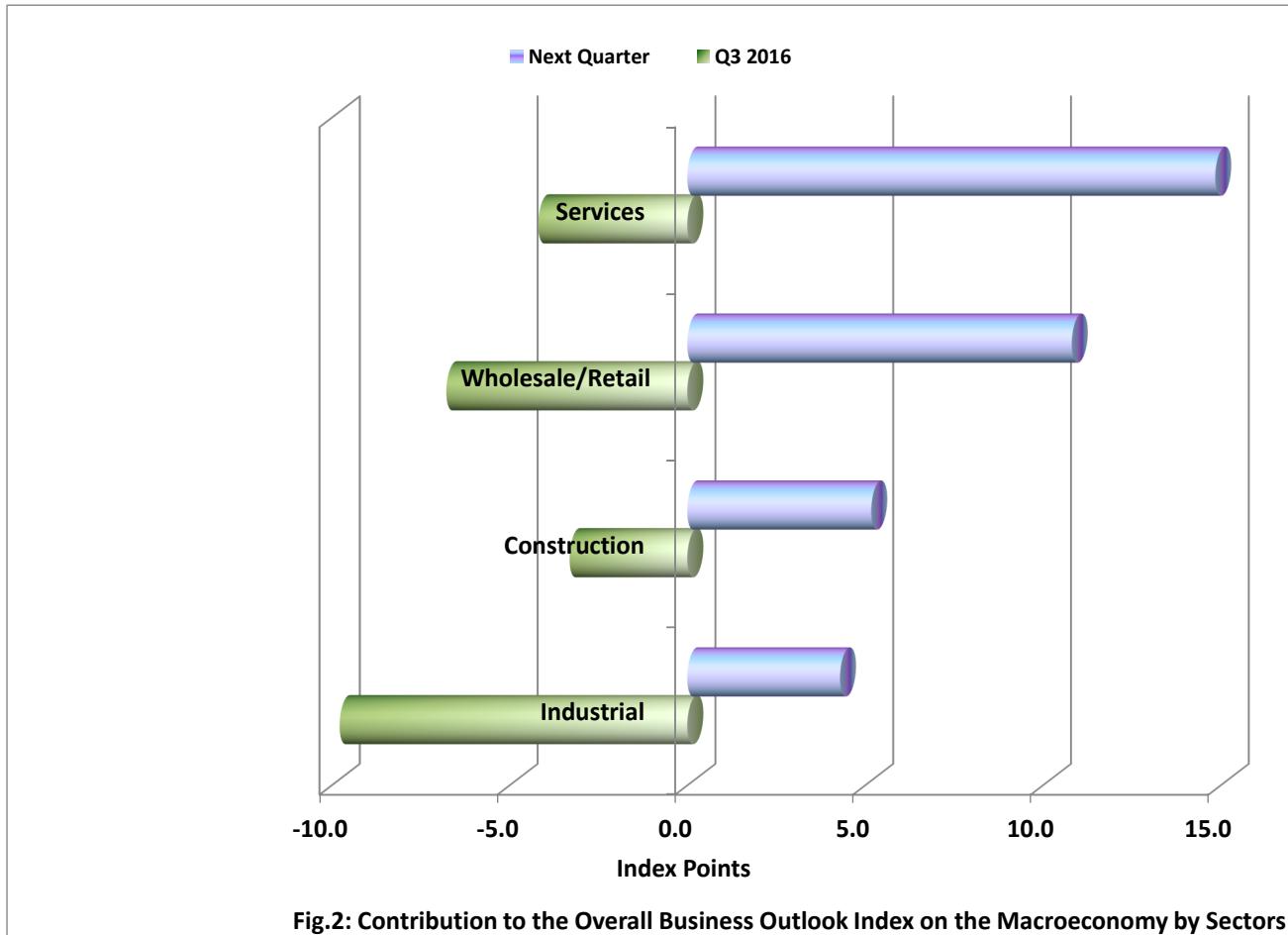
*The overall confidence index was -24.1 points, indicating respondents' pessimism on the macro economy in Q3, 2016.*



The overall confidence index (CI)<sup>3</sup>, which stood at -24.1 points in Q3 2016, indicated respondent firms' pessimism on the macro economy, however at 35.1 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 (-9.8 points), wholesale/retail trade (-6.8 points), services (-4.2 points) and construction (-3.3 points) sectors. Conversely, the expected drivers for the optimism on the macro economy in the next quarter are services (14.8 points), wholesale/retail trade (10.8 points), construction (5.2 points) and industrial (4.3 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” (-14.3 per cent), followed by “importer” (-6.3 per cent) and “both importer & exporter” (-3.4 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 (-19.3 per cent), medium (-2.7 per cent) and large (-2.0 per cent) (Table 2 Section 25).

*Business sentiment was downbeat across all sectors in Q3 2016.*

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

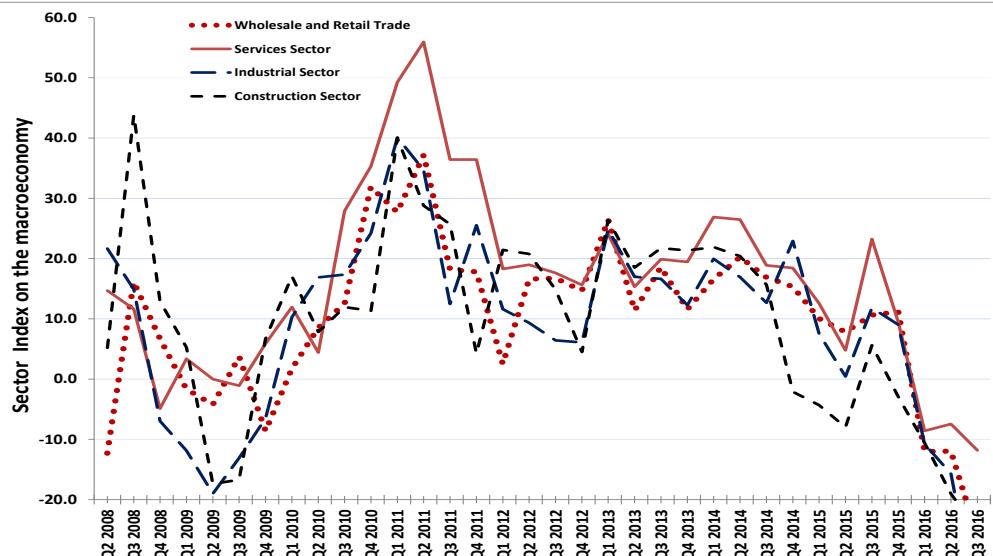


Fig.3a: Business Outlook Index on the Macroeconomy

Business sentiment across all sectors was pessimistic in the current quarter. The indices of the industrial, wholesale/retail, construction and services sectors stood at –38.7, -26.0, -25.0 and –11.8 points, respectively (Fig 3a).

### Business Confidence on Own Operations by Sector

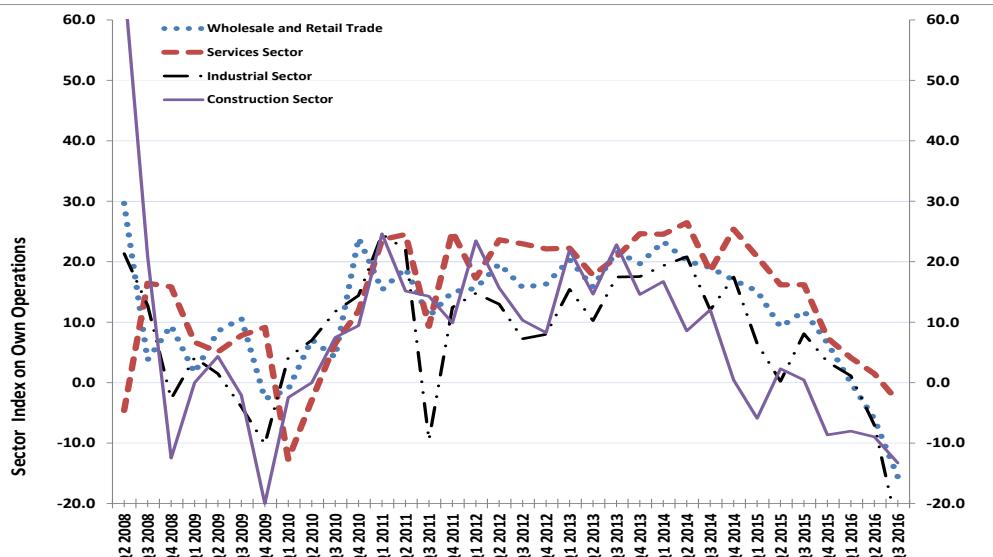


Fig.3b: Business Confidence on Own Operation by Sector

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 industrial, wholesale/retail trade, construction, and services sectors stood at –24.3, -15.6, -13.3 and –3.1 in Q3, 2016 as compared to their levels of 8.1, 11.9, 0.4 and 16.2 in the corresponding quarter of 2015, respectively (Fig 3b).

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

*Capacity utilization index stood at -7.8 in the current quarter as compared to 18.1 in Q3, 2015.*

At -7.8 points, the average capacity utilization index (CUI) in Q3, 2016 dipped by 25.9 points when compared with the 18.1 points achieved a year earlier (Fig. 4).

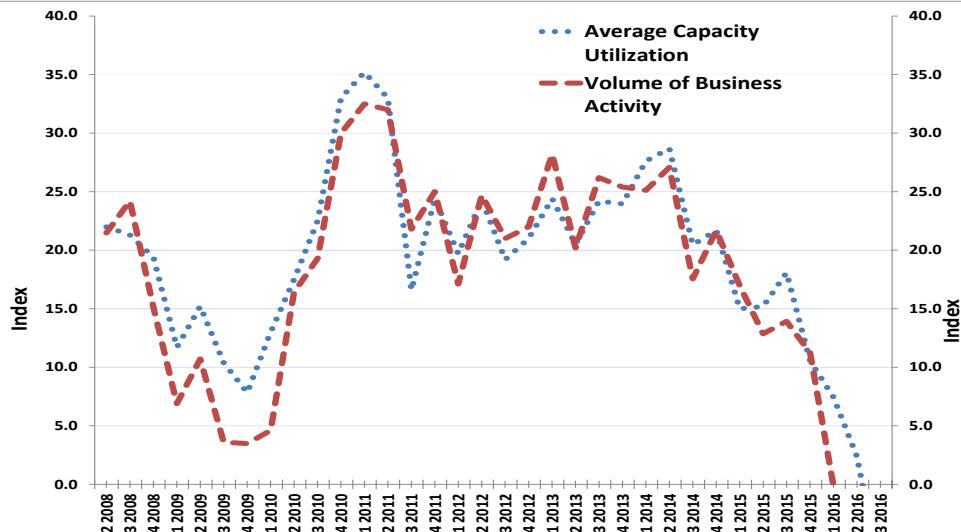


Fig. 4: Volume and Average Capacity Utilization Indices

## Access to Credit and Financial Condition

The financial condition index in the current quarter stood at -13.1 per cent and was driven by the industrial (-6.2 points), wholesale/retail trade (-4.1 points) construction (-1.8 points) and services (-1.1 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*

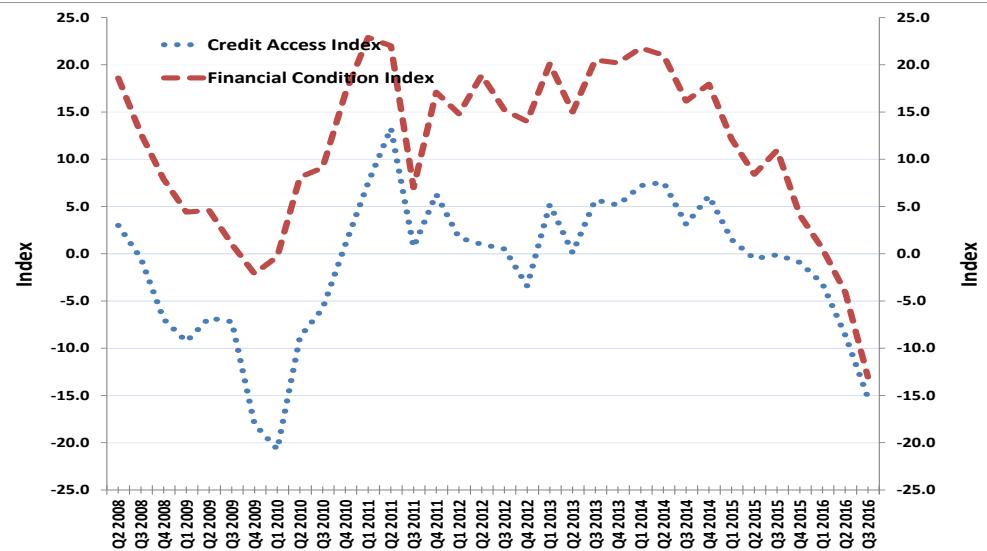


Fig. 5: Business Outlook Index on own operations - Access to Credit and Financial Condition

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

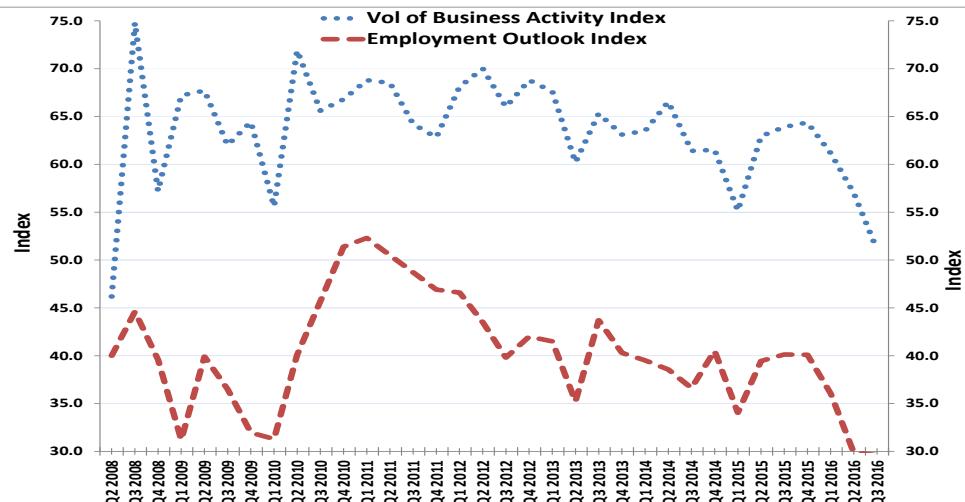


Fig. 6a: Next Quarter Employment Outlook and Volume of Business Activity Indices

## Employment and Expansion Plans

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

At 51.1 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 29.7 points. The employment outlook index by sector, showed that the services sector (11.9 per cent) had higher prospects for creating jobs, followed by the wholesale/retail trade (8.2 per cent), industrial (5.1 per cent) and construction (4.4 per cent) sectors (Table 2, Sections 6,7 & 22).

On the analysis of businesses with expansion plans by sector in the next quarter, the services sector indicated higher disposition for expansion with an index of 59.2 points. Similarly, construction, wholesale/retail trade, and industrial firms indicated expansion plans for Q4, 2016 with indices of 57.4, 54.9 and 46.2 points, respectively (Table 2, Section 8).

## Business Constraints

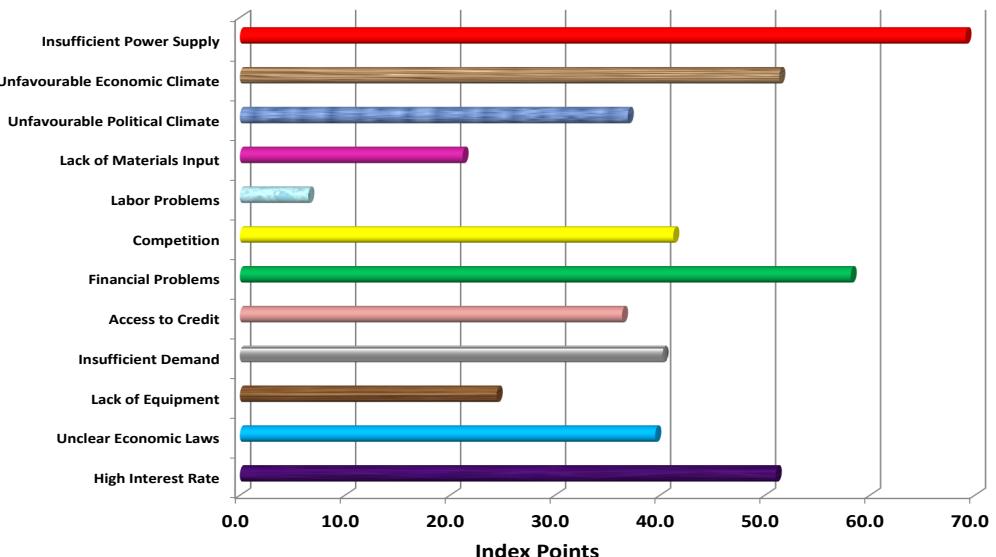


Fig. 6b: Business Constraints

*Insufficient power supply, financial problems, unfavourable economic climate, high interest rate, competition, insufficient demand 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 (69.1 index points), financial problems (58.2 index points), unfavourable economic climate (51.4 index points), high interest rates (51.0 index points), competition (41.3 index points), insufficient demand (40.2 index points) and unclear economic laws (39.6 index points) as the major factors constraining business activity in the current quarter (Fig. 6b).

### Expectations on Exchange Rate

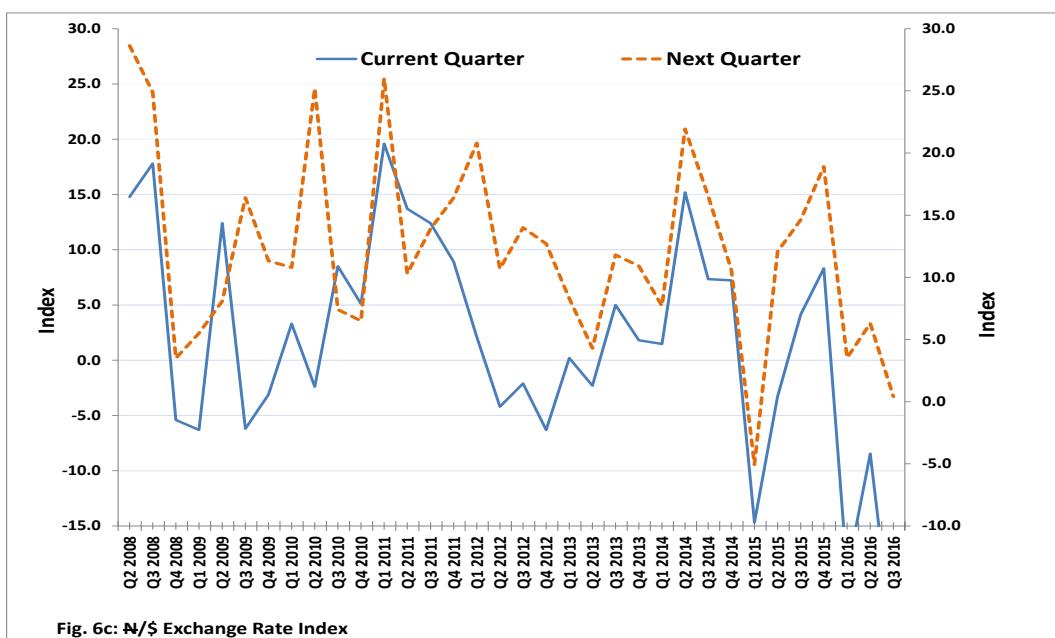


Fig. 6c: ₦/\$ Exchange Rate Index

Majority of the respondent firms expect the naira to depreciate in the current quarter and appreciate in the next quarter, as the confidence indices stood at -26.1 and 0.4 points for the current and next quarter, respectively (Fig. 6c).

### Expectations on Inflation and Borrowing Rates

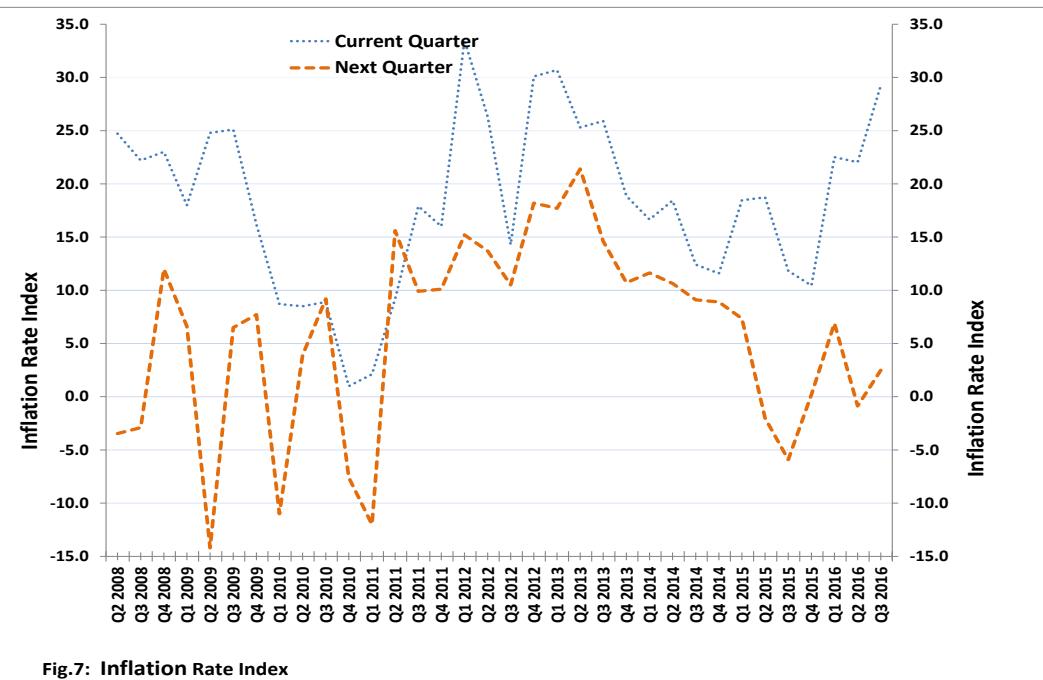
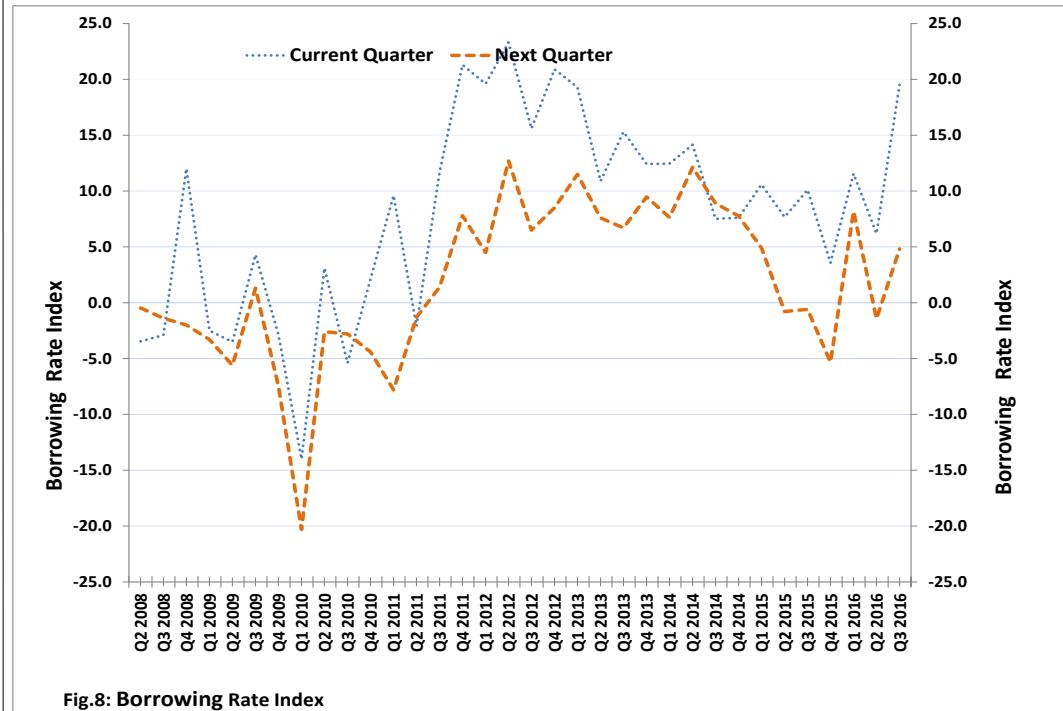


Fig. 7: Inflation Rate Index

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

Respondent firms expected inflation rate to rise in both the current quarter and the next quarter, with confidence indices of 29.2 and 2.5 points for the current and next quarter, respectively (Fig. 7).

*Borrowing rates are expected to rise in both the current quarter and 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 19.5 and 4.8 points, respectively (Fig. 8).

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

Year	Quarter	2016											
		2014			2015			2016			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												
National		21.8	21.7	16.4	16.0	8.4	2.8	14.9	8.3	-10.3	-12.3	-24.1	
North Central		12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6	-1.7	-22.1	
North East		21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	-13.7	-21.4	
North West		25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6	-5.4	-33.7	
South East		10.8	36.7	10.1	6.5	8.8	-1.2	-18.5	8.5	-17.4	-48.4	-52.2	
South South		38.0	35.0	17.8	25.2	19.3	-16.3	23.6	-1.7	-24.4	1.7	9.4	
South West		20.9	17.0	17.0	8.3	-5.6	8.5	6.8	13.1	-10.4	-14.5	-26.8	
<b>Next Quarter</b>													
National		52.7	55.3	53.6	55.7	46.4	55.5	54.6	52.8	49.7	44.4	35.1	
North Central		39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8	43.6	23.8	
North East		61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	47.2	46.8	
North West		51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1	55.1	35.4	
South East		44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0	42.9	9.3	13.3	
South South		65.0	62.3	53.7	64.8	55.9	47.7	65.1	39.7	38.6	53.7	46.2	
South West		57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6	48.6	41.2	
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>													
Industrial Sector		20.0	16.9	12.7	22.9	7.5	0.4	11.8	9.0	-10.8	-15.7	-38.7	
Construction Sector		21.9	20.4	15.7	-2.1	-4.3	-8.0	5.6	-2.9	-10.6	-19.0	-25.0	
Wholesale and Retail Trade		16.6	20.3	16.9	15.3	10.0	7.8	10.6	11.2	-12.0	-11.9	-26.0	
Services Sector of which:		26.9	26.5	18.9	18.4	12.6	4.8	23.2	9.5	-8.6	-7.5	-11.8	
Financial Intermediation		36.1	33.1	28.7	32.3	22.0	8.1	45.1	9.3	-17.2	-12.9	-5.3	
Hotels and Restaurants		26.7	5.2	5.9	0.6	-1.7	-2.1	8.5	7.8	-23.9	-18.2	-18.8	
Renting and Business Activities		20.9	31.4	20.1	25.9	7.3	-2.7	24.3	11.8	1.3	-5.0	-9.2	
Community and Social Services		24.2	37.2	24.7	19.5	23.7	15.6	15.5	9.5	5.1	4.8	-11.6	
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>													
Industrial Sector		50.5	53.4	53.1	57.6	41.7	51.6	54.9	51.0	44.8	38.0	17.0	
Construction Sector		52.2	52.7	55.8	46.9	31.9	50.2	53.6	43.2	48.2	42.2	39.1	
Wholesale and Retail Trade		52.4	53.8	51.8	51.4	51.5	56.6	47.4	56.6	48.0	44.9	41.6	
Services Sector of which:		54.7	58.8	54.5	61.5	51.5	59.6	60.2	54.5	55.0	49.6	41.9	
Financial Intermediation		58.5	68.5	64.8	63.0	65.9	54.9	60.5	55.2	51.1	52.6	52.6	
Hotels and Restaurants		58.3	45.9	50.5	58.4	47.5	61.0	61.6	47.2	54.3	39.2	33.0	
Renting and Business Activities		52.7	58.5	55.8	67.3	39.7	49.0	66.2	54.2	50.0	57.8	37.4	
Community and Social Services		49.1	64.4	50.5	58.5	55.1	62.2	59.1	57.7	59.9	51.3	47.0	
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>													
Industrial Sector		19.3	20.8	12.0	17.5	6.5	0.2	8.1	3.4	1.1	-7.0	-24.3	
Construction Sector		16.7	8.6	12.0	0.4	-5.9	2.3	0.4	-8.6	-8.0	-9.0	-13.3	
Wholesale and Retail Trade		23.3	20.1	19.0	17.0	15.2	9.2	11.9	6.6	0.0	-6.0	-15.6	
Services Sector		24.5	26.5	18.4	25.4	20.8	16.2	16.2	7.4	4.1	1.5	-3.1	
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>													
Volume of Business Activity Index		25.1	27.1	17.6	21.7	17.0	12.9	13.9	11.2	-0.2	-3.8	-16.8	
Volume of Total Order Book Index		26.8	25.6	19.3	20.6	17.2	12.6	14.4	11.0	2.1	-3.8	-15.2	
Credit Access Index		7.2	7.6	3.1	6.1	1.5	-0.5	-0.1	-0.9	-3.2	-8.6	-15.2	
Financial Condition Index		21.8	21.0	16.2	18.0	12.1	8.4	11.0	4.1	0.5	-4.1	-13.0	
Average Capacity Utilization		27.6	28.7	20.4	21.7	15.0	15.2	18.1	10.5	7.4	2.4	-7.8	
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>													
Volume of Business Activity Index		63.5	66.5	61.4	61.5	55.2	62.9	63.9	64.4	61.2	57.0	51.1	
Employment Outlook Index		39.5	38.6	36.6	40.5	34.0	39.4	40.1	40.1	36.0	29.9	29.6	
<b>7. Employment Outlook Index on Own Operations by Sector: Next Quarter</b>													
Industrial Sector		37.4	41.4	34.5	41.5	29.7	31.4	35.0	38.1	31.6	25.8	20.2	
Construction Sector		37.1	32.2	32.9	36.0	21.7	40.3	42.9	35.0	33.9	34.3	33.6	
Wholesale and Retail Trade		42.2	37.3	43.3	38.9	42.6	37.9	42.4	44.0	35.7	30.1	31.5	
Services Sector		40.1	39.2	34.2					40.6	40.1	30.8	33.5	
<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	46.2	
Construction Sector		66.1	57.1	61.0	55.9	49.2	63.9	65.4	60.5	61.7	64.6	57.4	
Wholesale and Retail Trade		67.2	69.3	68.7	56.8	59.8	71.0	66.7	69.6	63.7	64.2	54.9	
Services Sector of which:		66.7	63.6	63.3	64.2	58.5	66.0	62.5	68.2	66.6	64.4	59.2	
Financial Intermediation		66.7	65.4	63.9	66.1	60.2	64.9	60.1	60.5	67.2	63.0	58.6	
Hotels and Restaurants		59.4	58.7	61.7	61.8	55.8	66.3	60.4	62.5	66.7	60.2	56.0	
Renting and Business Activities		69.6	67.3	65.4	67.3	61.6	57.8	64.4	72.5	66.9	67.3	65.1	
Community and Social Services		72.0	63.8	62.6	57.6	73.3	64.9	71.4	70.1	65.1	67.3	65.1	

**TABLE 2 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**

Year Quarter	National	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<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	51.0		
Unclear Economic Laws	30.4	26.4	34.3	29.9	32.0	32.0	28.6	31.6	33.4	36.2	39.6		
Lack of Equipment	19.2	15.6	22.3	15.9	15.3	13.8	16.5	15.5	20.6	25.2	24.5		
Insufficient Demand	21.0	19.9	27.0	25.2	23.1	25.6	22.9	25.6	31.4	34.8	40.2		
Access to Credit	31.5	28.1	35.1	29.8	31.0	33.3	29.4	32.8	31.5	38.2	36.4		
Financial Problems	46.9	45.2	47.2	43.0	42.4	47.8	42.2	46.9	48.3	54.3	58.2		
Competition	38.2	41.3	43.2	38.1	39.7	36.7	34.8	39.4	42.0	39.4	41.3		
Labor Problems	4.6	4.2	7.8	3.1	0.5	2.7	2.6	4.6	5.1	6.2	6.5		
Lack of Materials Input	12.4	6.7	13.8	10.5	8.8	8.7	10.3	6.7	17.4	23.3	21.2		
Unfavourable Political Climate	30.3	31.4	35.6	31.6	33.0	28.8	29.7	27.6	28.1	36.3	36.9		
Unfavourable Economic Climate	38.8	35.8	43.1	37.4	39.8	40.1	39.1	37.5	39.4	51.0	51.4		
Insufficient Power Supply	62.8	64.6	66.1	61.8	67.6	71.6	61.8	53.7	55.9	68.7	69.1		
<b>10. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>													
N/\$ Exchange Rate	1.5	15.2	7.3	7.2	-14.7	-3.3	4.1	8.3	-19.2	-8.5	-26.1		
Inflation Rate	16.6	18.4	12.4	11.6	18.5	18.7	11.8	10.4	22.5	22.0	29.2		
Borrowing Rate	12.4	14.2	7.5	7.6	10.6	7.7	10.1	3.6	11.6	6.2	19.5		
<b>11. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>													
N/\$ Exchange Rate	7.7	21.9	16.5	10.6	-5.1	12.1	14.6	18.9	3.5	6.3	0.4		
Inflation Rate	11.6	10.6	9.1	8.9	7.3	-2.0	-5.9	0.2	6.9	-0.9	2.5		
Borrowing Rate	7.6	12.1	8.9	7.8	4.9	-0.8	-0.6	-5.3	8.2	-1.4	4.8		
<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	-40.7		
Exporter	8.2	28.3	15.8	42.3	12.2	19.6	4.7	21.8	-18.8	4.5	0.0		
Both Importer and Exporter	27.4	4.9	12.5	3.3	-3.4	-14.3	7.4	7.2	-26.2	-20.4	-37.9		
Neither Importer nor exporter	19.6	24.8	14.2	16.8	10.3	4.6	16.1	9.1	-7.7	-10.1	-19.5		
<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	28.3		
Exporter	42.9	52.2	73.7	53.8	30.6	23.5	44.2	61.8	25.0	61.4	54.1		
Both Importer and Exporter	44.6	45.4	48.3	51.6	29.5	50.0	49.7	57.2	38.4	42.2	29.3		
Neither Importer nor exporter	53.3	57.9	53.8	56.4	48.6	56.5	58.3	52.4	52.3	45.6	36.9		
<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	-24.3		
Medium (50 and <200)	25.3	20.2	21.7	18.8	9.0	1.0	16.3	12.2	-6.8	-9.8	-18.5		
Large (200 and Up)	11.3	5.7	10.7	11.1	10.3	-1.7	2.9	-0.9	-6.7	-13.3	-35.8		
<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	35.7		
Medium (50 and <200)	48.3	51.3	55.0	46.7	35.2	43.9	56.5	60.7	42.6	50.3	34.1		
Large (200 and Up)	56.5	44.3	49.2	46.4	47.8	54.2	37.9	41.2	41.0	50.0	30.3		
<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	15.4		
Exporter	2.7	2.5	2.0	1.4	2.6	2.7	2.3	2.9	1.7	2.3	1.9		
Both Importer and Exporter	10.2	8.9	9.4	8.2	7.9	8.2	8.0	8.8	7.6	7.6	9.0		
Neither Importer nor exporter	72.5	73.6	69.1	76.3	73.0	72.5	72.2	74.4	73.2	73.2	73.7		
<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	79.5		
Medium (50 and <200)	14.2	14.6	12.9	13.7	14.2	15.7	12.8	14.4	17.9	14.7	14.8		
Large (200 and Up)	6.8	7.7	6.5	8.2	7.2	6.4	5.5	6.1	4.6	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		

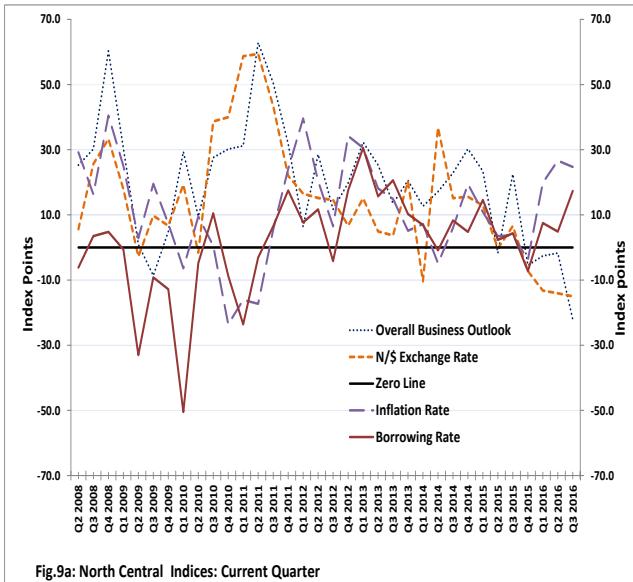
**TABLE 2 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**

Year	Quarter	2014						2015						2016					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3			
<b>18. Distribution of Respondent Firms by Sector</b>																			
Sample Size (N)	1850	1850	1900	1900	1900	1900	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	99.5	98.5	99.5	99.5	99.5	99.5	99.5	99.1			
<b>All Sectors</b>	<b>1832</b>	<b>1826</b>	<b>1868</b>	<b>1861</b>	<b>1880</b>	<b>1889</b>	<b>1859</b>	<b>1878</b>	<b>1872</b>	<b>1872</b>	<b>1872</b>	<b>1872</b>	<b>1872</b>	<b>1872</b>	<b>1872</b>	<b>1941</b>			
Industrial Sector	481.0	461.0	458	458	465	465	457	465	465	446	446	446	446	446	446	489			
Construction Sector	251	245	249	239	254	263	233	243	243	274	274	274	274	274	274	256			
Wholesale and Retail Trade	464	474.0	515	502	508	512	489	519	499	519	499	519	519	519	519	503			
Services Sector of which:	636	646	646	662	653	649	680	651	651	653	670	670	670	670	670	685			
Financial Intermediation	147	127	122	127	123	135	173	129	129	134	139	139	139	139	139	133			
Hotels and Restaurants	180	172	188	178	181	187	165	180	184	184	181	181	181	181	181	191			
Renting and Business Activities	148	159	154	162	151	147	148	153	157	161	161	161	161	161	161	163			
Community and Social Services	161	188	182	195	198	180	194	189	178	178	189	189	189	189	189	198			
<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	2.2	-2.6	-3.9	-3.9	-3.9	-3.9	-3.9	-9.8			
Construction Sector	3.0	2.7	2.1	-0.3	-0.6	-1.1	0.7	-0.4	-0.4	-1.5	-2.6	-2.6	-2.6	-2.6	-2.6	-3.3			
Wholesale and Retail Trade	4.2	5.3	4.7	4.1	2.7	2.1	2.8	3.1	3.1	-3.2	-3.2	-3.2	-3.2	-3.2	-3.2	-6.8			
Services Sector	9.3	9.4	6.5	6.6	4.4	1.6	8.5	3.3	3.3	-3.0	-2.6	-2.6	-2.6	-2.6	-2.6	-4.2			
<b>20. Business Outlook Index on the Macroeconomy by Sector Contribution: Next Quarter</b>	<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>8.3</b>	<b>-10.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-12.3</b>	<b>-24.1</b>			
Industrial Sector	13.3	13.5	13.0	14.2	10.3	12.7	13.5	12.6	12.6	10.7	9.5	9.5	9.5	9.5	9.5	4.3			
Construction Sector	7.2	7.1	7.4	6.0	4.3	7.0	6.7	5.6	5.6	7.1	5.8	5.8	5.8	5.8	5.8	5.2			
Wholesale and Retail Trade	13.3	14.0	14.3	13.9	15.4	12.5	15.7	12.8	12.8	12.0	12.0	12.0	12.0	12.0	12.0	10.8			
Services Sector	19.0	20.8	18.8	21.9	20.5	22.0	18.9	19.2	19.2	17.1	17.1	17.1	17.1	17.1	17.1	14.8			
<b>21. Business Confidence Index on Own Operations by Sector: Current Quarter</b>	<b>52.7</b>	<b>55.3</b>	<b>53.6</b>	<b>55.9</b>	<b>46.4</b>	<b>55.5</b>	<b>54.7</b>	<b>52.8</b>	<b>52.8</b>	<b>49.7</b>	<b>44.4</b>	<b>44.4</b>	<b>44.4</b>	<b>44.4</b>	<b>44.4</b>	<b>35.1</b>			
Industrial Sector	5.1	5.3	2.9	4.3	1.6	0.1	2.0	0.9	0.9	0.3	-1.8	-1.8	-1.8	-1.8	-1.8	-6.2			
Construction Sector	2.3	1.2	1.6	0.1	-0.8	0.3	0.1	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.8			
Wholesale and Retail Trade	5.9	5.2	5.2	4.6	4.1	2.5	3.1	1.8	1.8	0.0	-1.6	-1.6	-1.6	-1.6	-1.6	-4.1			
Services Sector	8.5	9.4	6.4	9.0	7.2	5.6	5.9	2.6	2.6	0.5	0.5	0.5	0.5	0.5	0.5	-1.1			
<b>22. Employment Outlook Index on Own Operations by Sector: Current Quarter</b>	<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>4.1</b>	<b>0.5</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-13.1</b>			
Industrial Sector	9.8	10.5	8.5	10.2	7.3	7.7	8.6	9.4	9.4	7.5	6.4	6.4	6.4	6.4	6.4	5.1			
Construction Sector	5.1	4.3	4.4	4.6	2.9	5.6	5.4	4.5	4.5	5.0	4.7	4.7	4.7	4.7	4.7	4.4			
Wholesale and Retail Trade	10.7	9.7	11.9	10.5	10.6	11.5	10.1	12.1	12.1	9.5	8.0	8.0	8.0	8.0	8.0	8.2			
Services Sector	13.9	13.9	11.8	15.2	13.2	14.6	16.1	14.1	14.1	14.0	10.6	11.9	11.9	11.9	11.9	11.9			
<b>23. Employment Outlook Index on Own Operations by Sector: Next Quarter</b>	<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>29.7</b>	<b>29.7</b>	<b>29.7</b>	<b>29.7</b>				
Industrial Sector	4.5	2.3	5.1	2.4	0.8	0.1	2.6	0.4	0.4	-2.0	-3.5	-3.5	-3.5	-3.5	-3.5	-6.3			
Construction Sector	0.2	0.7	0.3	0.6	0.3	0.5	0.1	0.6	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0			
Wholesale and Retail Trade	2.8	0.4	1.2	0.3	-0.3	-1.2	0.6	0.6	0.6	-2.3	-3.4	-3.4	-3.4	-3.4	-3.4	-3.4			
Services Sector	14.2	18.2	9.8	12.8	7.5	3.3	11.6	6.6	6.6	-5.7	-7.4	-7.4	-7.4	-7.4	-7.4	-14.3			
Employment Outlook Index																			
<b>24. Drivers of macroeconomic Outlook by type of business: Current Quarter</b>	<b>Importers</b>	<b>4.5</b>	<b>2.3</b>	<b>5.1</b>	<b>2.4</b>	<b>0.8</b>	<b>0.1</b>	<b>2.6</b>	<b>0.4</b>	<b>-2.0</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-6.3</b>			
Exporters																			
Both Importer and Exporter																			
Neither Importer nor exporter																			
Macroeconomic Outlook Index																			
<b>25. Drivers of macroeconomic Outlook by type of business: Current Quarter</b>	<b>Small (&lt;50)</b>	<b>8.4</b>	<b>7.3</b>	<b>10.3</b>	<b>7.8</b>	<b>7.8</b>	<b>9.9</b>	<b>7.5</b>	<b>7.5</b>	<b>7.0</b>	<b>6.5</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>			
Medium (50 and <200)																			
Large (200 and Up)																			
Macroeconomic Outlook Index: Current Quarter																			
<b>26. Percentage Distribution of Respondent Firms by Sector</b>	<b>Industrial Sector</b>	<b>26.3</b>	<b>25.2</b>	<b>24.5</b>	<b>24.6</b>	<b>24.7</b>	<b>24.6</b>	<b>24.6</b>	<b>24.6</b>	<b>24.6</b>	<b>23.8</b>	<b>24.9</b>	<b>24.9</b>	<b>24.9</b>	<b>24.9</b>	<b>25.3</b>			
Construction Sector																			
Wholesale and Retail Trade Sector																			
Services Sector																			

## ***Business Expectations Survey***

### ***Q3 2016 North Central Zone***

#### **Business Outlook**

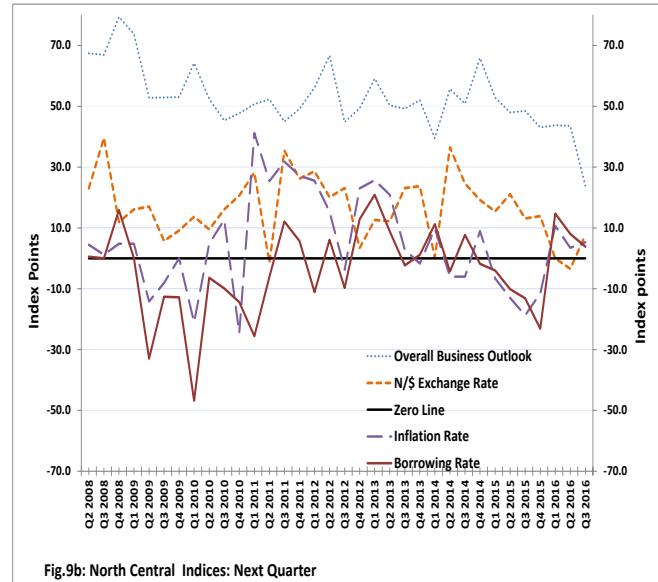


Respondents in the North Central zone were pessimistic on business activities in the review quarter as overall confidence index stood at -22.1 index points, compared with 22.5 index points achieved in the corresponding quarter of 2015. At 23.8 points, respondents were more optimistic about business activities in the next quarter (Fig. 9).

The pessimism in the overall business outlook in the zone was driven by the wholesale and retail trade (-10.3 point), services (-7.1 point) and industrial (-5.0 points) sectors (Table 3 Sections 2 & 14).

Respondents' pessimism in the volume of total order and internal liquidity positions, damped 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.

The financial condition (or internal liquidity position) index of the firms at -13.2 points in the current quarter was driven by wholesale & retail trade (-7.2 points), industrial (-3.2 points), services (-2.4 points) and construction (-0.6 points) sector (Table 3, Sections 4,5 & 15).



Respondents in the zone cited insufficient power supply, financial problems, high interest rate, competition, unfavourable economic climate, access to credit and unclear economic laws 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 appreciate in the next quarter. Inflation and borrowing rates 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 83.5 per cent, followed by both importer and exporter" 11.2 per cent and "importer" 5.3 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 Confidence Index: All Sectors</b>												
Current Quarter <i>North Central /</i>	12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6	-1.7	-2.1	-22.1
Next Quarter <i>North Central /</i>	39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8	43.6	23.8	
<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	-22.7	
Construction Sector	-1.9	10.2	34.0	9.1	6.1	-8.5	30.2	-8.3	-4.0	-2.0	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	-43.2	
Services Sector of which:	11.8	17.6	11.2	32.8	19.3	-3.9	18.5	-6.4	-5.5	-5.4	-17.8	
Financial Intermediation	6.9	26.7	24.0	30.8	18.5	-10.7	28.6	3.8	-26.7	3.8	-7.7	
Hotels and Restaurants	21.2	-9.1	-2.9	3.0	-14.3	2.9	-2.6	-4.8	0.0	-2.9	-42.9	
Renting and Business Activities	9.4	18.9	3.4	53.1	24.1	-5.9	38.7	-3.0	-9.1	-33.3	-15.6	
Community and Social Services	9.5	33.3	22.2	41.9	43.2	-3.1	15.2	-17.9	13.8	10.8	-4.8	
<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	16.0	
Construction Sector	32.7	42.9	51.1	31.8	36.7	42.6	46.5	31.3	28.0	46.9	34.7	
Wholesale and Retail Trade	44.9	67.0	55.0	76.1	57.3	54.9	41.7	51.8	40.4	37.6	17.3	
Services Sector of which:	37.5	54.4	44.0	68.7	58.5	41.9	54.6	44.3	51.6	46.9	28.1	
Financial Intermediation	44.8	60.0	52.0	69.2	81.5	42.9	57.1	53.8	30.0	57.7	38.5	
Hotels and Restaurants	54.5	36.4	42.9	63.6	45.7	45.7	55.3	35.7	66.7	35.3	-5.7	
Renting and Business Activities	37.5	48.6	55.2	75.0	44.8	41.2	58.1	48.5	54.5	57.6	34.4	
Community and Social Services	19.0	72.2	30.6	67.4	63.6	37.5	48.5	43.6	51.7	40.5	45.2	
<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	-14.7	
Construction Sector	7.7	-4.1	21.3	13.6	8.2	-4.3	18.6	-41.7	-18.0	12.2	-4.1	
Wholesale and Retail Trade	11.2	36.1	26.1	34.1	24.3	2.9	21.4	-7.2	-9.6	5.9	-30.4	
Services Sector	4.4	27.2	11.2	19.4	31.9	3.9	6.2	-20.0	-10.9	6.2	-6.0	
<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	-17.1	
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	-19.4	
Credit Access Index	2.0	3.7	6.0	9.6	8.0	-6.6	-4.7	-16.2	-7.8	-6.6	-15.6	
Financial Condition Index	6.1	23.9	15.4	22.8	24.0	1.2	13.8	-20.8	-9.8	7.2	-13.2	
Average Capacity Utilization	12.4	27.3	20.9	27.2	28.0	9.5	23.1	-6.9	2.9	15.8	-4.1	
<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	40.0	
Employment Outlook Index	29.4	44.0	40.9	53.0	43.4	35.8	40.9	34.7	23.9	35.2	29.4	
<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	42.7	
Construction Sector	57.7	57.1	59.6	50.0	51.0	68.1	72.1	72.9	54.0	75.5	51.0	
Wholesale and Retail Trade	64.0	77.3	71.2	64.8	67.0	80.2	73.8	80.7	58.5	67.7	38.0	
Services Sector of which:	58.8	73.5	59.2	62.7	61.5	69.5	69.0	68.6	54.7	64.6	54.1	
Financial Intermediation	55.2	70.0	60.0	61.5	66.7	63.0	53.6	65.4	53.3	64.0	46.2	
Hotels and Restaurants	57.6	69.7	54.3	60.6	62.9	80.0	65.8	69.0	44.4	52.9	45.7	
Renting and Business Activities	62.5	75.7	62.1	51.7	58.8	76.7	69.7	63.6	81.8	59.4		
Community and Social Services	59.5	77.8	61.1	65.1	63.6	75.0	78.8	69.2	58.6	60.0	62.5	

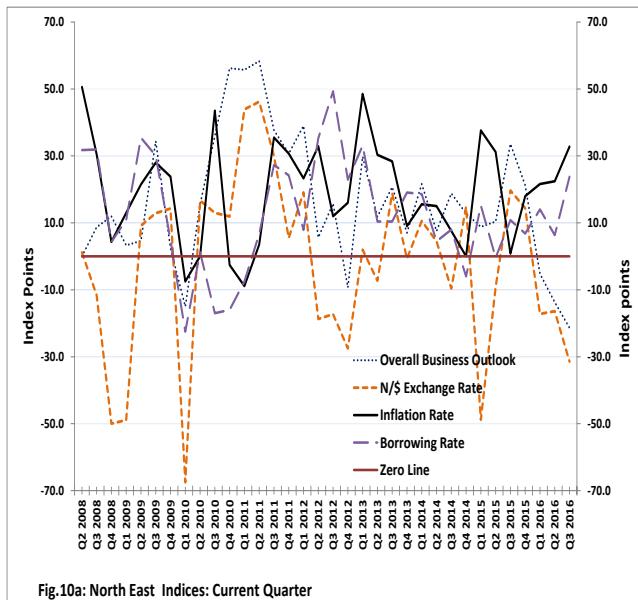
**TABLE 3 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**North Central Zone**

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	38.6	37.9	55.6	43.7	60.0	50.3	44.7	51.4	50.4	53.4	54.3	54.3
Unclear Economic Laws	24.9	22.7	40.6	31.7	43.4	38.4	28.8	34.2	43.4	41.1	43.4	43.4
Lack of Equipment	4.6	16.0	35.3	4.5	22.0	24.7	16.6	20.6	29.4	20.6	29.4	25.2
Insufficient Demand	11.5	27.1	36.7	34.0	25.1	38.3	28.4	30.8	24.9	35.7	42.2	42.2
Access to Credit	30.7	22.7	46.3	27.8	40.9	37.7	23.4	40.2	23.5	48.0	44.9	44.9
Financial Problems	39.9	45.4	54.9	36.4	42.1	51.7	47.8	54.6	45.5	60.3	61.6	61.6
Competition	33.4	51.1	56.9	52.5	49.6	45.1	35.8	43.4	45.0	48.7	51.9	51.9
Labor Problems	-7.8	1.7	24.9	-0.7	11.0	15.2	5.9	10.1	11.5	13.0	17.3	17.3
Lack of Materials Input	0.0	9.7	25.7	6.6	16.7	14.0	9.1	2.2	16.1	29.7	24.7	24.7
Unfavourable Political Climate	26.1	32.6	38.3	35.6	41.6	34.7	26.4	34.8	34.3	41.3	40.6	40.6
Unfavourable Economic Climate	28.7	39.9	48.0	40.6	49.6	44.9	36.3	41.5	40.8	54.2	48.2	48.2
Insufficient Power Supply	48.1	61.4	64.7	60.5	68.3	65.2	68.6	49.3	44.2	70.9	67.8	67.8
<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	-15.0	-15.0
Inflation Rate	7.2	-4.9	6.0	19.5	10.9	3.5	3.8	-3.8	19.9	26.6	24.7	24.7
Borrowing Rate	6.9	-0.9	8.3	4.8	14.6	2.3	4.4	-7.2	7.5	4.9	17.4	17.4
<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	7.6	7.6
Inflation Rate	9.8	-6.0	-6.0	9.0	-6.6	-13.0	-18.8	-11.6	10.7	3.4	5.3	5.3
Borrowing Rate	11.2	-4.3	7.7	-1.8	-4.0	-10.1	-13.1	-23.1	14.7	8.0	3.8	3.8
<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	5.3	5.3
Exporter	0.9	2.3	2.9	2.4	2.6	3.2	1.3	2.3	1.7	2.0	0.0	0.0
Both Importer and Exporter	7.5	9.7	6.9	4.2	9.7	6.1	4.7	9.0	8.6	4.3	11.2	11.2
Neither Importer nor exporter	79.8	76.3	69.1	81.7	66.9	75.1	79.1	78.6	75.2	76.2	83.5	83.5
<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	81.2	81.2
Medium (50 and <200)	10.1	10.3	12.0	8.7	10.9	11.3	8.1	13.6	13.5	12.0	15.0	15.0
Large (200 and Up)	4.6	5.2	2.9	0.9	4.0	4.0	1.9	7.2	5.8	1.1	3.8	3.8
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
<b>13. Distribution of Respondent Firms by Sector</b>												
All Sectors	347	350	350	334	350	346	320	346	347	349	340	340
Industrial Sector	70	68	67	68	63	68	63	75	75	69	75	75
Construction Sector	52	49	47	44	49	47	43	48	50	49	49	49
Wholesale and Retail Trade	89	97	111	88	103	102	84	83	94	101	81	81
Services Sector of which:												
Financial Intermediation	<u>136</u>	<u>136</u>	<u>125</u>	<u>134</u>	<u>135</u>	<u>129</u>	<u>130</u>	<u>140</u>	<u>128</u>	<u>130</u>	<u>135</u>	<u>135</u>
Hotels and Restaurants	29	30	25	26	27	28	28	26	30	26	26	26
Renting and Business Activities	33	33	35	33	35	38	42	36	34	35	35	35
Community and Social Services	32	37	29	32	34	31	33	33	33	33	32	32
42	36	36	43	44	32	33	39	29	37	42		
<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	-5.0	-5.0
Construction Sector	-0.3	1.4	4.6	1.2	0.9	-1.2	4.1	-1.2	-0.6	-0.3	0.3	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	-10.3	-10.3
Services Sector	4.6	6.9	4.0	13.2	7.4	-1.4	7.5	-2.6	-2.0	-2.0	-7.1	-7.1
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</b>												
Industrial Sector	0.3	3.7	0.3	4.2	3.4	-0.6	3.1	-5.2	-0.6	1.4	-3.2	-3.2
Construction Sector	1.2	-0.6	2.9	1.8	1.1	-0.6	2.5	-5.8	-2.6	1.7	-0.6	-0.6
Wholesale and Retail Trade	2.9	10.0	8.3	9.0	7.1	0.9	5.6	-1.7	-2.6	1.7	-7.2	-7.2
Services Sector	1.7	10.6	4.0	7.8	12.3	1.4	2.5	-8.1	-4.0	2.3	-2.4	-2.4

# Business Expectations Survey

## Q3 2016 North East Zone

### Business Outlook

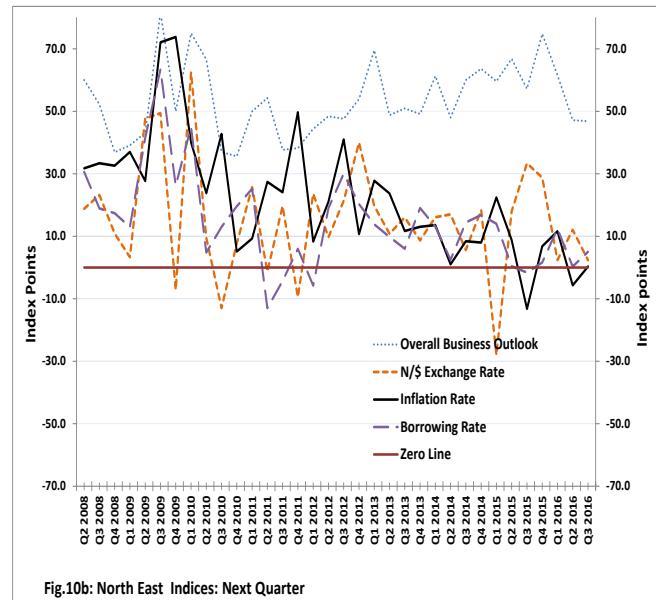


Respondents in the North East zone were pessimistic on business activities in Q3 2016. At -21.4 points, overall confidence index declined by 55.0 index points compared with the level recorded in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index stood at 46.8 points (Fig. 10).

The pessimism in the overall business outlook in the zone could be attributed to wholesale and retail trade (-6.4 points), industrial (-6.0 points), construction (-5.0 points) and services (-4.0 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 -9.7 points in the current quarter was driven by wholesale and retail trade (-5.0 points), industrial and construction sectors (-2.7 points) (Table 4 Sections 4, 5 & 15).



Respondents in the zone cited insufficient power supply, financial problems, unfavourable economic climate, high interest rate, insufficient demand unclear economic laws, competition and unfavourable political climate 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 were both expected to rise in the current quarter and next quarter (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 14.0 per cent and "Exporter" with 2.3 per cent, while "both importer and exporter" with 2.3 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	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy Confidence Index: All Sectors</b>													
Current Quarter	North East	21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	-13.7	-21.4	
Next Quarter	North East	61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	47.2	46.8	
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>													
Industrial Sector	12.5	-2.6	14.0	0.0	18.0	0.0	18.0	39.2	32.0	4.0	-30.0	-30.0	
Construction Sector	6.5	22.6	-10.8	0.0	16.2	8.1	28.1	25.6	-10.5	0.0	-33.3	-33.3	
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	-24.4	-24.4	
Financial Intermediation	41.6	12.8	24.5	15.5	0.0	11.3	39.4	21.9	-13.4	-9.6	-10.3	-10.3	
Hotels and Restaurants	50.0	52.6	29.2	21.7	0.0	4.5	62.0	9.1	-34.8	-23.1	7.4	7.4	
Renting and Business Activities	21.1	-10.5	-4.2	29.2	4.2	20.0	21.1	37.5	-33.3	-6.9	-13.8	-13.8	
Community and Social Services	40.0	-10.0	40.0	12.0	-28.0	-12.0	15.0	24.0	28.0	-13.3	-16.7	-16.7	
55.0	20.0	32.0	0.0	24.0	32.0	25.0	16.0	-16.0	3.3	-16.7			
<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	33.3	33.3	
Construction Sector	58.1	51.6	45.9	51.4	51.4	65.6	64.1	63.2	47.8	55.6			
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	50.0	50.0	
Financial Intermediation	68.8	56.4	70.4	76.0	59.8	74.2	51.4	76.0	57.7	48.7	48.3	48.3	
Hotels and Restaurants	66.7	68.4	83.3	65.2	60.9	81.8	18.0	77.3	56.5	53.8	66.7	66.7	
Renting and Business Activities	68.4	42.1	54.2	82.6	66.7	76.0	84.2	75.0	37.5	31.0	48.3	48.3	
Community and Social Services	55.0	55.0	76.0	76.0	44.0	56.0	75.0	80.0	76.0	53.3	23.3	23.3	
85.0	60.0	68.0	80.0	68.0	84.0	80.0	72.0	60.0	56.7	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	-13.3		
Construction Sector	29.0	38.7	27.0	27.0	21.6	29.7	31.3	12.8	-15.8	-4.3	4.4		
Wholesale and Retail Trade Services Sector	47.1	29.4	26.2	43.9	37.9	28.8	10.5	20.0	18.5	-3.8	-19.2		
61.0	25.6	31.6	53.6	22.7	21.6	20.4	17.7	5.2	0.0	-6.9			
<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	-27.4		
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	-16.1		
Credit Access Index	13.1	3.0	4.4	20.0	9.6	1.6	3.6	9.6	-0.4	-6.0	-14.7		
Financial Condition Index	46.2	27.5	27.6	43.2	23.2	25.2	19.3	18.4	8.8	-5.0	-9.7		
Average Capacity Utilization	41.7	25.0	28.8	33.6	22.4	22.4	28.9	24.4	4.4	-7.4	-19.1		
<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	52.2		
Employment Outlook Index	50.3	43.0	42.4	47.2	54.4	59.2	52.6	49.2	48.4	38.1	34.4		
<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	66.7		
Construction Sector	71.0	87.1	70.3	83.8	59.5	83.8	90.3	74.4	84.2	89.1	62.2		
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	73.1		
Financial Intermediation	84.4	69.2	73.5	79.4	68.0	77.3	64.6	71.9	70.1	69.6	65.5		
Hotels and Restaurants	72.2	63.2	75.0	73.9	60.9	72.7	62.5	54.5	56.5	53.8	59.3		
Renting and Business Activities	84.2	73.7	66.7	83.3	70.8	72.0	68.4	75.0	69.0	69.0	69.0		
Community and Social Services	90.0	80.0	76.0	92.0	80.0	65.0	80.0	88.0	76.7	76.7	56.7		

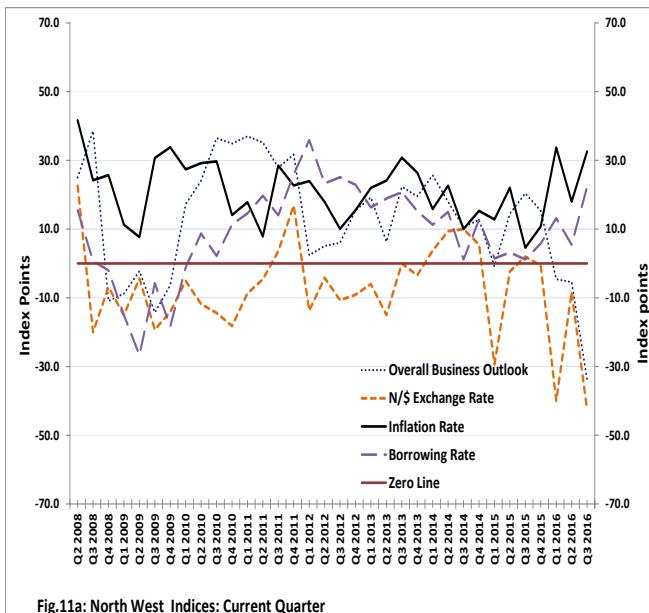
**TABLE 4 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**North East Zone**

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	43.3		
Unclear Economic Laws	41.5	38.0	32.2	40.6	27.2	39.0	36.5	35.0	31.4	37.1	34.1		
Lack of Equipment	30.7	24.0	26.0	27.0	20.0	21.8	26.9	17.2	24.8	31.1	30.8		
Insufficient Demand	25.9	23.8	22.8	31.4	16.0	27.8	26.3	22.2	28.4	35.6	34.8		
Access to Credit	21.9	25.3	19.0	16.8	15.8	33.2	31.9	27.4	31.4	38.6	31.4		
Financial Problems	46.5	52.0	43.0	48.0	39.6	51.6	46.6	44.4	55.6	58.5	58.4		
Competition	39.2	40.3	36.8	32.4	23.2	31.6	33.7	47.6	44.4	45.0	33.6		
Labor Problems	19.1	8.8	4.4	15.6	-2.8	4.4	9.2	-2.2	7.2	25.1	5.5		
Lack of Materials Input	26.1	14.5	23.4	29.8	12.6	17.6	24.7	7.0	25.6	34.6	23.9		
Unfavourable Political Climate	44.2	48.5	46.4	46.0	37.6	36.4	42.8	28.6	26.2	42.5	32.8		
Unfavourable Economic Climate	50.5	45.8	38.8	47.8	41.0	47.4	51.8	40.0	40.4	50.0	51.5		
Insufficient Power Supply	70.6	76.0	67.2	71.0	77.2	83.0	68.9	61.2	48.0	74.7	71.2		
<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	-31.4		
Inflation Rate	15.6	15.0	7.6	0.0	37.6	31.2	0.8	18.0	21.6	22.4	32.8		
Borrowing Rate	18.6	4.5	8.0	-6.0	15.2	-0.4	10.8	6.8	14.0	6.4	23.7		
<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	2.3		
Inflation Rate	13.6	1.0	8.4	8.0	22.4	8.8	-13.3	6.8	11.6	-5.7	0.3		
Borrowing Rate	13.1	2.5	14.4	16.8	14.0	0.4	-1.6	1.6	12.4	0.3	5.0		
<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	14.0		
Exporter	1.5	0.0	0.0	0.0	0.0	1.2	4.4	1.2	0.0	1.3	2.3		
Both Importer and Exporter	1.1.6	5.5	4.0	5.6	1.6	2.8	4.8	4.4	4.4	6.0	2.3		
Neither Importer nor Exporter	65.3	83.5	86.0	89.2	94.8	85.6	67.6	84.8	86.4	81.3	81.3		
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>													
Small (<50)	75.4	73.0	70.8	82.0	80.0	78.0	78.0	83.2	80.6	83.6			
Medium (50 and <200)	14.1	21.5	22.0	13.2	12.0	14.0	15.6	18.4	15.6	17.4	14.4		
Large (200 and Up)	10.6	5.5	7.2	4.8	6.0	6.0	6.4	3.6	1.2	2.0	2.0		
No Response	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	199	199	250	250	250	249	250	250	299	299			
Industrial Sector	40	39	50	50	50	51	50	50	60	60			
Construction Sector	31	31	37	37	37	37	32	39	38	46	45		
Wholesale and Retail Trade Services Sector of which:	51	51	65	66	66	66	57	65	78	78			
Financial Intermediation	72	78	98	97	97	97	109	96	92	115	116		
Hotels and Restaurants	18	19	24	23	23	22	50	22	23	26	27		
Renting and Business Activities	19	19	24	24	24	25	19	24	24	29	29		
Community and Social Services	20	20	25	25	25	25	20	25	25	30	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	-6.0		
Construction Sector	1.0	3.5	-1.6	0.0	2.4	1.2	3.6	4.0	-1.6	0.0	-5.0		
Wholesale and Retail Trade Services Sector	2.0	-1.0	8.0	3.2	6.4	1.2	4.8	2.4	0.8	-4.0	-6.4		
Services Sector	16.1	5.0	9.6	6.0	0.0	4.4	17.3	8.4	-5.2	-3.7	-4.0		
<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	-2.7		
Construction Sector	4.5	6.0	4.0	4.0	3.2	4.4	4.0	2.0	-2.4	-0.7	0.7		
Wholesale and Retail Trade Services Sector	12.1	7.5	6.8	11.6	10.0	7.6	2.4	5.2	4.8	-1.0	-5.0		
Services Sector	23.6	10.1	12.4	20.3	8.8	8.4	8.9	6.8	2.0	0.0	-2.7		

# Business Expectations Survey

## Q3 2016 North West Zone

### Business Outlook

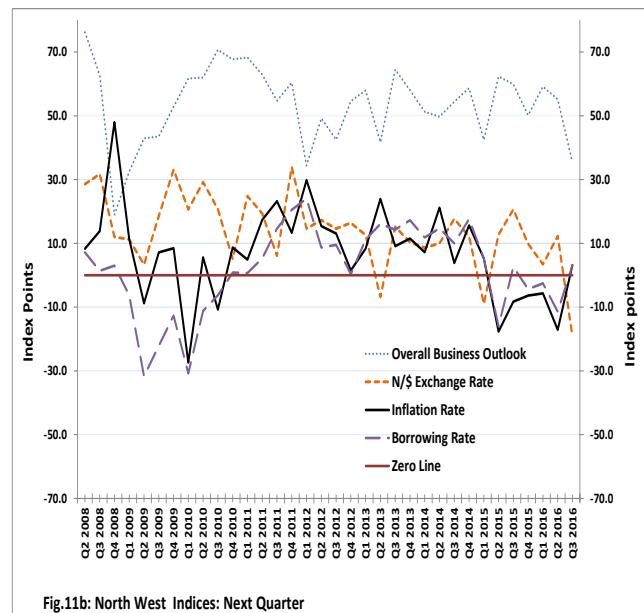


Respondents in the North West zone were more pessimistic on business activities in the quarter under review. At -33.7 points, overall confidence index declined by 54.1 index points below the level achieved in the corresponding quarter of 2015. Respondents were more optimistic about business activities in the next quarter as the index is expected to rise to 35.4 points (Fig. 11).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of industrial (-15.7 points), wholesale and retail trade (-9.4 points), services (-5.4 points) and construction (-3.1 points) sector (Table 5 Sections 2 & 14).

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.

The financial condition (or internal liquidity position) of the firms, which stood at -15.4 points in the current quarter was driven by industrial (-8.3 points) wholesale & retail trade (-6.3 points) and construction (-1.4 points) sector (Table 5 Sections 5 & 15).



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

Respondent firms expected the naira to depreciate in both the current quarter and the next quarter. Similarly, inflation and borrowing rates were expected to rise in both quarters (Table 5 Sections 9 & 10).

The respondent firms by type of business showed that "neither importer nor exporter" category constituted the majority with 76.6 per cent, followed by "both importer and exporter" 12.0 per cent "importer" 10.3 per cent, and "exporter" 1.1 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	North West	25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6	-5.4	-33.7	
Next Quarter	North West	51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1	55.1	35.4	
<b>2. Business Outlook Index: All Sectors</b>													
Industrial Sector	Current Quarter	15.5	6.0	3.1	21.3	-4.3	14.9	7.9	10.8	-10.1	0.0	-50.9	
Construction Sector	Current Quarter	11.1	10.8	25.0	-16.7	-10.4	-15.9	6.5	-14.6	-4.2	-18.8	-26.8	
Wholesale and Retail Trade	Current Quarter	19.3	14.8	4.5	7.5	-5.6	19.3	16.1	30.7	-10.6	-9.3	-38.4	
Services Sector of which:	Current Quarter	43.3	32.0	16.2	20.5	9.6	21.8	40.4	17.9	4.2	-1.8	-16.5	
Financial Intermediation	Current Quarter	52.0	32.0	37.5	38.5	23.1	18.5	57.1	32.0	12.0	3.8	22.7	
Hotels and Restaurants	Current Quarter	48.6	21.2	9.7	3.2	-19.4	12.5	20.0	14.7	-12.1	-21.9	-22.9	
Renting and Business Activities	Current Quarter	32.1	30.3	3.7	25.0	10.3	16.7	53.8	3.2	13.8	14.3	-33.3	
Community and Social Services	Current Quarter	40.6	45.2	17.2	17.9	28.6	40.0	33.3	24.2	6.5	0.0	-22.6	
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>													
Industrial Sector	Next Quarter	46.6	50.0	59.4	67.0	34.4	52.1	53.5	38.7	42.4	46.6	14.8	
Construction Sector	Next Quarter	47.2	37.8	63.6	35.7	39.6	54.5	63.8	31.7	60.4	60.4	51.2	
Wholesale and Retail Trade	Next Quarter	54.5	35.8	49.4	52.7	46.1	61.4	52.9	58.0	62.4	66.3	39.5	
Services Sector of which:	Next Quarter	54.2	62.3	50.5	65.0	47.4	73.9	69.3	59.3	70.3	52.2	46.1	
Financial Intermediation	Next Quarter	40.0	56.0	54.2	76.9	53.8	81.5	75.0	72.0	76.0	61.5	81.8	
Hotels and Restaurants	Next Quarter	62.9	63.6	54.8	61.3	38.7	81.3	63.3	47.1	66.7	43.8	45.7	
Renting and Business Activities	Next Quarter	50.0	69.7	44.4	71.9	37.9	66.7	88.5	51.6	62.1	71.4	33.3	
Community and Social Services	Next Quarter	59.4	58.1	48.3	50.0	60.7	66.7	53.3	69.7	77.4	33.3	32.3	
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>													
Industrial Sector	Current Quarter	24.3	5.0	6.3	3.2	4.3	-3.2	5.9	-4.3	-4.0	1.0	-26.9	
Construction Sector	Current Quarter	8.3	13.5	11.4	-23.8	-16.7	4.5	0.0	-4.9	-14.6	-10.4	-12.2	
Wholesale and Retail Trade	Current Quarter	25.0	7.4	-1.1	7.5	-1.1	-3.4	14.9	8.0	0.0	0.0	-25.6	
Services Sector	Current Quarter	31.7	28.7	15.3	29.9	14.0	17.6	35.1	13.8	17.8	8.8	1.7	
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>													
Volume of Business Activity Index	Current Quarter	26.8	21.5	0.3	18.5	5.2	18.3	18.9	13.0	-2.6	-0.6	-26.6	
Volume of Total Order Book Index	Current Quarter	28.8	18.8	4.4	16.5	5.5	17.7	18.6	13.9	0.6	-4.3	-25.7	
Credit Access Index	Current Quarter	15.0	14.7	1.5	9.0	0.0	11.6	12.0	5.5	8.0	-4.3	-9.7	
Financial Condition Index	Current Quarter	25.4	15.0	7.9	10.1	3.2	4.9	16.9	5.2	2.9	1.7	-15.4	
Average Capacity Utilization	Current Quarter	28.0	22.6	4.7	19.1	5.2	15.9	14.9	16.5	6.6	2.3	-17.1	
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>													
Volume of Business Activity Index	Next Quarter	63.1	59.7	57.1	64.5	44.2	60.9	59.6	55.4	63.7	55.1	50.9	
Employment Outlook Index	Next Quarter	39.8	29.7	30.9	39.0	24.1	38.8	33.5	32.2	37.7	22.9	20.6	
<b>7. Business with Expansion Plans (in per cent) : Next Quarter</b>													
Industrial Sector	Next Quarter	59.2	60.0	44.8	50.0	48.4	50.5	50.0	43.0	49.0	40.8	37.0	
Construction Sector	Next Quarter	61.1	54.1	70.5	52.4	47.9	56.8	65.2	51.2	54.2	45.8	63.4	
Wholesale and Retail Trade	Next Quarter	47.7	71.6	55.1	47.3	38.6	46.6	57.5	62.5	57.6	47.7	40.7	
Services Sector of which:	Next Quarter	70.8	59.8	55.5	63.2	55.3	48.7	57.1	73.2	68.6	54.9	49.1	
Financial Intermediation	Next Quarter	56.0	60.0	70.8	69.2	57.7	55.6	57.1	68.0	76.0	61.5	63.6	
Hotels and Restaurants	Next Quarter	68.6	42.4	45.2	61.3	41.9	50.0	58.6	67.6	66.7	50.0	48.6	
Renting and Business Activities	Next Quarter	71.4	69.7	53.8	53.1	65.5	26.7	60.0	80.6	72.4	57.1	42.3	
Community and Social Services	Next Quarter	84.4	67.7	55.2	71.4	57.1	63.3	53.3	75.8	61.3	51.9	45.2	

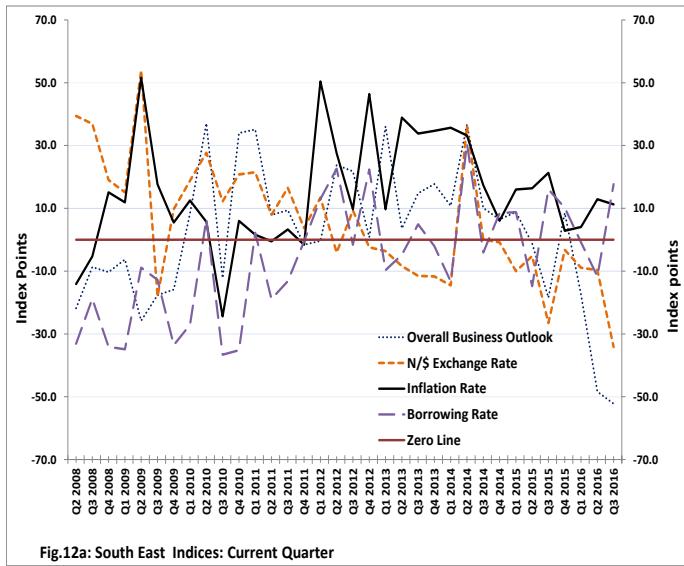
**TABLE 5 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**North West Zone**

Year	Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	2016
<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	44.9						
Nuclear Economic Laws	37.8	43.1	28.5	35.8	39.4	33.8	35.6	31.9	40.3	35.9							
Lack of Equipment	22.9	29.6	14.4	23.1	19.9	15.5	20.8	22.8	26.1	20.4	22.1						
Insufficient Demand	32.3	35.3	32.2	34.4	38.5	33.8	18.9	23.5	37.0	38.9	38.7						
Access to Credit	28.0	35.3	32.5	32.8	37.4	32.9	27.2	31.8	30.6	32.4	39.9						
Financial Problems	42.9	50.1	49.6	48.3	49.3	44.5	38.4	42.4	46.7	57.0	57.3						
Competition	38.8	39.4	35.6	34.8	42.9	26.8	30.9	28.5	34.1	40.3	38.3						
Labor Problems	9.7	13.1	3.4	3.6	-3.6	2.9	7.9	9.7	-3.3	4.3	-7.3						
Lack of Materials Input	11.1	16.5	5.0	14.3	11.9	14.8	11.5	12.4	19.6	20.3	16.0						
Unfavourable Political Climate	37.3	39.6	33.2	34.5	45.8	32.5	23.9	23.8	24.4	38.9	27.3						
Unfavourable Economic Climate	40.6	42.8	42.6	42.9	51.7	42.3	32.8	28.9	39.4	54.1	40.4						
Insufficient Power Supply	63.4	65.9	62.9	66.3	68.3	69.6	49.6	45.8	50.7	72.3	63.1						
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>																	
N/S Exchange Rate	3.7	9.4	10.0	5.5	-29.4	-2.3	2.0	-0.6	-40.0	-8.3	-42.6						
Inflation Rate	15.9	22.6	10.0	15.3	12.8	22.0	4.6	10.7	33.7	18.0	32.6						
Borrowing Rate	11.2	15.0	1.2	12.7	1.5	3.2	1.1	5.8	13.1	5.4	22.3						
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>																	
N/S Exchange Rate	8.6	10.0	17.6	12.1	-9.0	12.8	20.6	9.9	3.4	12.3	-19.1						
Inflation Rate	7.2	21.2	3.8	15.6	5.2	-17.7	-8.3	-6.4	-5.7	-17.1	3.1						
Borrowing Rate	11.8	14.7	10.0	17.6	5.2	-15.9	2.6	-4.3	-2.6	-11.4	3.1						
<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	10.3						
Exporter	2.9	2.4	2.4	2.0	5.8	2.3	2.0	1.7	1.1	2.9	1.1						
Both Importer and Exporter	13.5	9.7	12.1	11.8	13.1	11.9	11.5	13.9	12.0	10.0	12.0						
Neither Importer nor Exporter	71.8	76.5	71.0	74.6	68.6	72.8	73.1	69.6	72.6	73.7	76.6						
<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	75.4						
Medium (50 and <200)	16.7	16.5	12.6	17.1	17.2	18.4	19.0	19.1	20.9	17.1	16.6						
Large (200 and Up)	9.5	8.2	8.5	8.7	8.4	7.9	6.9	8.4	6.6	8.0	8.0						
No Response	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	347	340	346	344	345	349	345	350	350	350	350						
Industrial Sector	103	100	96	94	93	94	101	93	99	103	108						
Construction Sector	36	37	44	42	48	44	47	41	48	48	41						
Wholesale and Retail Trade Services Sector of which:	88	81	89	93	89	88	87	88	85	86	86						
Financial Intermediation	120	122	111	117	114	119	114	123	118	113	115						
Hotels and Restaurants	25	25	24	26	26	27	28	25	25	26	22						
Renting and Business Activities	35	33	31	31	31	32	30	34	33	32	35						
Community and Social Services	28	33	27	32	29	30	26	31	29	28	27						
32	31	29	28	28	30	30	33	31	27	31							
<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	-15.7						
Construction Sector	1.2	1.2	3.2	-2.0	-1.5	-2.0	0.9	-1.7	-0.6	-2.6	-3.1						
Wholesale and Retail Trade Services Sector	4.9	3.5	1.2	2.0	-1.5	4.9	4.0	7.8	-2.6	-2.3	-9.4						
Services Sector	15.0	11.5	5.3	6.9	3.2	7.5	13.2	6.4	1.4	-0.6	-5.4						
<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	-8.3						
Construction Sector	0.9	1.5	1.5	-2.9	-2.3	0.6	0.0	-0.6	-2.0	-1.4	-1.4						
Wholesale and Retail Trade Services Sector	6.3	1.8	-0.3	2.0	-0.3	-0.9	3.7	2.0	0.0	0.0	-6.3						
Services Sector	11.0	10.3	5.0	10.1	4.7	6.1	11.5	4.9	6.0	2.9	0.6						

# Business Expectations Survey

## Q3 2016 South East Zone

### Business Outlook

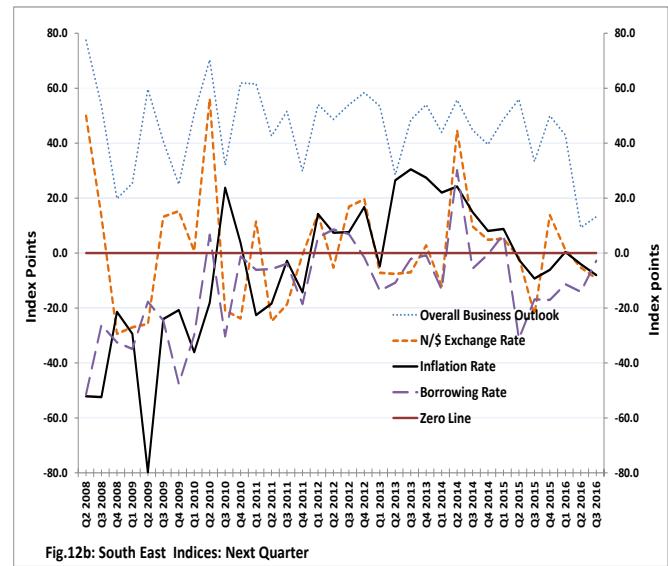


Respondents in the South East zone were pessimistic on business activities in Q3 2016. At -52.2 points, the overall confidence index declined by 33.7 index points, compared with the level achieved in the corresponding quarter of 2015. However, respondents were optimistic about business activities in the next quarter as the index would be expected to rise to 13.3 points (Fig. 12).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of industrial (-23.7 points), construction (-12.4 points), services (-9.6 points) and wholesale and retail trade (-6.4 points) sectors (Table 6 Sections 2 & 14).

Respondents' pessimism in the volume of total order and internal liquidity positions, damped 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.

The financial condition (or internal liquidity position) index of the firms, which stood at -27.7 points in the current quarter was driven by industrial (-15.3 points), construction (-7.2 points), services (-3.6 points) and wholesale and retail trade (-1.6 points) sector (Table 6 Sections 5 & 15).



Respondents in the zone cited insufficient power supply, high interest rate, financial problems, unfavourable economic climate, access to credit, competition, insufficient demand and unclear economic laws 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 next quarters. Inflation and borrowing rates were both expected to rise in the current and decline in 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 69.1 per cent, followed by "importer" 21.7 per cent, "both importer and exporter" 6.8 per cent, and "exporter" 2.4 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>													
<b>Current Quarter</b>	South East	10.8	36.7	10.1	6.5	8.8	-1.2	-18.5	8.5	-17.4	-48.4	-52.2	
<b>Next Quarter</b>	South East	44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0	42.9	9.3	13.3	
<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	-72.8	
Construction Sector		30.8	37.8	5.3	-25.6	-12.8	-11.9	-29.7	-7.3	-14.6	-63.2	-66.0	
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	-25.8	
Financial Intermediation		19.7	53.6	24.1	13.4	17.6	9.5	-8.8	1.5	-21.5	-35.5	-40.7	
Hotels and Restaurants		7.7	44.4	40.0	18.2	63.6	0.0	-5.0	-7.7	-17.6	-43.8	-46.2	
Renting and Business Activities		28.6	25.0	4.0	-7.7	-4.5	4.2	5.0	0.0	-44.0	-52.4	-64.7	
Community and Social Services		17.6	64.7	27.8	36.4	16.0	13.3	-5.0	-11.8	-20.0	-13.0	-23.1	
Renting and Business Activities		20.0	61.3	34.6	13.0	18.2	20.0	-30.0	22.2	5.9	-37.5	-25.0	
<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	-18.5	
Construction Sector		64.1	51.4	57.9	20.5	20.5	47.6	27.0	26.8	43.9	2.6	14.9	
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	45.2	
Financial Intermediation		51.5	62.3	48.1	60.5	57.1	70.3	45.0	67.6	43.0	28.9	22.0	
Hotels and Restaurants		61.5	100.0	90.0	63.6	90.9	86.7	55.0	69.2	76.5	31.3	46.2	
Renting and Business Activities		66.7	50.0	48.0	70.0	59.1	66.7	40.0	70.0	44.0	23.8	-5.9	
Community and Social Services		35.3	64.7	38.9	54.5	40.0	60.0	40.0	64.7	10.0	34.8	23.1	
Renting and Business Activities		40.0	54.8	38.5	56.5	57.6	70.0	45.0	66.7	47.1	25.0	31.3	
<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	-46.9	
Construction Sector		12.8	0.0	7.9	-23.1	-15.4	-11.9	-21.6	-7.3	-4.9	-31.6	-38.3	
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	-6.5	
Average Capacity Utilization		22.7	21.7	20.3	-9.8	39.6	-2.7	6.3	14.7	-2.5	-10.5	-15.3	
<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	-30.9	
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	-30.9	
Credit Access Index		-2.5	17.9	2.8	-13.3	0.4	-14.0	-21.3	-7.7	-17.0	-47.2	-34.9	
Financial Condition Index		12.0	11.1	7.7	-5.6	17.6	-6.4	-6.4	13.4	1.6	-29.4	-27.7	
Average Capacity Utilization		12.4	31.5	17.3	1.6	15.6	0.0	1.2	7.7	3.2	-26.6	-16.9	
<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	43.4	
Employment Outlook Index		31.1	15.7	29.0	31.5	34.0	27.2	19.7	32.1	21.9	-4.0	15.7	
<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	39.5	
Construction Sector		66.7	24.3	50.0	39.5	28.2	40.5	29.7	36.6	41.5	28.9	48.9	
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	46.8	
Financial Intermediation		50.0	17.4	60.8	54.9	47.3	62.2	43.8	50.0	55.1	60.5	40.7	
Hotels and Restaurants		61.5	22.2	40.0	18.2	45.5	53.3	50.0	38.5	76.5	62.5	46.2	
Renting and Business Activities		33.3	25.0	60.0	57.7	36.4	66.7	40.0	50.0	44.0	47.6	35.3	
Community and Social Services		58.8	5.9	77.8	54.5	56.0	53.3	45.0	47.1	40.0	69.6	53.8	
Renting and Business Activities		53.3	19.4	57.7	69.6	48.5	70.0	40.0	61.1	68.8	62.5	31.3	

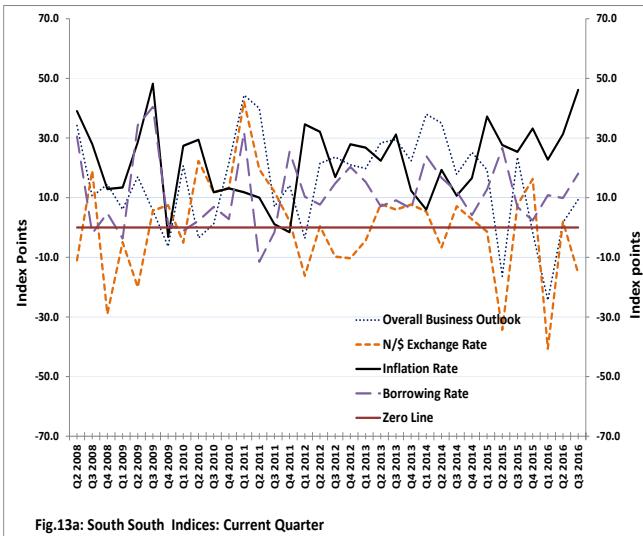
**TABLE 6 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**South East Zone**

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	60.8	-8.7	68.8	65.5	58.2	65.0	48.4	46.3	54.7	56.7	63.5	63.5
Unclear Economic Laws	17.4	-23.9	34.9	11.3	23.8	18.4	18.5	26.4	32.2	40.1	42.6	42.6	42.6
Lack of Equipment	3.9	-29.2	5.4	-7.1	-0.2	0.8	0.6	3.9	25.9	29.6	21.1	21.1	21.1
Insufficient Demand	0.4	-16.9	13.1	1.8	13.6	10.4	17.9	6.7	41.3	34.3	44.2	44.2	44.2
Access to Credit	41.1	14.4	52.6	48.6	43.0	57.0	46.8	37.0	53.4	46.0	48.0	48.0	48.0
Financial Problems	57.3	37.7	63.3	57.7	55.4	60.8	40.8	48.2	52.4	52.2	61.8	61.8	61.8
Competition	25.9	22.0	31.0	32.1	39.6	39.8	36.7	46.5	33.2	22.6	47.4	47.4	47.4
Labor Problems	-12.4	-31.8	-10.3	-17.7	-7.0	-8.4	-11.0	-12.4	7.1	-7.1	-6.1	-6.1	-6.1
Lack of Materials Input	3.1	-33.5	-0.8	-13.9	-5.6	-5.6	-2.0	0.4	20.2	29.8	28.5	28.5	28.5
Unfavourable Political Climate	16.0	-5.7	31.9	10.3	23.6	10.8	26.9	29.5	31.2	36.1	41.4	41.4	41.4
Unfavourable Economic Climate	30.1	-9.3	40.7	18.3	29.0	32.0	34.9	40.4	43.9	56.0	57.2	57.2	57.2
Insufficient Power Supply	67.4	63.1	81.3	77.2	79.8	82.4	74.5	59.6	66.0	66.7	82.3	82.3	82.3
<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	-34.1	-34.1
Inflation Rate	35.7	33.2	17.3	6.0	16.0	16.4	21.3	2.8	4.0	12.9	11.2	11.2	11.2
Borrowing Rate	-13.3	30.6	-4.0	8.5	8.8	-14.8	16.1	10.2	-0.8	-11.7	17.7	17.7	17.7
<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	-9.2	-9.2
Inflation Rate	22.0	24.3	14.9	8.1	8.8	-2.4	-9.2	-6.1	0.4	-4.0	-8.0	-8.0	-8.0
Borrowing Rate	-13.3	30.2	-5.6	-0.4	6.8	-31.2	-16.9	-17.1	-11.3	-14.1	-2.8	-2.8	-2.8
<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	21.7	21.7
Exporter	4.1	1.7	0.8	0.4	0.8	0.4	0.4	0.4	0.8	0.8	0.8	2.4	2.4
Both Importer and Exporter	6.6	3.8	5.7	6.5	4.4	2.8	4.8	2.8	4.0	9.3	6.8	6.8	6.8
Neither Importer nor exporter	76.3	78.0	68.8	73.4	71.5	66.0	67.5	74.4	71.7	63.7	69.1	69.1	69.1
<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	81.9	81.9
Medium (50 and <200)	16.6	10.1	9.7	16.6	11.2	18.8	14.5	13.4	24.7	16.9	14.1	14.1	14.1
Large (200 and Up)	5.0	2.1	3.2	2.8	3.6	4.0	3.6	2.4	1.6	3.2	4.0	4.0	4.0
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	241	237	248	248	250	250	249	246	247	247	249	249
Industrial Sector	75	59	69	59	65	66	68	71	62	64	81	81	81
Construction Sector	39	37	38	39	39	42	37	41	41	38	47	47	47
Wholesale and Retail Trade	61	69	62	68	55	68	64	66	65	70	62	62	62
Services Sector of which:	66	72	79	82	91	74	80	68	79	76	59	59	59
Financial Intermediation	13	9	10	11	11	11	15	20	13	17	13	13	13
Hoteles and Restaurants	21	12	25	26	22	24	20	20	25	21	17	17	17
Renting and Business Activities	17	17	18	22	25	15	20	17	20	23	13	13	13
Community and Social Services	15	34	26	23	33	20	20	18	17	16	16	16	16
<b>14. Business Outlook Index on the Macroeconomy 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	-23.7	-23.7
Construction Sector	5.0	5.9	0.8	-4.0	-2.0	-2.0	-4.4	-1.2	-2.4	-9.7	-12.4	-12.4	-12.4
Wholesale and Retail Trade	-0.4	6.3	-1.2	1.6	1.6	-1.2	-9.2	3.7	-4.9	-12.9	-6.4	-6.4	-6.4
Services Sector	5.4	16.3	7.7	4.4	6.4	2.8	-2.8	0.4	-6.9	-10.9	-9.6	-9.6	-9.6
<b>15. Business Confidence Index on Own Operations by Sector</b>	Industrial Sector	2.5	4.2	0.0	4.0	2.8	-4.0	-2.0	7.7	1.6	-9.7	-15.3	-15.3
Construction Sector	2.1	0.0	1.2	-3.6	-2.4	-2.0	-3.2	-1.2	-0.8	-4.8	-7.2	-7.2	-7.2
Wholesale and Retail Trade	1.2	0.4	0.0	-2.8	2.8	0.4	-3.2	2.8	1.6	-11.7	-1.6	-1.6	-1.6
Services Sector	6.2	6.6	6.5	-3.2	14.4	-0.8	2.0	4.1	-0.8	-3.2	-3.6	-3.6	-3.6

## Business Expectations Survey

### Q3 2016 South South Zone

#### Business Outlook

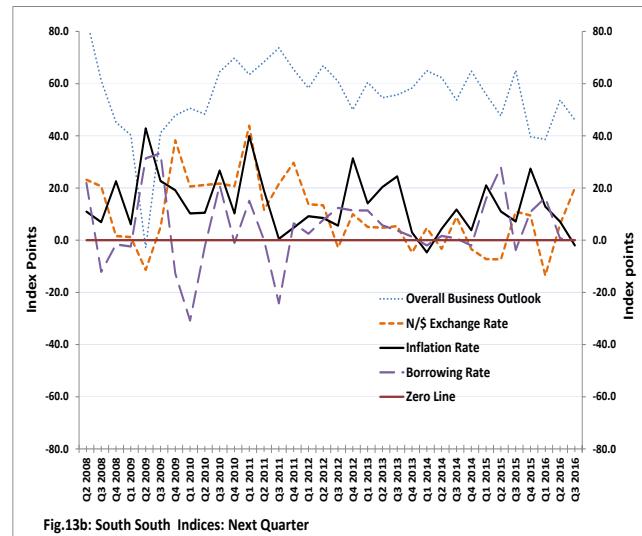


Respondents in the South South zone were optimistic on business activities in the current quarter. At 9.4 points, the overall confidence index declined by 14.2 index points, below the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the overall business outlook index for the next quarter rose to 46.2 points (Fig. 13b).

The optimism in the overall business outlook could be attributed to the contribution of services (13.0 points) sector (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 -3.3 points in the current quarter, was driven by industrial (-4.7 points) wholesale/retail trade (-2.3 points) and construction (-1.7 points) (Table 7 Sections 5 & 15).



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

Respondent firms expected the naira to depreciate in the current quarter and appreciate in the next quarter. Inflation is also expected to rise in the current quarter and decline in the next quarter. While the borrowing rates were expected to rise in the current quarter and remain unchanged in the next quarter (Table 7 Sections 9 & 10).

The respondent firms by type of business showed that “neither importer nor exporter” category constituted the majority with 63.5 per cent, followed by “importer” 23.7 per cent, “both importer and exporter” 8.4 per cent and “exporter” firms 4.3 per cent (Table 7 Section 11).

**TABLE 7**  
**BUSINESS EXPECTATIONS SURVEY**  
**South South 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	38.0	35.0	17.8	25.2	19.3	-16.3	23.6	-1.7	-24.4	1.7	9.4	
South South	65.0	62.3	53.7	64.8	55.9	47.7	65.1	39.7	38.6	53.7	46.2	
Next Quarter												
South South												
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>												
Industrial Sector	40.5	50.7	19.4	39.4	6.9	-20.6	28.8	-1.5	-26.3	-16.7	-11.9	
Construction Sector	40.8	24.5	13.6	18.6	-4.8	-33.3	11.1	-7.5	-19.7	-8.3	0.0	
Wholesale and Retail Trade	28.8	22.4	17.1	17.3	5.2	10.5	-8.5	-25.9	8.9	-5.0		
Services Sector of which:	41.3	38.2	19.0	23.8	41.1	-20.4	34.8	5.6	-25.0	11.2	33.3	
Financial Intermediation	34.8	23.8	20.8	50.0	40.0	-19.0	50.0	12.0	-36.8	-12.5	15.8	
Hotels and Restaurants	50.0	22.6	-12.9	3.3	48.4	-30.8	20.7	-6.3	-39.5	9.7	48.8	
Renting and Business Activities	30.8	57.7	36.0	30.8	65.0	-31.6	37.9	34.6	-5.0	22.2	45.5	
Community and Social Services	48.0	50.0	40.0	17.4	12.5	10.5	30.8	-16.0	7.1	24.0	4.2	
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>												
Industrial Sector	67.6	67.1	62.9	70.4	48.6	35.3	79.7	50.8	43.9	53.3	30.5	
Construction Sector	61.2	71.4	47.7	83.7	50.0	45.6	57.8	57.5	44.3	39.6	58.1	
Wholesale and Retail Trade	53.4	48.7	44.3	50.7	49.4	55.8	44.7	37.8	29.6	48.1	41.3	
Services Sector of which:	73.1	64.7	57.1	68.8	69.5	51.0	74.1	27.8	39.6	64.5	53.0	
Financial Intermediation	69.6	81.0	62.5	54.5	70.0	47.6	82.1	36.0	47.4	62.5	42.1	
Hotels and Restaurants	63.3	38.7	38.7	72.7	61.3	43.6	72.4	21.9	37.2	58.1	63.4	
Renting and Business Activities	92.3	65.4	72.0	80.8	85.0	31.6	69.0	30.8	25.0	59.3	48.5	
Community and Social Services	68.0	83.3	60.0	65.2	66.7	89.5	73.1	24.0	57.1	80.0	50.0	
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>												
Industrial Sector	31.1	41.1	33.9	11.3	23.6	-4.4	1.7	-10.8	-10.5	-8.3	-23.7	
Construction Sector	18.4	0.0	2.3	0.0	-7.1	-3.5	-20.0	-2.5	4.9	-25.0	-11.6	
Wholesale and Retail Trade	23.3	14.5	30.0	1.3	17.3	6.5	15.8	-6.1	-11.1	-3.8	-8.8	
Services Sector	23.1	27.5	16.2	29.7	14.7	21.4	4.5	4.6	-4.2	-7.5	13.7	
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>												
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	11.4	
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	12.7	
Credit Access Index	7.0	0.3	-7.1	3.1	2.1	-7.7	3.4	-2.4	-10.8	-2.4	-12.7	
Financial Condition Index	24.3	23.0	21.4	13.4	14.5	7.0	3.1	-2.7	-5.4	-9.5	-3.3	
Average Capacity Utilization	42.3	30.0	27.0	22.1	25.5	16.0	24.7	3.1	4.7	9.9	9.4	
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>												
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	65.6	
Employment Outlook Index	45.0	36.0	26.7	31.4	41.4	33.3	46.9	42.4	32.5	42.2	53.8	
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>												
Industrial Sector	67.6	67.1	69.4	70.4	75.0	66.2	78.0	75.4	52.6	66.7	44.1	
Construction Sector	65.3	53.1	50.0	48.8	69.0	59.6	64.4	57.5	65.6	72.9	55.8	
Wholesale and Retail Trade	65.8	61.8	64.3	45.3	70.4	68.8	65.8	54.9	65.4	67.1	62.5	
Services Sector of which:	64.4	56.9	52.4	53.5	69.5	65.3	58.0	57.4	66.7	63.6	65.8	
Financial Intermediation	69.6	57.1	58.3	68.2	60.0	66.7	64.3	52.0	73.7	66.7	57.9	
Hotels and Restaurants	50.0	41.9	54.8	43.3	67.7	59.0	62.1	53.1	69.8	74.2	65.9	
Renting and Business Activities	65.4	76.9	48.0	69.2	85.0	57.9	62.1	50.0	59.3	78.8	54.2	
Community and Social Services	76.0	54.2	48.0	34.8	66.7	84.2	42.3	56.0	71.4	52.0	54.2	

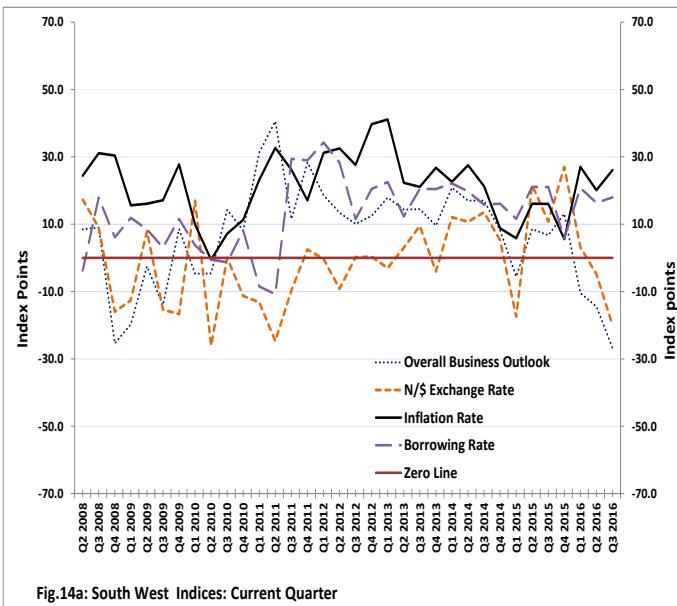
**TABLE 7 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**South South Zone**

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	41.8	47.8	52.0	43.6	49.1	39.2	43.3	40.8	38.3	38.1	43.8		
Unclear Economic Laws	27.8	38.2	43.8	33.3	30.7	19.5	24.7	27.6	23.6	29.6	38.3		
Lack of Equipment	28.5	29.7	31.3	20.9	12.1	-7.7	15.6	16.4	5.1	24.0	30.3		
Insufficient Demand	20.3	20.5	32.0	20.5	22.9	17.5	22.9	34.6	22.4	32.3	44.3		
Access to Credit	30.5	45.0	39.7	30.9	35.5	19.5	33.6	35.4	23.4	32.3	28.1		
Financial Problems	49.0	51.3	46.8	38.4	40.5	44.2	49.3	49.0	45.3	52.4	59.7		
Competition	42.2	51.8	57.1	38.4	37.8	47.7	38.0	32.7	47.1	34.9	35.1		
Labor Problems	15.3	25.8	24.4	12.6	2.1	-8.2	-2.1	8.6	-4.1	-3.1	19.7		
Lack of Materials Input	21.8	19.5	24.0	17.1	4.1	-7.5	6.0	4.2	8.0	13.3	23.1		
Unfavourable Political Climate	36.3	41.5	44.7	35.9	33.6	24.8	25.9	26.8	24.7	28.9	44.5		
Unfavourable Economic Climate	45.5	50.0	56.2	42.9	43.4	32.2	46.1	48.5	28.6	58.0	63.0		
Insufficient Power Supply	59.3	73.0	68.9	59.7	72.9	75.8	67.5	66.1	66.8	70.1	70.7		
<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	-15.4		
Inflation Rate	6.0	19.3	10.7	16.6	37.2	27.7	25.3	33.2	22.7	31.3	46.2		
Borrowing Rate	24.0	16.7	12.1	4.1	12.8	26.7	6.8	2.4	10.8	9.9	18.1		
<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	20.1		
Inflation Rate	-4.7	4.3	11.7	3.8	21.0	11.0	7.2	27.5	12.9	7.1	-2.0		
Borrowing Rate	-2.0	1.7	0.7	-2.1	15.9	28.0	-3.8	10.8	16.3	0.7	0.0		
<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	23.7		
Exporter	2.3	3.0	1.4	2.8	4.1	2.7	5.1	6.4	4.4	3.1	4.3		
Both Importer and Exporter	12.3	7.3	13.5	9.7	7.2	13.0	7.9	7.8	10.8	6.1	8.4		
Neither Importer nor Exporter	73.0	76.3	69.0	68.6	66.2	75.3	73.6	68.8	73.9	77.9	63.5		
<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	81.9		
Medium (50 and <200)	12.3	10.7	10.3	12.1	16.6	19.3	12.0	10.2	23.4	13.3	15.7		
Large (200 and Up)	5.3	7.0	6.8	10.0	9.0	3.3	5.8	4.7	3.4	3.4	2.3		
No Response	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	300	300	281	290	290	300	292	295	295	294	299		
Industrial Sector	74	73	62	71	72	68	59	65	57	60	59		
Construction Sector	49	49	44	43	42	57	45	40	61	48	43		
Wholesale and Retail Trade Services Sector of which:	73	76	70	75	81	77	76	82	81	79	80		
Financial Intermediation	<u>104</u>	<u>102</u>	<u>105</u>	<u>101</u>	<u>95</u>	<u>112</u>	<u>108</u>	<u>96</u>	<u>108</u>	<u>107</u>	<u>117</u>		
Hotels and Restaurants	23	21	24	22	20	21	28	25	19	24	19		
Renting and Business Activities	30	31	31	30	31	39	29	32	43	31	41		
Community and Social Services	26	26	25	26	20	19	29	26	20	27	33		
25	24	25	23	24	19	26	25	14	25	25	24		
<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	-2.3		
Construction Sector	6.7	4.0	2.1	2.8	-0.7	-6.3	1.7	-1.0	-4.1	-1.4	0.0		
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	-1.3		
<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	-4.7		
Construction Sector	3.0	0.0	0.4	0.0	-1.0	-0.7	-3.1	-0.3	1.0	-4.1	-1.7		
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	-2.3		
	8.0	9.3	6.0	10.3	4.8	7.0	1.7	1.7	-1.4	-2.7	5.4		

# Business Expectations Survey

## Q2 2016 South West Zone

### Business Outlook

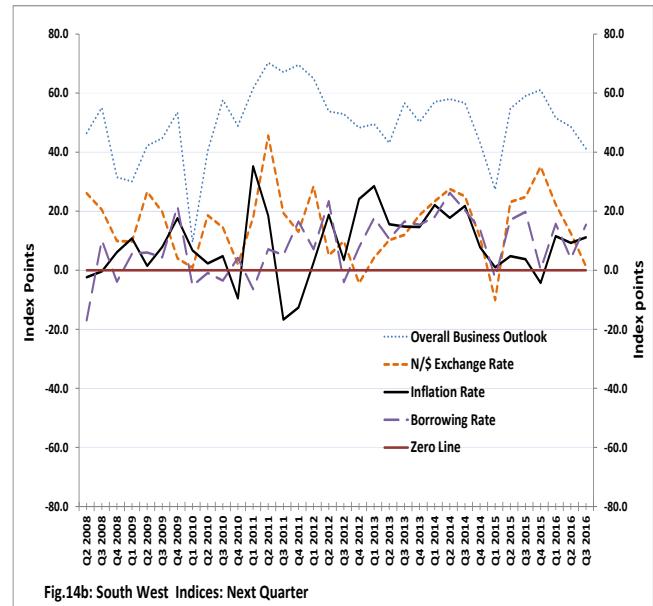


Respondents in the South West zone were pessimistic on business activities in Q3 2016. At -26.8 points, the overall confidence index fell by 33.6 index points, compared with the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index was expected to rise to 41.2 points (Fig. 14).

The pessimism in the overall business outlook in the zone could be attributed to services (-10.4 points), industrial (-8.3 points), wholesale/retail trade (-6.1 points) and construction (-2.0) sector (Table 8 Sections 2 & 14).

Respondents' pessimism in the volume of total order and internal liquidity positions, damped 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.

The financial condition (or internal liquidity position) index of the firms, which stood at -11.4 points in the current quarter was driven by industrial sector (-4.8 points), services (-3.5 points) while construction and wholesale & retail trade sectors (-1.5 points each) (Table 8 Sections 5 & 15).



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

Respondent firms expected the naira to depreciate in the current quarter and appreciate in the next quarter. 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 67.6 per cent, followed by "importer" 19.2 per cent, "both importer and exporter" 11.4 per cent and "exporter" firms 1.8 per cent (Table 7 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	8.3	-5.6	8.5	6.8	13.1	-10.4	-14.5	-26.8		
South West	57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6	48.6	41.2	
Next Quarter	South West											
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>												
Industrial Sector	21.0	10.7	13.2	14.7	4.9	-1.7	11.3	9.0	-14.6	-12.5	-31.1	
Construction Sector	40.9	19.0	20.5	0.0	-20.5	30.6	-20.7	-2.9	-8.3	-33.3	-25.8	
Wholesale and Retail Trade	24.5	25.0	15.3	10.7	-8.8	11.7	5.8	16.3	-20.2	-13.3	-20.7	
Services Sector of which:	11.3	16.2	21.1	3.1	-8.3	9.1	9.6	18.1	0.0	-11.6	-28.7	
Financial Intermediation	51.3	30.4	26.7	26.3	6.3	54.5	52.6	-5.6	0.0	-19.0	-34.6	
Hotels and Restaurants	-2.4	-6.8	31.0	-20.6	-18.4	-9.4	-6.9	14.3	-17.4	-44.1	-52.9	
Renting and Business Activities	0.0	34.6	16.7	-8.0	-39.1	0.0	-13.6	23.8	-3.3	0.0	-28.6	
Community and Social Services	-14.8	20.9	12.2	15.1	11.4	5.6	12.3	26.5	8.1	7.4	-10.9	
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>												
Industrial Sector	57.1	50.8	49.1	48.3	36.1	55.5	62.6	56.8	49.5	46.9	30.2	
Construction Sector	54.5	57.1	69.2	58.8	-10.3	63.9	62.1	52.9	55.6	48.7	16.1	
Wholesale and Retail Trade	64.7	68.0	58.5	36.4	36.3	52.3	51.2	66.7	40.7	48.6	52.6	
Services Sector of which:	51.9	57.4	57.8	42.7	22.3	53.8	62.4	61.2	60.9	50.4	45.5	
Financial Intermediation	69.2	69.6	60.0	42.1	43.8	63.6	78.9	61.1	55.0	28.6	38.5	
Hotels and Restaurants	45.2	45.5	61.9	44.1	26.3	62.5	57.1	53.6	78.3	38.2	29.4	
Renting and Business Activities	44.0	50.0	46.7	40.0	-8.7	37.5	63.6	57.1	55.2	70.0	53.6	
Community and Social Services	44.4	67.4	61.0	43.4	27.3	51.9	59.4	67.3	59.0	59.3	54.5	
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>												
Industrial Sector	21.8	24.6	14.0	24.1	-10.7	5.9	12.2	13.5	1.9	-0.8	-17.9	
Construction Sector	27.3	14.3	2.6	11.8	-25.6	5.6	0.0	0.0	-2.8	2.6	-19.4	
Wholesale and Retail Trade	31.7	27.0	27.1	22.5	6.1	19.8	14.0	13.3	1.8	-1.9	-5.2	
Services Sector	19.5	26.5	18.8	25.2	4.1	29.5	22.2	23.5	15.6	6.2	-9.8	
<b>5. Business Outlook Index on Own Operations : Current Quarter</b>												
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	-12.4	
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	-12.6	
Credit Access Index	8.0	6.5	8.5	6.3	-7.8	6.8	1.3	5.6	3.9	3.3	-9.6	
Financial Condition Index	24.1	24.8	18.3	22.9	-2.8	17.6	15.3	15.2	6.3	1.5	-11.4	
Average Capacity Utilization	31.7	34.3	25.6	24.1	-0.8	23.9	15.5	19.2	19.2	10.6	-1.3	
<b>6. Business Outlook Index on Own Operations : Next Quarter</b>												
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	53.9	
Employment Outlook Index	43.7	54.5	45.9	39.4	16.2	43.0	45.4	49.2	49.3	37.2	24.6	
<b>7. Business with Expansion Plans (in per cent): Next Quarter</b>												
Industrial Sector	68.1	73.8	64.9	62.1	49.2	70.6	74.8	70.3	71.8	60.9	52.8	
Construction Sector	77.3	71.4	66.7	64.7	38.5	80.6	75.9	70.6	75.0	69.2	67.7	
Wholesale and Retail Trade	80.4	88.0	83.1	58.9	63.2	80.2	79.3	83.7	64.2	69.5	63.8	
Services Sector of which:	70.7	82.4	76.6	69.5	50.4	72.7	74.1	80.2	80.0	71.3	69.2	
Financial Intermediation	79.5	91.3	66.7	84.2	62.5	77.3	73.7	77.8	75.0	71.4	73.1	
Hotels and Restaurants	61.9	77.3	83.3	67.6	52.6	71.9	62.1	82.1	78.3	64.7	61.8	
Renting and Business Activities	72.0	73.1	76.7	76.0	39.1	75.0	72.7	81.0	76.7	70.0	82.1	
Community and Social Services	70.4	88.4	73.2	62.3	50.0	70.4	80.0	79.6	83.9	75.9	65.5	

**TABLE 8 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**South West 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	51.5	32.9	47.9	37.5	31.1	52.9	41.1	49.6	51.8	50.3	57.2	
Unclear Economic Laws	33.0	30.6	27.8	25.4	24.9	38.6	28.5	30.0	35.6	29.9	29.9	42.8	
Lack of Equipment	25.0	15.3	19.3	22.9	14.4	22.1	16.9	14.3	21.2	19.5	19.5	18.8	
Insufficient Demand	29.8	19.9	21.7	23.8	18.7	21.9	22.9	30.1	34.7	32.1	32.1	38.5	
Access to Credit	34.9	23.8	23.7	24.7	15.5	25.5	20.8	26.2	31.7	34.1	34.1	28.8	
Financial Problems	48.6	37.1	31.5	35.0	31.8	39.4	34.3	43.3	47.3	46.4	46.4	52.4	
Competition	45.7	38.5	39.6	35.9	40.3	30.9	34.5	40.6	46.7	39.8	39.8	41.5	
Labour Problems	5.8	1.5	-1.5	3.9	0.4	5.7	3.0	7.1	11.1	2.9	2.9	4.8	
Lack of Materials Input	16.0	6.0	6.6	8.6	9.0	14.3	12.3	11.3	16.6	15.0	15.0	14.8	
Unfavourable Political Climate	25.3	29.1	24.3	26.8	16.7	29.9	33.8	23.2	27.7	30.8	30.8	37.1	
Unfavourable Economic Climate	40.5	37.5	34.1	31.2	24.0	40.5	36.6	29.9	42.8	38.0	38.0	51.1	
Insufficient Power Supply	70.9	55.1	57.8	45.1	48.6	61.7	50.4	46.7	61.4	59.3	59.3	64.3	
<b>9. Business Expectation Index on Selected Economic Indicators: Current Quarter</b>	N/\$ Exchange Rate	12.1	10.8	13.5	5.3	-17.4	21.6	10.8	27.0	3.1	-4.8	-20.0	
Inflation Rate	22.6	27.5	21.3	8.8	5.8	16.1	16.0	5.6	27.0	20.1	20.1	26.1	
Borrowing Rate	22.1	19.8	15.8	16.1	11.6	21.1	21.1	5.8	20.7	16.3	16.3	18.0	
<b>10. Business Expectation Index on Selected Economic Indicators: Next Quarter</b>	N/\$ Exchange Rate	23.4	27.5	25.1	11.1	-10.1	23.1	24.8	35.1	22.3	12.6	1.3	
Inflation Rate	22.1	17.8	21.8	7.8	1.0	4.8	3.8	-4.3	11.5	9.3	9.3	11.1	
Borrowing Rate	18.1	26.3	20.3	13.8	-2.5	17.1	19.8	0.3	15.7	4.0	4.0	15.4	
<b>11. Percentage Distribution of Respondent Firms by Type of Business</b>	Importer	18.8	23.0	27.1	17.0	15.7	21.6	16.5	20.7	18.0	21.2	19.2	
Exporter	4.0	4.3	3.5	0.5	1.5	5.0	1.3	4.3	2.1	3.0	3.0	1.8	
Both Importer and Exporter	9.3	13.5	12.3	10.0	8.6	9.8	11.8	11.6	10.2	9.5	9.5	11.4	
Neither Importer nor Exporter	67.8	59.3	57.1	72.5	74.2	63.6	70.5	63.4	69.7	66.3	66.3	67.6	
<b>12. Percentage Distribution of Respondent Firms by Employment Size</b>	Small (<50)	77.6	66.8	78.7	67.5	73.0	75.4	83.0	80.1	76.0	78.8	75.3	
Medium (50 and <200)	15.8	19.0	11.8	14.5	16.2	13.6	9.3	12.1	12.3	12.7	12.7	13.4	
Large (200 and Up)	6.5	14.3	9.5	18.0	10.9	11.1	7.8	7.8	11.7	8.5	8.5	11.4	
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	
<b>13. Distribution of Respondent Firms by Sector</b>	All Sectors	398	400	399	393	396	398	400	396	383	401	396	
Industrial Sector	119	122	114	116	122	119	115	111	103	128	106		
Construction Sector	44	42	39	34	39	36	29	34	36	39	31		
Wholesale and Retail Trade Services Sector of which:	102	100	118	112	114	111	121	135	109	105	116		
Financial Intermediation	<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>143</u>		
Hotels and Restaurants	39	23	15	19	16	22	19	18	20	21	26		
Renting and Business Activities	42	44	42	34	38	32	29	28	23	34	34		
Community and Social Services	25	26	30	25	23	24	22	21	30	20	28		
27	43	41	53	44	54	65	49	62	54	55			
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: Current Quarter</b>	Industrial Sector	6.3	3.3	3.8	4.3	1.5	-0.5	3.3	2.5	-3.9	-4.0	-8.3	
Construction Sector	4.5	2.0	2.0	0.0	-2.0	2.8	-1.5	-0.3	-0.8	-3.2	-2.0		
Wholesale and Retail Trade Services Sector	6.3	6.3	4.5	3.1	-2.5	3.3	1.8	5.6	-5.7	-3.5	-6.1		
Services Sector	3.8	5.5	6.8	1.0	-2.5	3.0	3.3	5.3	0.0	-3.7	-10.4		
<b>15. Business Confidence Index on Own Operations by Sector</b>	Industrial Sector	6.5	7.5	4.0	7.1	-3.3	1.8	3.5	3.8	0.5	-0.2	-4.8	
Construction Sector	3.0	1.5	0.3	1.0	-2.5	0.5	0.0	0.0	-0.3	0.2	-1.5		
Wholesale and Retail Trade Services Sector	8.1	6.8	8.0	6.4	1.8	5.5	4.3	4.5	0.5	-0.5	-1.5		
Services Sector	6.5	9.0	6.0	8.4	1.3	9.8	7.5	6.9	5.5	2.0	-3.5		