

# **Business Expectations Survey Report**

**A Quarterly Publication**

**Fourth Quarter, 2016**



**Statistics Department  
Central Bank of Nigeria**

## EXECUTIVE SUMMARY

The Q4, 2016 Business Expectations Survey (BES) was carried out during the period October 24<sup>th</sup> to November 04<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 Q4 2016. The pessimism was driven by the opinion of respondents from all the sectors: services, industrial, wholesale/retail trade and construction.
- Respondents' pessimism in the volume of total order and their internal liquidity positions (financial conditions), 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.
- Participants indicated a positive outlook in the volume of business activities, as well as improved prospects for employment in the next quarter. The sectors with the prospects for employment were services, wholesale/retail trade, industrial and construction sectors.
- The surveyed firms identified insufficient power supply as the major constraining factor to their business activities in Q4, 2016. Other constraining factors were financial problems<sup>1</sup>, high interest rate, unfavourable economic climate, competition, unclear economic laws and unfavourable political climate.
- Respondent firms expected the naira to further weaken in the current quarter, but to strengthen in the next quarter. However, inflation and borrowing rates were 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 Fourth Quarter, 2016

### About the Survey

The Business Expectations Survey (BES)<sup>2</sup> for Q4 2016 was conducted during the period October 24<sup>th</sup> to November 04<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 response rate was 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 geopolitical zones as well as the sample size and the response rate of the Q4 2016 survey.



*Of the 1,950  
firms surveyed,  
1,940 responded,  
representing 99.5  
per cent response  
rate*

ZONE	SAMPLE STATE	Q4 2016 SAMPLE SIZE	Q4 2016 RESPONSES	Q4 2016 RESPONSE RATE (%)
North Central	Niger, Kwara, Kogi, Abuja, Nassarawa, Benue and Plateau	350	346	98.9
North East	Bauchi, Adamawa, Gombe, and Taraba	300	300	100.0
North West	Kaduna, Katsina, Kano, Jigawa, Zamfara, Sokoto and Kebbi	350	350	100.0
South East	Anambra, Enugu, Ebonyi, Imo and Abia	250	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
TOTAL		1950	1940	99.5

<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.

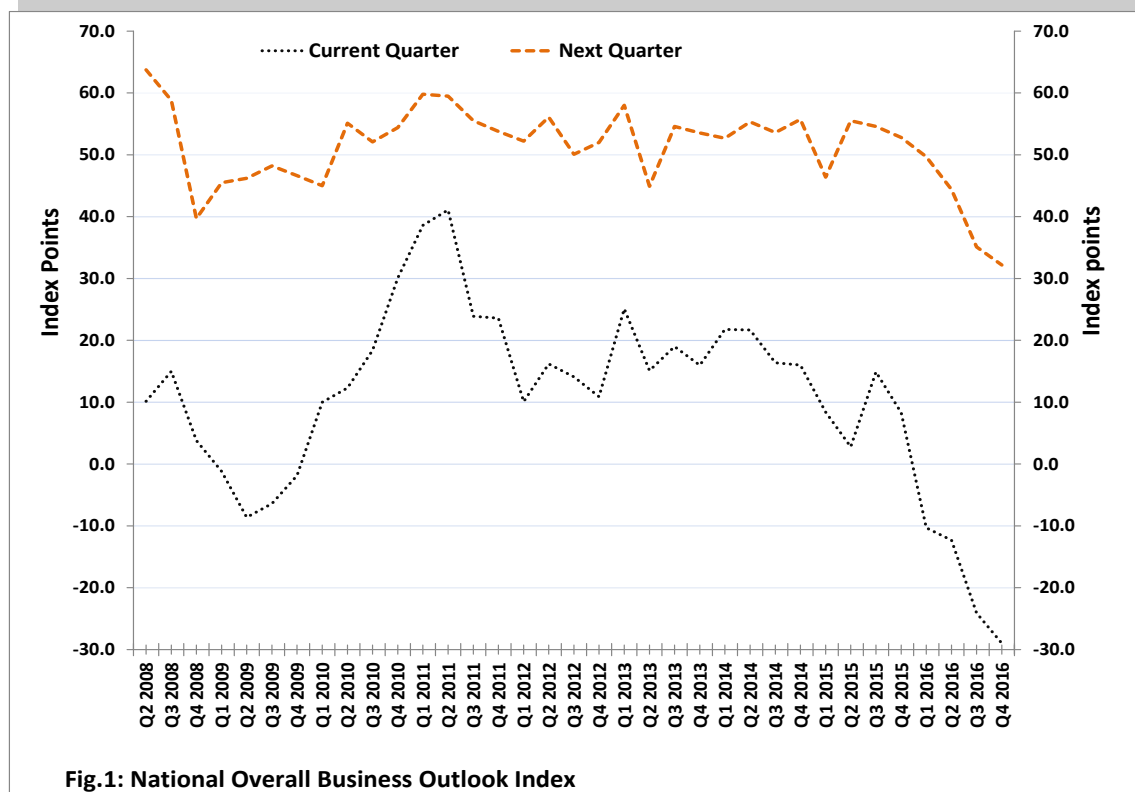
The distribution of firms by sector showed that services sector constituted the highest number of respondents (35.3 per cent), followed by wholesale/retail (26.2 per cent), industrial (24.3 per cent) and construction (14.2 per cent) (Table 2, Section 18 & 26).

A breakdown of the respondents by type of businesses showed that 13.8 per cent were import-oriented, 2.0 per cent were export-oriented, 7.8 per cent were both import- and export-oriented, and 76.4 per cent were neither import- nor export-oriented (Table 2, sections 16).

The distribution of firms by employment size showed that small size firms constituted 81.3 per cent of responses, medium size firms 14.2 per cent, and large size firms 4.5 per cent (Table 2, Section 17).

## Overall Business Outlook on the Macro Economy

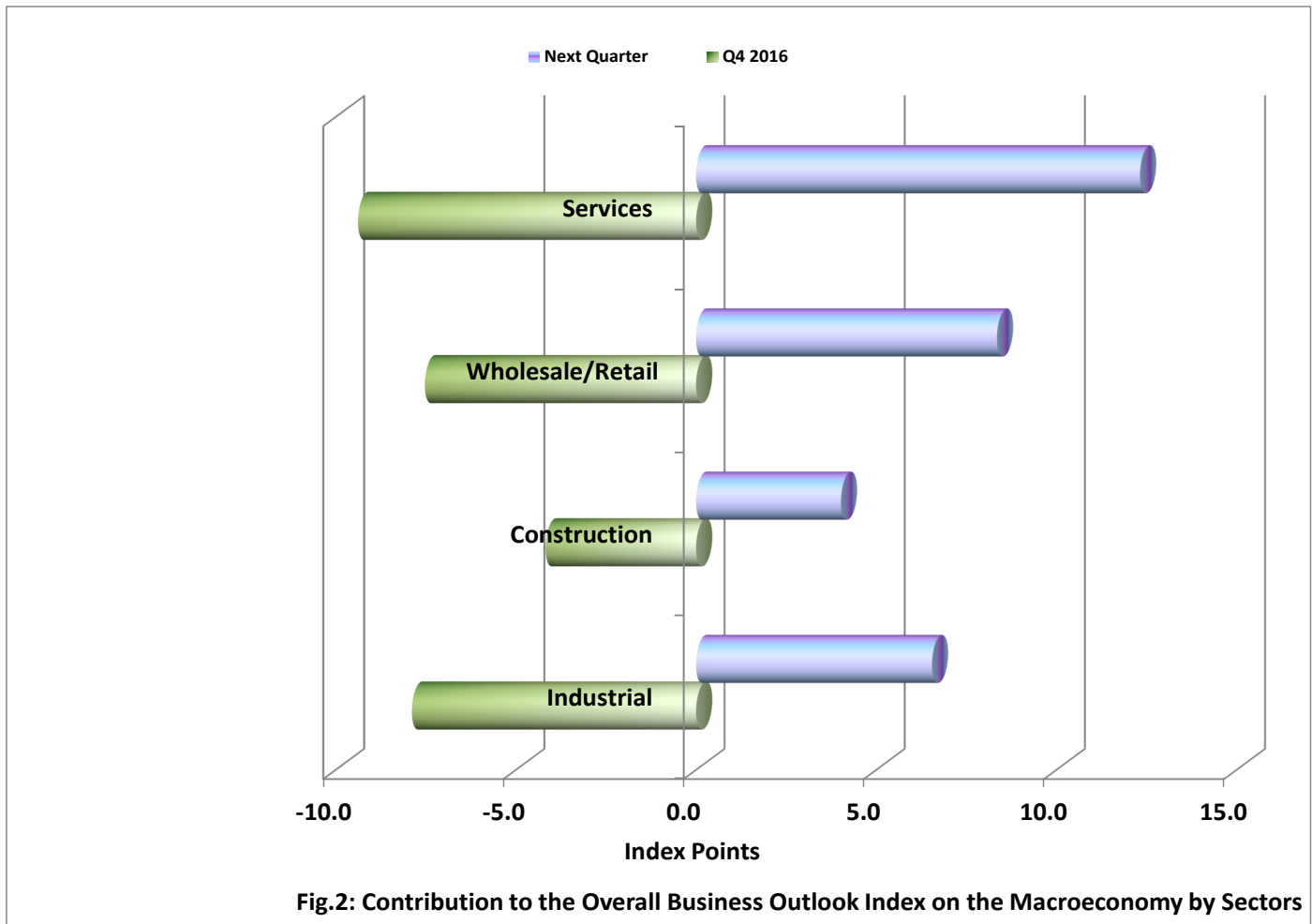
*The overall confidence index was -29.0 points, indicating respondents' pessimism on the macro economy in Q4, 2016.*



The overall confidence index (CI)<sup>3</sup>, which stood at -29.0 points in Q4 2016, indicated respondent firms' pessimism on the macro economy, however at 32.2 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 services (-9.4 points), industrial (-7.9 points), wholesale/retail trade (-7.5 points) and construction (-4.2 points) sectors. Conversely, the expected drivers for the optimism on the macro economy in the next quarter are services (12.3 points), wholesale/retail trade (8.4 points), industrial (6.5 points) and construction (4.0 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” (-22.0 per cent), followed by “importer” (-3.9 per cent) and “both importer & exporter” (-2.8 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 (-23.7 per cent), medium (-4.3 per cent) and large (-1.0 per cent) (Table 2 Section 25).

*Business sentiment was downbeat across all sectors in Q4 2016.*

## Business Outlook Index on the Macro Economy by Sector

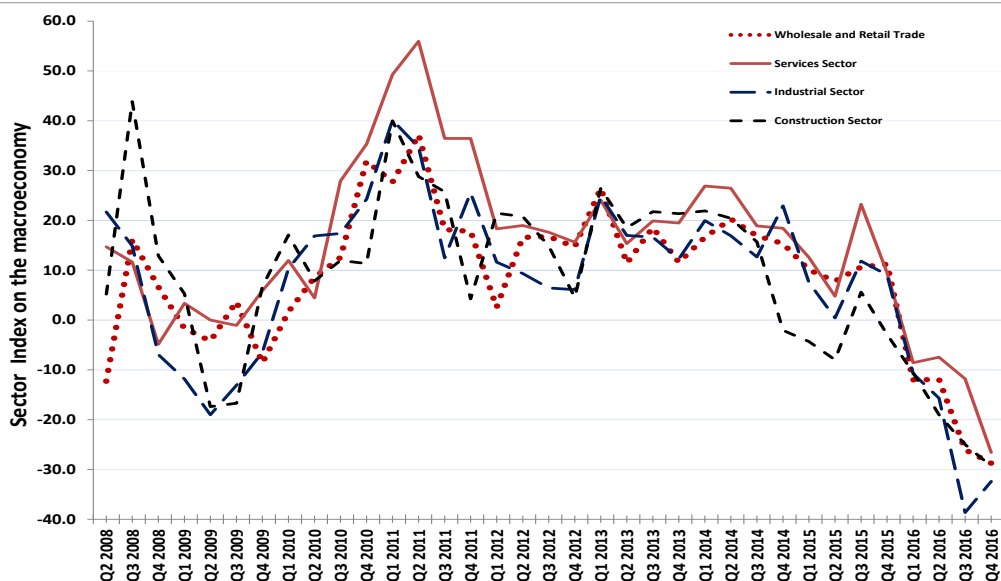


Fig.3a: Business Outlook Index on the Macroeconomy

Business sentiment across all sectors was pessimistic in the current quarter. The indices of the industrial, construction, wholesale/retail, and services sectors stood at  $-32.4$ ,  $-29.3$ ,  $-28.7$  and  $-26.6$  points, respectively (Fig 3a).

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

## Business Confidence on Own Operations by Sector

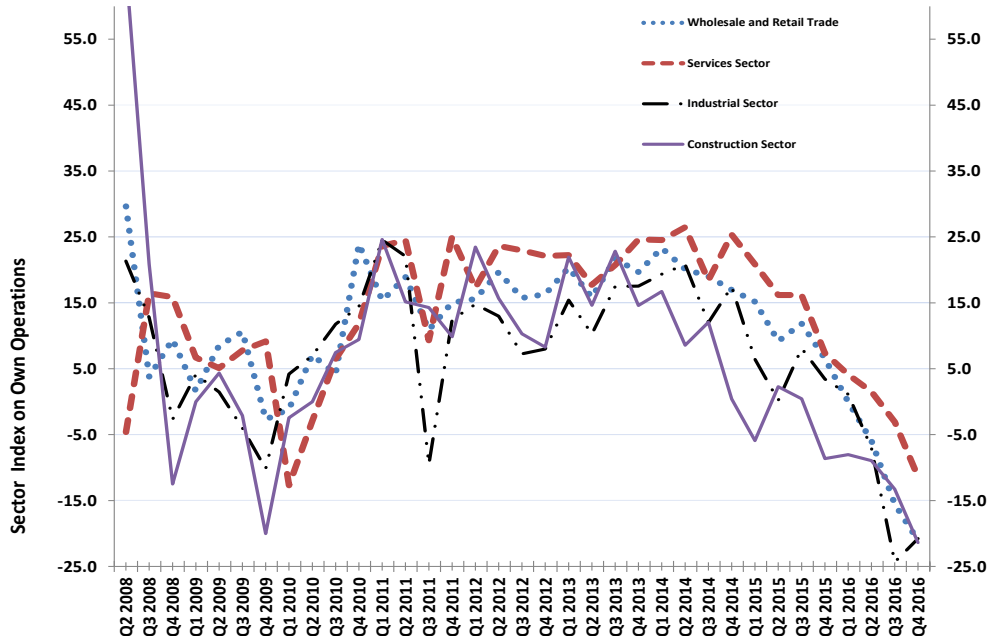


Fig.3b: Business Confidence on Own Operation by Sector

The respondents' confidence index on own operations were less optimistic across all sectors in the current quarter than it was in the corresponding quarter of 2015. The confidence indices of construction, wholesale/retail trade, industrial and services sectors stood at  $-21.4$ ,  $-21.1$ ,  $-20.8$  and  $-11.4$  in Q4, 2016 as compared to their levels of  $-8.6$ ,  $6.6$ ,  $3.4$  and  $7.4$  in the corresponding quarter of 2015, respectively (Fig 3b).

*Capacity utilization index stood at -8.9 points in the current quarter as compared to 10.5 points in Q4, 2015.*

At -8.9 points, the average capacity utilization index (CUI) in Q4, 2016 dipped by 19.4 points when compared with the 10.5 points achieved a year earlier (Fig. 4).

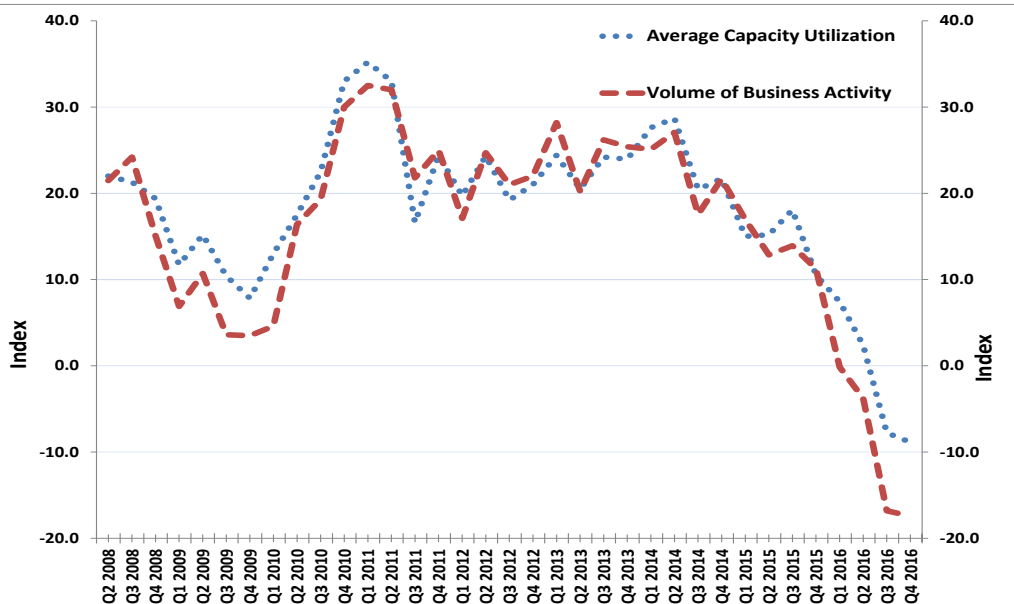


Fig. 4: Volume and Average Capacity Utilization Indices

## Access to Credit and Financial Condition

The financial condition index in the current quarter stood at -17.6 per cent and was driven by the wholesale/retail trade (-5.5 points), industrial (-5.1 points), services sector (-4.0 points) and construction (-3.0 points) sectors (Table 2, Sections 5 & 21).

Respondents' pessimism in the volume of total order and internal liquidity positions (financial conditions), 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

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

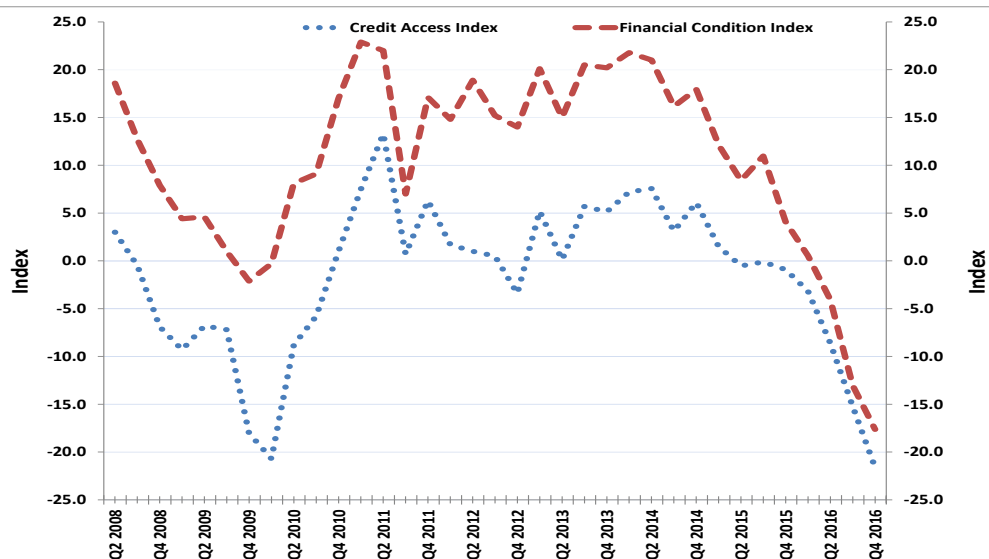


Fig. 5: Business Outlook Index on own operations - Access to Credit and Financial Condition

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

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

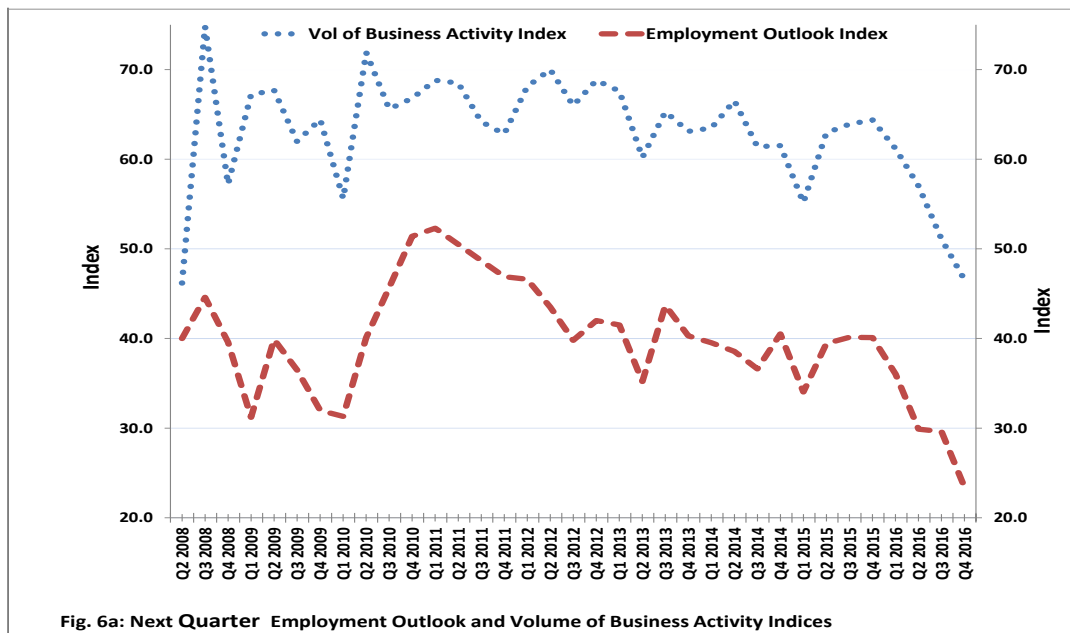


Fig. 6a: Next Quarter Employment Outlook and Volume of Business Activity Indices

### Employment and Expansion Plans

At 46.5 index points, the positive outlook in the volume of business activities reflected prospects for expansion in the next quarter. Also, the employment index stood at 23.4 points, indicating a favourable outlook. The employment outlook index by sector, showed that the services sector (10.4 per cent) had higher prospects for creating jobs, followed by the wholesale/retail trade (5.7 per cent), industrial (4.5 per cent) and construction (2.7 per cent) sectors (Table 2, Sections 6,7 & 22).

An analysis of businesses with expansion plans by sector in the next quarter shows that the wholesale/retail trade indicated disposition for expansion with an index of 61.0 points. Similarly, construction, services and industrial sector firms indicated expansion plans for Q4, 2016 with indices of 58.3, 56.5 and 55.3 points, respectively (Table 2, Section 8).

### Business Constraints

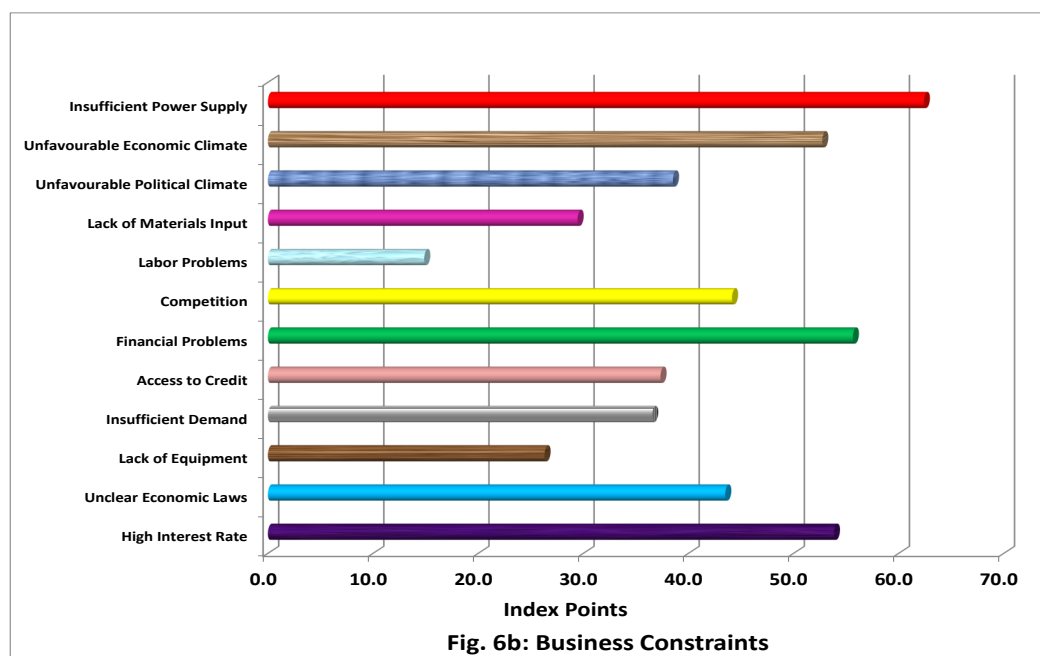


Fig. 6b: Business Constraints



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

*The surveyed firms expect the naira to depreciate in both the current and the next quarter.*

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

The surveyed firms identified insufficient power supply (62.4 index points), financial problems (55.6 index points), high interest rate (53.8 index points), unfavourable economic climate (52.7 index points), competition (44.1 index points), unclear economic laws (43.5 index points), unfavourable political climate (38.5 index points), access to credit (37.3 index points) and insufficient demand (36.5 index points) as the major factors constraining business activity in the current quarter (Fig. 6b).

### Expectations on Exchange Rate

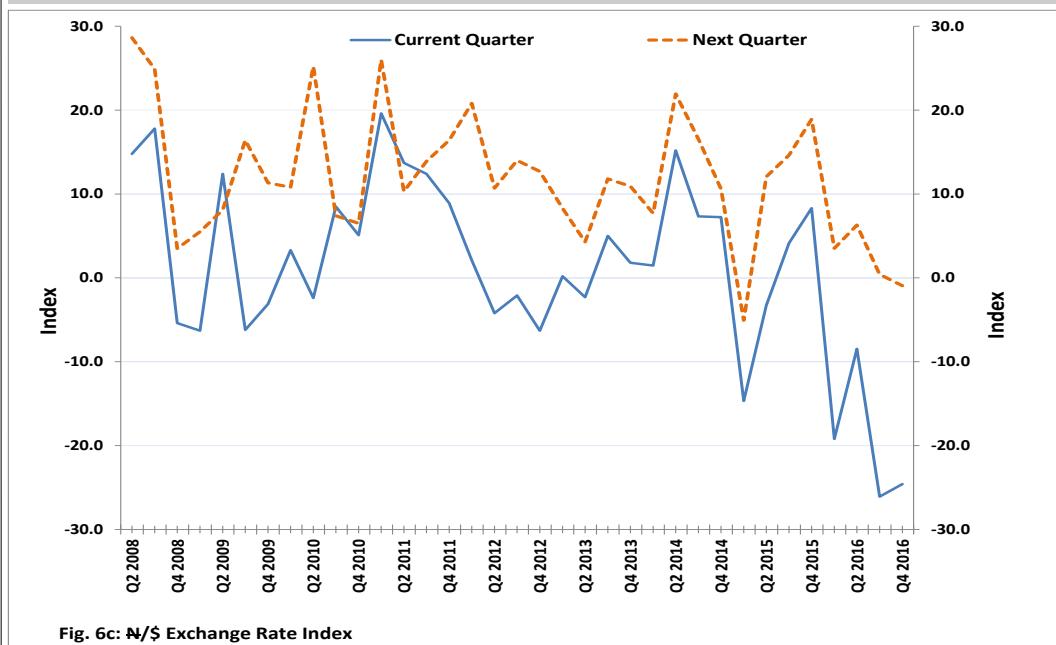


Fig. 6c: N/\$ Exchange Rate Index

Majority of the respondent firms expect the naira to depreciate in both the current and next quarters, as the confidence indices stood at -24.6 and -0.9 points for the current and next quarter, respectively (Fig. 6c).

### Expectations on Inflation and Borrowing Rates

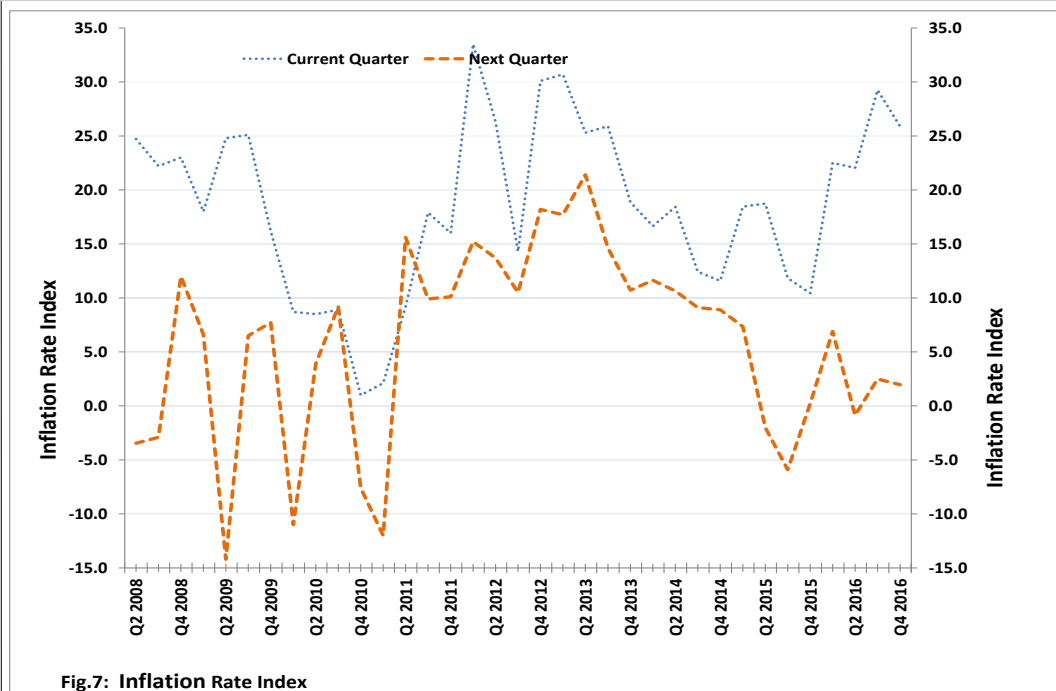
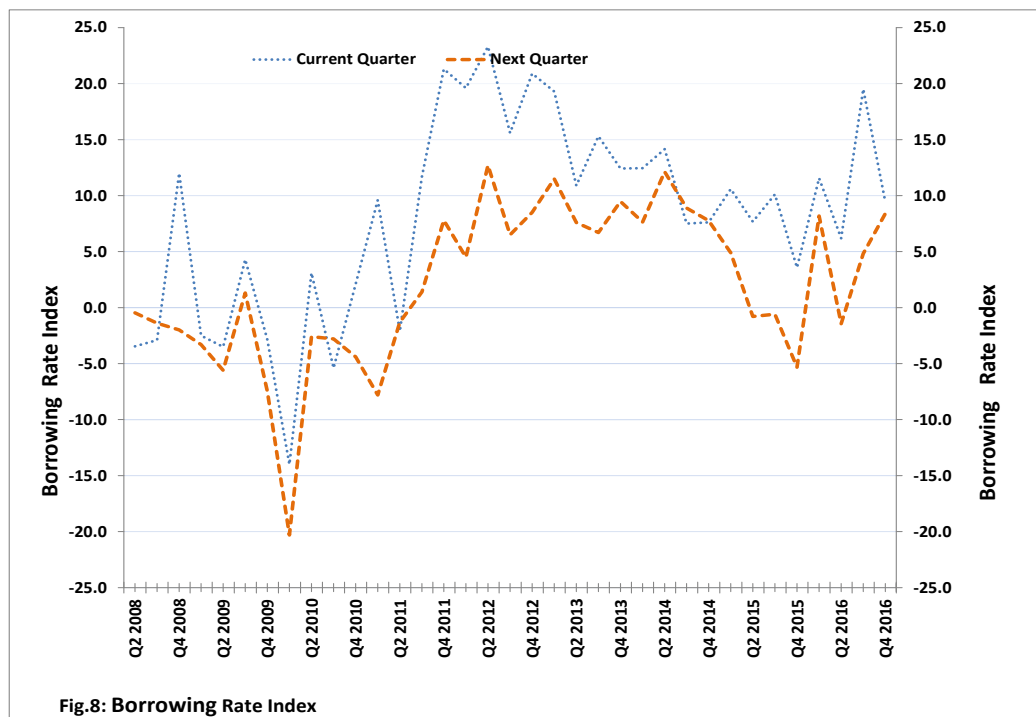


Fig. 7: Inflation Rate Index

Respondent firms expected inflation rate to rise in both the current quarter and the next quarter, with confidence indices of 25.9 and 2.0 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 and next quarters as the confidence indices stood at 9.4 and 8.4 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	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy</b>												
Confidence Index: All Sectors												
<b>Current Quarter</b>												
National	21.8	21.7	16.4	16.0	8.4	2.8	14.9	8.3	-10.3	-12.3	-24.1	-29.0
North Central	12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6	-1.7	-22.1	-23.4
North East	21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	-13.7	-21.4	-2.3
North West	25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6	-5.4	-33.7	-30.6
South East	10.8	36.7	10.1	6.5	8.8	-1.2	-18.5	8.5	-17.4	-48.4	-52.2	-57.0
South South	38.0	35.0	17.8	25.2	19.3	-16.3	23.6	-1.7	-24.4	1.7	9.4	-38.5
South West	20.9	17.0	17.0	8.3	-5.6	6.8	13.1	-10.4	-14.5	-14.5	-26.8	-27.8
<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	32.2
North Central	39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8	43.6	23.8	14.5
North East	61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	47.2	46.8	53.7
North West	51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1	55.1	35.4	32.6
South East	44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0	42.9	9.3	13.3	16.1
South South	65.0	62.3	53.7	64.8	55.9	47.7	65.1	39.7	38.6	53.7	46.2	33.1
South West	57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6	48.6	41.2	35.9
<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	-32.4
Construction Sector	21.9	20.4	15.7	-2.1	-4.3	-8.0	5.6	-2.9	-10.6	-19.0	-25.0	-29.3
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	-28.7
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	-26.6
Financial Intermediation	36.1	33.1	28.7	32.3	22.0	8.1	45.1	9.3	-17.2	-5.3	-8.3	-8.3
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	-29.7
Renting and Business Activities	20.9	31.4	20.1	25.9	7.3	-2.1	24.3	11.8	1.3	-5.0	-9.2	-33.6
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	-30.3
<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	26.9
Construction Sector	52.2	52.7	55.8	46.9	31.9	50.2	53.6	43.2	48.2	42.2	39.1	28.3
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	31.9
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	34.9
Financial Intermediation	58.5	68.5	64.8	63.0	65.9	65.9	54.9	60.5	55.2	51.1	52.6	43.2
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	37.8
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	28.8
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	31.7
<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	-20.8
Construction Sector	16.7	8.6	12.0	0.4	-5.9	2.3	0.4	-8.6	-8.0	-9.0	-13.3	-21.4
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	-21.1
Services Sector	24.5	26.5	18.4	25.4	20.8	16.2	16.2	7.4	4.1	1.5	-3.1	-11.4
<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	-17.4
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	-18.5
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	-21.6
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	-17.6
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	-8.9
<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	46.5
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	23.4
<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	18.6
Construction Sector	37.1	32.2	32.9	36.0	21.7	40.3	42.9	35.0	33.9	34.3	33.6	19.2
Wholesale and Retail Trade	42.2	37.3	43.3	38.9	39.4	42.6	38.2	43.7	35.7	30.1	31.5	21.9
Services Sector	40.1	39.2	34.2	42.6	37.9	42.4	44.0	40.6	40.1	30.8	33.5	29.5
<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	55.3
Construction Sector	66.1	57.1	61.0	55.9	49.2	63.9	65.4	60.5	61.7	64.6	57.4	58.3
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	61.0
Services Sector of which:	66.7	63.6	63.3	64.2	58.5	66.0	60.1	68.2	66.6	64.4	59.2	56.5
Financial Intermediation	66.7	65.4	63.9	66.1	60.2	64.9	60.2	60.5	67.2	63.0	58.6	58.8
Hotels and Restaurants	59.4	58.7	61.7	61.8	55.8	66.3	60.4	66.7	62.5	60.2	56.0	55.7
Renting and Business Activities	69.6	67.3	65.4	67.3	61.6	57.8	64.4	72.5	66.9	69.6	67.3	55.5
Community and Social Services	72.0	63.8	62.6	62.6	57.6	73.3	64.9	71.4	70.1	65.1	56.1	56.4

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

Year	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	53.8
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	43.5
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	26.3
Insufficient Demand	21.0	19.9	27.0	25.2	23.1	25.6	22.9	25.6	31.4	34.8	40.2	36.5
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	37.3
Financial Problems	46.9	45.2	47.2	43.0	42.4	47.8	42.2	46.9	48.3	54.3	58.2	55.6
Competition	38.2	41.3	43.2	38.1	39.7	36.7	34.8	39.4	42.0	39.4	41.3	44.1
Labor Problems	4.6	4.2	7.8	3.1	0.5	2.7	2.6	4.6	5.1	6.2	6.5	14.9
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	29.5
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	38.5
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	52.7
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	62.4
<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	-24.6
Inflation Rate	16.6	18.4	12.4	11.6	18.5	18.7	11.8	10.4	22.5	22.0	29.2	25.9
Borrowing Rate	12.4	14.2	7.5	7.6	10.6	7.7	10.1	3.6	11.6	6.2	19.5	9.4
<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	-0.9
Inflation Rate	11.6	10.6	9.1	8.9	7.3	-2.0	-5.9	0.2	6.9	-0.9	2.5	2.0
Borrowing Rate	7.6	12.1	8.9	7.8	4.9	-0.8	-0.6	-5.3	8.2	-1.4	4.8	8.4
<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	-40.7	-28.4
Exporter	8.2	28.3	15.8	42.3	12.2	19.6	4.7	21.8	-18.8	4.5	0.0	-12.8
Both Importer and Exporter	27.4	4.9	12.5	3.3	-3.4	-14.3	7.4	7.2	-26.2	-20.4	-37.9	-35.8
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	-28.8
<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	16.4
Exporter	42.9	52.2	73.7	53.8	30.6	23.5	44.2	61.8	25.0	61.4	54.1	28.2
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	39.7
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	33.1
<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	-29.1
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	-30.1
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	-23.0
<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	30.8
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	32.6
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	34.5
<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	13.8
Exporter	2.7	2.5	2.0	1.4	2.6	2.7	2.3	2.9	1.7	2.3	1.9	2.0
Both Importer and Exporter	10.2	8.9	9.4	8.2	7.9	8.2	8.0	8.8	8.8	7.6	9.0	7.8
Neither Importer nor exporter	72.5	73.6	69.1	76.3	73.0	72.5	72.2	72.5	74.4	73.2	73.7	76.4
<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	81.3
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	14.2
Large (200 and Up)	6.8	7.7	6.5	8.2	7.2	6.4	5.5	6.1	5.6	4.6	5.6	4.5
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

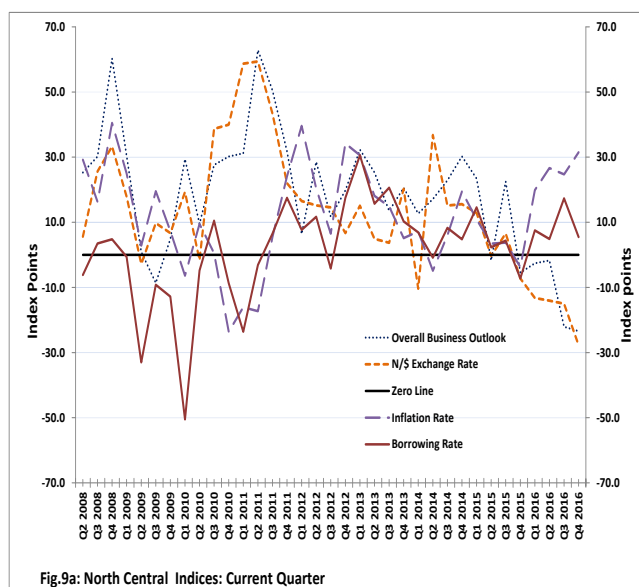
**TABLE 2 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**National**

Year	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>18. Distribution of Respondent Firms by Sector</b>												
Sample Size (N)	1850	1850	1900	1900	1900	1900	1900	1900	1900	1900	1950	1950
Response Rate (%)	99.0	98.7	98.3	97.9	98.9	99.4	97.8	98.8	98.5	99.5	99.1	99.5
<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>1941</b>	<b>1933</b>	<b>1940</b>
Industrial Sector	481.0	461.0	458	458	465	465	457	465	446	484	489	472
Construction Sector	251	245	249	239	254	254	233	274	268	256	276	276
Wholesale and Retail Trade	464	474.0	515	502	508	512	489	519	499	519	503	508
Services Sector of which:	636	646	646	662	653	649	680	651	653	670	685	684
Financial Intermediation	147	127	122	127	123	135	173	129	134	139	133	132
Hotels and Restaurants	180	172	188	178	181	187	165	180	184	181	191	185
Renting and Business Activities	148	159	154	162	151	147	148	153	157	161	163	146
Community and Social Services	161	188	182	195	198	180	194	189	178	189	198	221
<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	-9.8	-7.9
Construction Sector	3.0	2.7	2.1	-0.3	-0.6	-1.1	0.7	-0.4	-1.5	-2.6	-3.3	-4.2
Wholesale and Retail Trade	4.2	5.3	4.7	4.1	2.7	2.1	2.8	3.1	-3.2	-3.2	-6.8	-7.5
Services Sector	9.3	9.4	6.5	6.6	4.4	1.6	8.5	3.3	-3.0	-2.6	-4.2	-9.4
	<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>-24.1</b>	<b>-29.0</b>
<b>20. Business Outlook Index on the Macroeconomy by Sector Contribution: 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	4.3	6.5
Construction Sector	7.2	7.1	7.4	6.0	4.3	7.0	6.7	5.6	7.1	5.8	5.2	4.0
Wholesale and Retail Trade	13.3	14.0	14.3	13.9	13.9	15.4	12.5	15.7	12.8	12.0	10.8	8.4
Services Sector	19.0	20.8	18.8	21.9	17.9	20.5	22.0	18.9	19.2	17.1	14.8	12.3
	<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>49.7</b>	<b>44.4</b>	<b>35.1</b>	<b>31.2</b>
<b>21. Business Confidence 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	-6.2	-5.1
Construction Sector	2.9	1.2	1.6	0.1	-0.8	0.3	0.1	-1.1	-1.2	-1.2	-1.8	-3.0
Wholesale and Retail Trade	5.9	5.2	5.2	4.6	4.1	2.5	3.1	1.8	0.0	-1.6	-4.1	-5.5
Services Sector	8.5	9.4	6.4	9.0	7.2	5.6	5.9	2.6	1.4	0.5	-1.1	-4.0
	<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>-4.1</b>	<b>-13.1</b>	<b>-17.6</b>
<b>22. Employment Outlook Index on Own Operations by Sector: Next Quarter</b>												
Industrial Sector	9.8	10.5	8.5	10.2	7.3	7.7	8.6	9.4	7.5	6.4	5.1	4.5
Construction Sector	5.1	4.3	4.4	4.6	2.9	5.6	5.4	4.5	5.0	4.7	4.4	2.7
Wholesale and Retail Trade	10.7	9.7	11.9	10.5	10.6	11.5	10.1	12.1	9.5	8.0	8.2	5.7
Services Sector	13.9	13.9	11.8	15.2	13.2	14.6	16.1	14.1	14.0	10.6	11.9	10.4
Employment Outlook Index	<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>36.0</b>	<b>29.8</b>	<b>29.7</b>	<b>23.4</b>
<b>23. Drivers of macroeconomic Outlook by type of business: Current Quarter</b>												
Importer	4.5	2.3	5.1	2.4	0.8	0.1	2.6	0.4	-2.0	-3.5	-6.3	-3.9
Exporter	0.2	0.7	0.3	0.6	0.3	0.5	0.1	0.6	-0.3	0.1	0.0	-0.3
Both Importer and Exporter	2.8	0.4	1.2	0.3	-0.3	-1.2	0.6	0.6	-2.3	-1.5	-3.4	-2.8
Neither Importer nor exporter	14.2	18.2	9.8	12.8	7.5	3.3	11.6	6.6	-5.7	-7.4	-14.3	-22.0
Macroeconomic Outlook Index	<b>21.8</b>	<b>21.7</b>	<b>16.4</b>	<b>16.0</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>-24.0</b>	<b>-29.0</b>
<b>24. Drivers of macroeconomic Outlook by type of business: Next Quarter</b>												
Importer	8.4	7.3	10.3	7.8	7.8	9.9	7.5	7.9	7.0	6.5	4.3	2.3
Exporter	1.1	1.3	1.5	0.7	0.8	0.6	1.0	1.8	0.4	1.4	1.0	0.6
Both Importer and Exporter	4.5	4.1	4.6	4.2	2.3	4.1	4.0	5.1	3.4	3.2	2.6	3.1
Neither Importer nor exporter	38.6	42.6	37.2	43.0	35.5	40.9	42.1	38.0	38.9	33.3	27.2	25.3
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>35.2</b>	<b>31.2</b>
<b>25. Drivers of macroeconomic Outlook by Size of Business: Current Quarter</b>												
Small (<50)	17.4	18.2	12.9	12.5	6.3	2.5	12.7	6.5	-8.7	-10.3	-19.3	-23.7
Medium (50 and <200)	3.6	3.0	2.8	2.6	1.3	0.2	2.1	1.8	-1.2	-1.4	-2.7	-4.3
Large (200 and Up)	0.8	0.4	0.7	0.9	0.7	-0.1	0.2	-0.1	-0.4	-0.6	-2.0	-1.0
Macroeconomic Outlook Index: Current Quarter	<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>-24.1</b>	<b>-29.0</b>
<b>26. Percentage Distribution of Respondent Firms by Sector</b>												
Industrial Sector	26.3	25.2	24.5	24.6	24.7	24.6	24.6	24.8	23.8	24.9	25.3	24.3
Construction Sector	13.7	13.4	13.3	12.8	13.5	13.9	12.5	12.9	14.6	13.8	13.2	14.2
Wholesale and Retail Trade	25.3	26.0	27.6	27.0	27.0	27.1	26.3	27.6	26.7	26.7	26.0	26.2
Services Sector	34.7	35.4	34.6	35.6	34.7	34.4	36.6	34.7	34.9	34.5	35.4	35.3

# Business Expectations Survey

## Q4 2016 North Central Zone

### Business Outlook

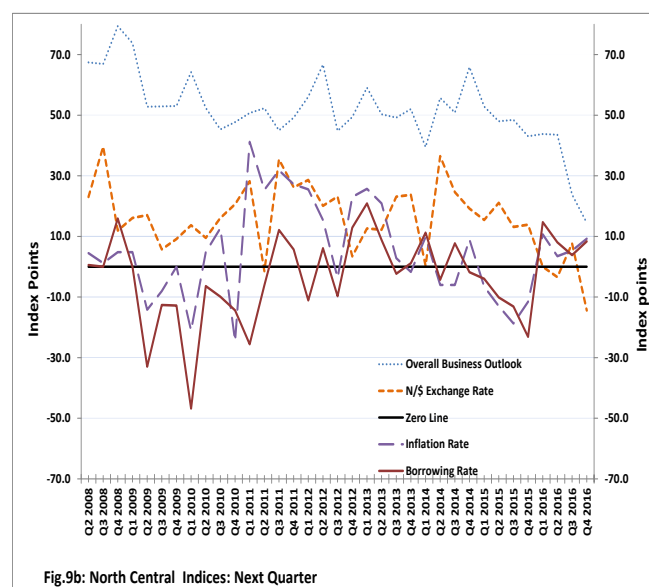


Respondents in the North Central zone were pessimistic on business activities in the review quarter as overall confidence index stood at -23.4 index points, compared to -5.5 index points achieved in the corresponding quarter of 2015. At 14.5 points, respondents were more optimistic about business activities in the next quarter (Fig. 9).

The pessimism in the overall business outlook in the zone was driven by the services (-8.7 point) wholesale and retail trade (-7.2 point), industrial (-4.6 points) and construction (-2.9 point) sectors (Table 3 Sections 2 & 14).

Respondents' pessimism in the volume of total order and internal liquidity positions (financial conditions), 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) index of the firms at -23.7 points in the current quarter was driven by industrial (-6.9 points), services (-6.4 points), wholesale & retail trade (-6.1 points) and construction (-4.3 points) sector (Table 3, Sections 4,5 & 15).



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

Respondent firms in the zone expected the naira to depreciate in both the current and the next quarters. Inflation and borrowing rates were expected to rise in both the current and next quarters (Table 3 Sections 9 & 10).

The respondent firms by type of business showed that "neither importer nor exporter" category constituted the majority with 76.9 per cent, followed "importer" 14.7 per cent, both importer and exporter" 5.5 per cent and "exporter" 2.9 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>												
<b>Confidence Index: All Sectors</b>												
<b>Current Quarter</b>												
North Central	12.7	17.1	22.9	30.2	23.4	-1.7	22.5	-5.5	-2.6	-1.7	-22.1	-23.4
<b>Next Quarter</b>												
North Central	39.5	55.7	50.9	65.9	52.9	48.0	48.4	43.1	43.8	43.6	23.8	14.5
<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	-22.9
Construction Sector	-1.9	10.2	34.0	9.1	6.1	-8.5	30.2	-8.3	-4.0	-2.0	2.0	-20.4
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	-27.8
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	-21.9
Financial Intermediation	6.9	26.7	24.0	30.8	18.5	-10.7	28.6	3.8	-26.7	3.8	-7.7	-16.0
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	-20.6
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	-32.4
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	-17.1
<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	27.1
Construction Sector	32.7	42.9	51.1	31.8	36.7	42.6	46.5	31.3	28.0	46.9	34.7	-2.0
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	17.8
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	11.7
Financial Intermediation	44.8	60.0	52.0	69.2	81.5	42.9	57.1	53.8	30.0	57.7	38.5	16.0
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	2.9
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	13.5
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	14.6
<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	-34.3
Construction Sector	7.7	-4.1	21.3	13.6	8.2	-4.3	18.6	-41.7	-18.0	12.2	-4.1	-30.6
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	-23.3
Services Sector	4.4	27.2	11.2	19.4	31.9	3.9	6.2	-20.0	-10.9	6.2	-6.0	-16.1
<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	-13.9
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	-16.8
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	-14.2
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	-23.7
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	-11.8
<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	40.0	20.8
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	15.3
<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	50.0
Construction Sector	57.7	57.1	59.6	50.0	51.0	68.1	72.1	72.9	54.0	75.5	51.0	49.0
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	61.4
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	48.9
Financial Intermediation	55.2	70.0	60.0	61.5	66.7	63.0	53.6	65.4	53.3	64.0	46.2	48.0
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	55.9
Renting and Business Activities	62.5	75.7	62.1	62.5	51.7	58.8	76.7	69.7	63.6	81.8	59.4	51.4
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	41.0



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

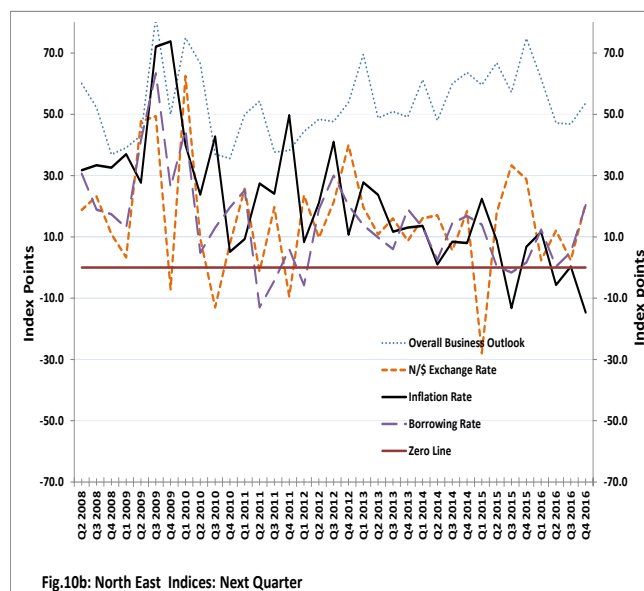
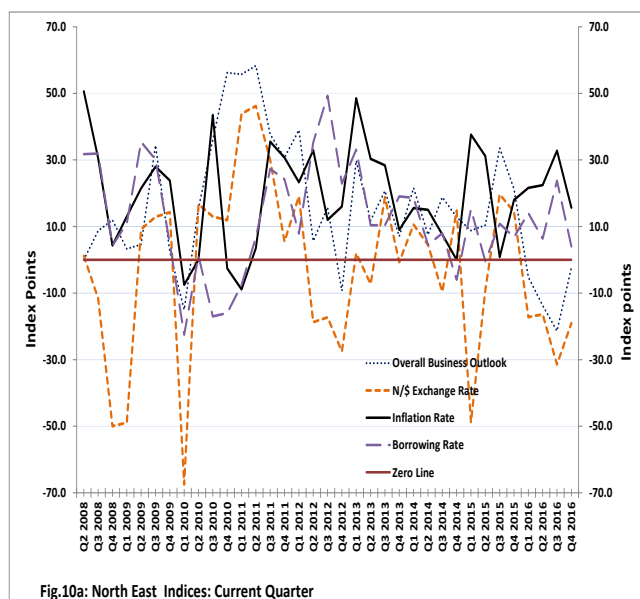
Year	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>8. Business Constraints: Current Quarter</b>												
High Interest Rate	38.6	37.9	55.6	43.7	60.0	50.3	44.7	51.4	50.4	53.4	54.3	56.9
Unclear Economic Laws	24.9	22.7	40.6	31.7	43.4	38.4	28.8	34.2	43.4	41.1	43.4	47.5
Lack of Equipment	4.6	16.0	35.3	4.5	22.0	24.7	16.6	16.0	20.6	29.4	25.2	27.6
Insufficient Demand	11.5	27.1	36.7	34.0	25.1	38.3	28.4	30.8	24.9	35.7	42.2	42.3
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	50.7
Financial Problems	39.9	45.4	54.9	36.4	42.1	51.7	47.8	54.6	45.5	60.3	61.6	57.5
Competition	33.4	51.1	56.9	52.5	49.6	45.1	35.8	43.4	45.0	48.7	51.9	43.1
Labor Problems	-7.8	1.7	24.9	-0.7	11.0	15.2	5.9	10.1	11.5	13.0	17.3	25.7
Lack of Materials Input	0.0	9.7	25.7	6.6	16.7	14.0	9.1	2.2	16.1	29.7	24.6	35.3
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	53.2
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	54.5
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	67.1
<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	-27.7
Inflation Rate	7.2	-4.9	6.0	19.5	10.9	3.5	3.8	-3.8	19.9	26.6	24.7	31.5
Borrowing Rate	6.9	-0.9	8.3	4.8	14.6	2.3	4.4	-7.2	7.5	4.9	17.4	5.5
<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	-14.5
Inflation Rate	9.8	-6.0	-6.0	9.0	-6.6	-13.0	-18.8	-11.6	10.7	3.4	5.3	9.2
Borrowing Rate	11.2	-4.3	7.7	-1.8	-4.0	-10.1	-13.1	-23.1	14.7	8.0	3.8	8.4
<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	14.7
Exporter	0.9	2.3	2.9	2.4	2.6	3.2	1.3	2.3	1.7	2.0	0.0	2.9
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	5.5
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	76.9
<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	87.0
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	10.7
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	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	0.0
<b>13. Distribution of Respondent Firms by Sector</b>												
<b>All Sectors</b>	<b>347</b>	<b>350</b>	<b>350</b>	<b>334</b>	<b>350</b>	<b>346</b>	<b>320</b>	<b>346</b>	<b>347</b>	<b>349</b>	<b>340</b>	<b>346</b>
Industrial Sector	70	68	67	68	63	68	63	75	75	69	75	70
Construction Sector	52	49	47	44	49	47	43	48	50	49	49	49
Wholesale and Retail Trade	86	97	111	88	103	102	84	83	94	101	81	90
Services Sector of which:	<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>137</u>
Financial Intermediation	29	30	25	26	27	28	28	26	30	26	26	25
Hotels and Restaurants	33	33	35	33	35	35	38	42	36	34	35	34
Renting and Business Activities	32	37	29	32	29	34	31	33	33	33	32	37
Community and Social Services	42	36	36	43	44	32	33	39	29	37	42	41
<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	-4.6
Construction Sector	-0.3	1.4	4.6	1.2	0.9	-1.2	4.1	-1.2	-0.6	-0.3	0.3	-2.9
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	-7.2
Services Sector	4.6	6.9	4.0	13.2	7.4	-1.4	7.5	-2.6	-2.0	-2.0	-7.1	-8.7
<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	-6.9
Construction Sector	1.2	-0.6	2.9	1.8	1.1	-0.6	2.5	-5.8	-2.6	1.7	-0.6	-4.3
Wholesale and Retail Trade	2.9	10.0	8.3	9.0	7.1	-7.2	5.6	-1.7	-2.6	1.7	-7.2	-6.1
Services Sector	1.7	10.6	4.0	7.8	12.3	1.4	2.5	-8.1	-4.0	2.3	-2.4	-6.4



# Business Expectations Survey

## Q4 2016 North East Zone

### Business Outlook



Respondents in the North East zone were pessimistic on business activities in Q4 2016. At  $-2.3$  points, overall confidence index declined by 23.5 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 53.7 points (Fig. 10).

The pessimism in the overall business outlook in the zone could be attributed to industrial ( $-4.7$  points) and wholesale and retail trade ( $-1.3$  points) (Table 4 Sections 2 & 14).

Respondents' pessimism in the volume of total order dampened the volume of their business activities in the current quarter. Though respondents were pessimistic on access to credit, their internal liquidity position improved in the review quarter.

The financial condition (or internal liquidity position) index of the firms which stood at 2.0 points in the current quarter was driven by services (2.7 points) and wholesale & retail trade (2.3 points) (Table 4 Sections 4, 5 & 15).

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

Respondent firms expect the naira to depreciate in the current quarter and appreciate in next quarter. Inflation was expected to rise in the current quarter and fall in next quarter while borrowing rates were expected to rise in both the current and next quarters (Table 4 Sections 9 & 10).

The respondent firms by type of business showed that "neither importer nor exporter" category constituted the majority with 83.3 per cent, followed by "Importer" with 9.0 per cent "both importer and exporter" with 6.3 per cent while "Exporter" 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	Q3	Q4
<b>1. Overall Business Outlook on the Macroeconomy</b>												
<b>Confidence Index: All Sectors</b>												
<b>Current Quarter</b>	21.6	7.5	18.8	12.8	8.8	10.4	33.6	21.2	-5.2	-13.7	-21.4	-2.3
<i>North East</i>												
<b>Next Quarter</b>	61.3	48.0	60.0	63.6	59.6	66.8	57.2	74.8	61.6	47.2	46.8	53.7
<i>North East</i>												
<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	-30.0	-23.3
Construction Sector	6.5	22.6	-10.8	0.0	16.2	8.1	28.1	25.6	-10.5	0.0	-33.3	2.2
Wholesale and Retail Trade	7.8	-3.9	30.8	12.1	24.2	4.5	21.1	9.2	3.1	-15.4	-24.4	-5.1
Services Sector of which:	41.6	12.8	24.5	15.5	0.0	11.3	39.4	21.9	-13.4	-9.6	-10.3	8.5
Financial Intermediation	50.0	52.6	29.2	21.7	0.0	4.5	62.0	9.1	-34.8	-23.1	7.4	28.6
Hotels and Restaurants	21.1	-10.5	-4.2	29.2	4.2	20.0	21.1	37.5	-33.3	-6.9	-13.8	-10.3
Renting and Business Activities	40.0	-10.0	40.0	12.0	-28.0	-12.0	15.0	24.0	28.0	-13.3	-16.7	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	-16.7	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	33.3	25.0
Construction Sector	58.1	51.6	45.9	51.4	51.4	51.4	65.6	64.1	63.2	47.8	55.6	68.9
Wholesale and Retail Trade	54.9	41.2	60.0	59.1	71.2	63.6	68.4	76.9	64.6	46.2	50.0	60.3
Services Sector of which:	68.8	56.4	70.4	76.0	59.8	74.2	51.4	76.0	57.7	48.7	48.3	58.1
Financial Intermediation	66.7	68.4	83.3	65.2	60.9	81.8	18.0	77.3	56.5	53.8	66.7	71.4
Hotels and Restaurants	68.4	42.1	54.2	82.6	66.7	76.0	84.2	75.0	37.5	31.0	48.3	48.3
Renting and Business Activities	55.0	55.0	76.0	76.0	44.0	56.0	75.0	80.0	76.0	53.3	23.3	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	56.7	60.0
<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	-15.0
Construction Sector	29.0	38.7	27.0	27.0	21.6	29.7	31.3	12.8	-15.8	-4.3	4.4	0.0
Wholesale and Retail Trade	47.1	29.4	26.2	43.9	37.9	28.8	10.5	20.0	18.5	-3.8	-19.2	9.0
Services Sector	61.0	25.6	31.6	53.6	22.7	21.6	20.4	17.7	5.2	0.0	-6.9	6.8
<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	-5.0
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	-16.1	-2.7
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	-14.0
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	2.0
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	5.7
<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	60.7
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	35.3
<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	55.0
Construction Sector	71.0	87.1	70.3	83.8	59.5	83.8	90.3	74.4	84.2	89.1	62.2	48.9
Wholesale and Retail Trade	76.5	78.4	75.4	80.3	72.7	80.3	80.7	72.3	83.1	73.1	73.1	61.5
Services Sector of which:	84.4	69.2	73.5	79.4	68.0	77.3	64.6	71.9	70.1	69.6	65.5	48.7
Financial Intermediation	72.2	63.2	75.0	73.9	60.9	72.7	62.5	54.5	56.5	53.8	59.3	46.4
Hotels and Restaurants	84.2	73.7	66.7	83.3	70.8	72.0	68.4	75.0	75.0	69.0	69.0	44.8
Renting and Business Activities	90.0	80.0	76.0	92.0	76.0	80.0	65.0	80.0	88.0	76.7	76.7	53.3
Community and Social Services	90.0	60.0	76.0	68.0	64.0	84.0	65.0	76.0	60.0	76.7	56.7	50.0

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

Year	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	49.0
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	41.3
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	25.2
Insufficient Demand	25.9	23.8	22.8	31.4	16.0	27.8	26.3	22.2	28.4	35.6	34.8	30.3
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	21.8
Financial Problems	46.5	52.0	43.0	48.0	39.6	51.6	46.6	44.4	55.6	58.5	58.4	53.2
Competition	39.2	40.3	36.8	32.4	23.2	31.6	33.7	47.6	44.4	45.0	33.6	47.2
Labor Problems	19.1	8.8	4.4	15.6	-2.8	4.4	9.2	-2.2	7.2	25.1	5.5	21.5
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	28.3
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	33.3
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	45.0
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	51.5
<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	-19.0
Inflation Rate	15.6	15.0	7.6	0.0	37.6	31.2	0.8	18.0	21.6	22.4	32.8	15.7
Borrowing Rate	18.6	4.5	8.0	-6.0	15.2	-0.4	10.8	6.8	14.0	6.4	23.7	4.0
<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	21.0
Inflation Rate	13.6	1.0	8.4	8.0	22.4	8.8	-13.3	6.8	11.6	-5.7	0.3	-14.7
Borrowing Rate	13.1	2.5	14.4	16.8	14.0	0.4	-1.6	1.6	12.4	0.3	5.0	20.3
<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	14.0	9.0
Exporter	1.5	0.0	0.0	0.0	0.0	1.2	4.4	1.2	0.0	1.3	2.3	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	2.3	6.3
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	83.3
<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	83.6	83.7
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	13.0
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	3.3
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>13. Distribution of Respondent Firms by Sector</b>												
<b>All Sectors</b>	<b>199</b>	<b>199</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>249</b>	<b>250</b>	<b>250</b>	<b>299</b>	<b>299</b>	<b>300</b>
Industrial Sector	40	39	50	50	50	50	51	50	50	60	60	60
Construction Sector	31	31	37	37	37	37	32	39	38	46	45	45
Wholesale and Retail Trade	51	51	65	66	66	66	57	65	65	78	78	78
Services Sector of which:	<u>77</u>	<u>78</u>	<u>98</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>109</u>	<u>96</u>	<u>97</u>	<u>115</u>	<u>116</u>	<u>117</u>
Financial Intermediation	18	19	23	23	23	22	50	22	23	26	27	28
Hotels and Restaurants	19	19	24	24	24	25	19	24	24	29	29	29
Renting and Business Activities	20	20	25	25	25	25	20	25	25	30	30	30
Community and Social Services	20	20	25	25	25	25	20	25	25	30	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	-4.7
Construction Sector	1.0	3.5	-1.6	0.0	2.4	1.2	3.6	4.0	-1.6	0.0	-5.0	0.3
Wholesale and Retail Trade	2.0	-1.0	8.0	3.2	6.4	1.2	4.8	2.4	0.8	-4.0	-6.4	-1.3
Services Sector	16.1	5.0	9.6	6.0	0.0	4.4	17.3	8.4	-5.2	-3.7	-4.0	3.3
<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	-3.0
Construction Sector	4.5	6.0	4.0	3.2	3.2	4.4	4.0	2.0	-2.4	-0.7	0.0	0.0
Wholesale and Retail Trade	12.1	7.5	6.8	11.6	10.0	7.6	2.4	5.2	4.8	-1.0	-5.0	2.3
Services Sector	23.6	10.1	12.4	20.8	8.8	8.4	8.9	6.8	2.0	0.0	-2.7	2.7

# Business Expectations Survey

## Q4 2016 North West Zone

### Business Outlook

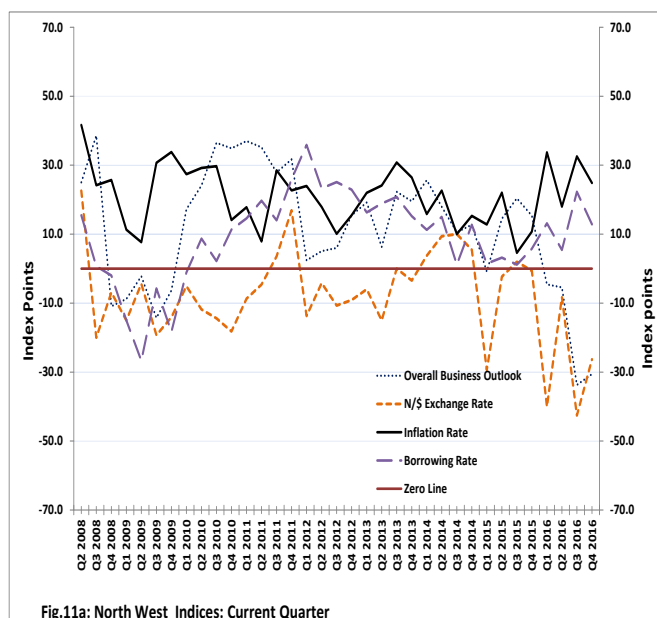


Fig.11a: North West Indices: Current Quarter

Respondents in the North West zone were more pessimistic on business activities in the quarter under review. At  $-30.6$  points, overall confidence index declined by  $46.0$  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 stood at  $32.6$  points (Fig. 11).

The pessimism in the overall business outlook in the zone could be adduced to the contributions of industrial ( $-10.3$  points), services ( $-9.1$  points) construction ( $-5.7$  points), wholesale and retail trade ( $-5.4$  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  $-16.3$  points in the current quarter was driven by industrial ( $-5.7$  points) services and construction sectors both had ( $-3.7$  points) while wholesale & retail trade ( $-3.1$  points) (Table 5 Sections 5 & 15).

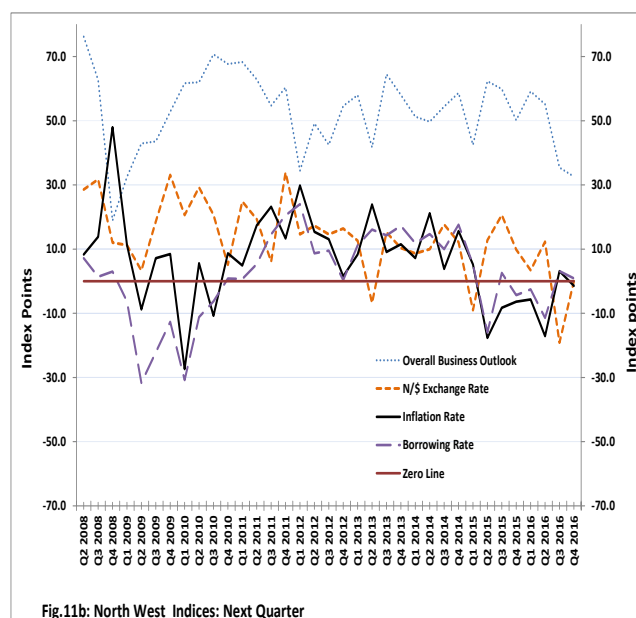


Fig.11b: North West Indices: Next Quarter

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

Respondent firms expected the naira to depreciate in the current quarter and flatten out in the next quarter. Inflation was expected to rise in the current quarter and fall in the next quarter, while 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  $68.6$  per cent, followed by "importer"  $17.4$  per cent, "both importer and exporter"  $11.1$  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>												
<b>Confidence Index: All Sectors</b>												
Current Quarter	25.6	17.9	10.6	12.7	-0.9	14.5	20.4	15.4	-4.6	-5.4	-33.7	-30.6
North West	51.3	49.7	54.4	58.7	42.4	62.3	59.9	50.1	59.1	55.1	35.4	32.6
Next Quarter	<b>Current Quarter</b>											
North West	<b>Current Quarter</b>											
<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	-50.9	-35.3
Construction Sector	11.1	10.8	25.0	-16.7	-10.4	-15.9	6.5	-14.6	-4.2	-18.8	-26.8	-42.6
Wholesale and Retail Trade	19.3	14.8	4.5	7.5	-5.6	19.3	16.1	30.7	-10.6	-9.3	-38.4	-21.3
Services Sector of which:	43.3	32.0	16.2	20.5	9.6	21.8	40.4	17.9	4.2	-1.8	-16.5	-28.6
Financial Intermediation	52.0	32.0	37.5	38.5	23.1	18.5	57.1	32.0	12.0	3.8	22.7	11.1
Hotels and Restaurants	48.6	21.2	9.7	3.2	-19.4	12.5	20.0	14.7	-12.1	-21.9	-22.9	-28.1
Renting and Business Activities	32.1	30.3	3.7	25.0	10.3	16.7	53.8	3.2	13.8	14.3	-33.3	-60.0
Community and Social Services	40.6	45.2	17.2	17.9	28.6	40.0	33.3	24.2	6.5	0.0	-22.6	-39.3
<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	14.8	20.6
Construction Sector	47.2	37.8	63.6	35.7	39.6	54.5	63.8	31.7	60.4	60.4	51.2	44.7
Wholesale and Retail Trade	54.5	35.8	49.4	52.7	46.1	61.4	52.9	58.0	62.4	66.3	39.5	30.3
Services Sector of which:	54.2	62.3	50.5	65.0	47.4	73.9	69.3	59.3	70.3	52.2	46.1	40.2
Financial Intermediation	40.0	56.0	54.2	76.9	53.8	81.5	75.0	72.0	76.0	61.5	81.8	40.7
Hotels and Restaurants	62.9	63.6	54.8	61.3	38.7	81.3	63.3	47.1	66.7	43.8	45.7	65.6
Renting and Business Activities	50.0	69.7	44.4	71.9	37.9	66.7	88.5	51.6	62.1	71.4	33.3	8.0
Community and Social Services	59.4	58.1	48.3	50.0	60.7	66.7	53.3	69.7	77.4	33.3	32.3	39.3
<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	-26.9	-19.6
Construction Sector	8.3	13.5	11.4	-23.8	-16.7	4.5	0.0	-4.9	-14.6	-10.4	-12.2	-27.7
Wholesale and Retail Trade	25.0	7.4	-1.1	7.5	-1.1	-3.4	14.9	8.0	0.0	0.0	-25.6	-12.4
Services Sector	31.7	28.7	15.3	29.9	14.0	17.6	35.1	13.8	17.8	8.8	1.7	-11.7
<b>5. Business Outlook 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	-26.6	-23.4
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	-25.7	-22.0
Credit Access Index	15.0	14.7	1.5	9.0	0.0	11.6	12.0	5.5	8.0	-4.3	-9.7	-18.6
Financial Condition Index	25.4	15.0	7.9	10.1	3.2	4.9	16.9	5.2	2.9	1.7	-15.4	-16.3
Average Capacity Utilization	28.0	22.6	4.7	19.1	5.2	15.9	14.9	16.5	6.6	2.3	-17.1	-14.0
<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	50.9	47.7
Employment Outlook Index	39.8	29.7	30.9	39.0	24.1	38.8	33.5	32.2	37.7	22.9	20.6	17.1
<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	37.0	39.2
Construction Sector	61.1	54.1	70.5	52.4	47.9	56.8	65.2	51.2	54.2	45.8	63.4	42.6
Wholesale and Retail Trade	47.7	71.6	55.1	47.3	38.6	46.6	57.5	62.5	57.6	47.7	40.7	45.5
Services Sector of which:	70.8	59.8	55.5	63.2	55.3	48.7	57.1	73.2	68.6	54.9	49.1	48.2
Financial Intermediation	56.0	60.0	70.8	69.2	57.7	55.6	57.1	67.0	76.0	61.5	63.6	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	48.6	43.8
Renting and Business Activities	71.4	69.7	53.8	53.1	65.5	26.7	60.0	80.6	72.4	57.1	42.3	44.0
Community and Social Services	84.4	67.7	55.2	71.4	57.1	63.3	53.3	75.8	61.3	51.9	45.2	44.4

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

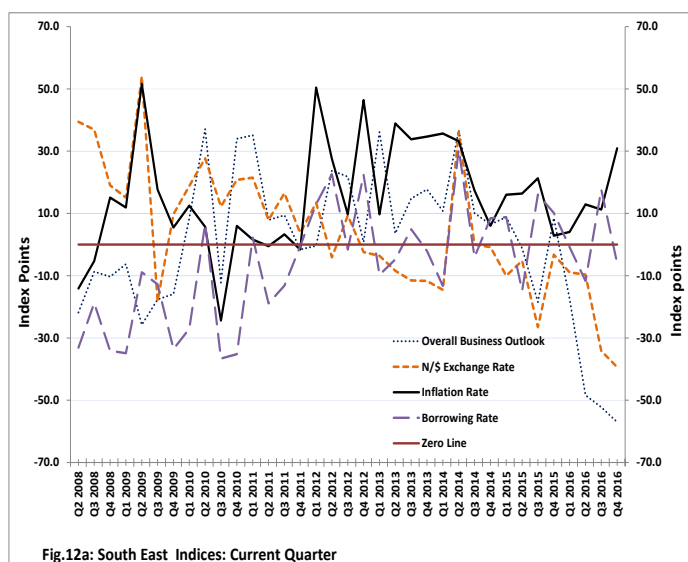
Year	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>8. Business Constraints: Current Quarter</b>												
High Interest Rate	51.2	51.6	36.0	44.7	50.7	39.0	43.0	48.7	44.0	42.0	44.9	57.7
Unclear Economic Laws	37.8	43.1	28.5	35.8	39.4	33.8	33.5	35.6	31.9	40.3	35.9	49.0
Lack of Equipment	22.9	29.6	14.4	23.1	19.9	15.5	20.8	22.8	26.1	20.4	22.1	38.3
Insufficient Demand	32.3	35.3	32.2	34.4	38.5	33.8	18.9	23.5	37.0	38.9	38.7	50.6
Access to Credit	28.0	35.3	32.5	32.8	37.4	32.2	27.2	31.8	30.6	32.4	39.9	50.7
Financial Problems	42.9	50.1	49.6	48.3	49.3	44.5	38.4	42.4	46.7	57.0	57.3	56.9
Competition	38.8	39.4	35.6	34.8	42.9	26.8	30.9	28.5	34.1	40.3	38.3	41.9
Labor Problems	9.7	13.1	3.4	3.6	-3.6	2.9	7.9	9.7	-3.3	4.3	-7.3	14.9
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	34.9
Unfavourable Political Climate	37.3	39.6	33.2	34.5	45.8	32.5	23.8	23.8	24.4	38.9	27.3	38.1
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	54.6
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	56.9
<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	-42.6	-26.3
Inflation Rate	15.9	22.6	10.0	15.3	12.8	22.0	4.6	10.7	33.7	18.0	32.6	24.9
Borrowing Rate	11.2	15.0	1.2	12.7	1.5	3.2	1.1	5.8	13.1	5.4	22.3	12.9
<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	-19.1	0.0
Inflation Rate	7.2	21.2	3.8	15.6	5.2	-17.7	-8.3	-6.4	-5.7	-17.1	3.1	-1.4
Borrowing Rate	11.8	14.7	10.0	17.6	5.2	-15.9	2.6	-4.3	-2.6	-11.4	3.1	0.9
<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	17.4
Exporter	2.9	2.4	2.4	2.0	5.8	2.3	2.0	1.7	1.1	2.9	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	12.0	11.1
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	68.6
<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	70.9
Medium (50 and <200)	16.7	16.5	12.6	17.1	17.2	18.4	19.0	19.1	20.9	17.1	16.6	21.4
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	7.7
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>13. Distribution of Respondent Firms by Sector</b>												
<b>All Sectors</b>	<b>347</b>	<b>340</b>	<b>340</b>	<b>346</b>	<b>344</b>	<b>345</b>	<b>349</b>	<b>345</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
Industrial Sector	103	100	96	94	93	94	101	93	99	103	108	102
Construction Sector	36	37	44	42	48	44	47	41	48	48	41	47
Wholesale and Retail Trade	88	81	89	93	89	88	87	88	85	86	86	89
Services Sector of which:	<u>120</u>	<u>122</u>	<u>111</u>	<u>117</u>	<u>114</u>	<u>119</u>	<u>114</u>	<u>123</u>	<u>118</u>	<u>113</u>	<u>115</u>	<u>112</u>
Financial Intermediation	25	25	24	26	26	27	28	25	25	26	22	27
Hotels and Restaurants	35	33	31	31	31	32	30	34	33	32	35	32
Renting and Business Activities	28	33	27	32	29	30	26	31	29	28	27	25
Community and Social Services	32	31	29	28	28	30	30	33	31	27	31	28
<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	-10.3
Construction Sector	1.2	1.2	3.2	-2.0	-1.5	-2.0	0.9	-1.7	-0.6	-2.6	-3.1	-5.7
Wholesale and Retail Trade	4.9	3.5	1.2	2.0	-1.5	4.9	4.0	7.8	-2.6	-2.3	-9.4	-5.4
Services Sector	15.0	11.5	5.3	6.9	3.2	7.5	13.2	6.4	1.4	-0.6	-5.4	-9.1
<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	-5.7
Construction Sector	0.9	1.5	1.5	-2.9	-2.3	0.6	0.0	-0.6	-2.0	-1.4	-1.4	-3.7
Wholesale and Retail Trade	6.3	1.8	-0.3	2.0	-0.3	-0.9	3.7	2.0	0.0	0.0	-6.3	-3.1
Services Sector	11.0	10.3	5.0	10.1	4.7	6.1	11.5	4.9	6.0	2.9	0.6	-3.7



# Business Expectations Survey

## Q4 2016 South East Zone

### Business Outlook

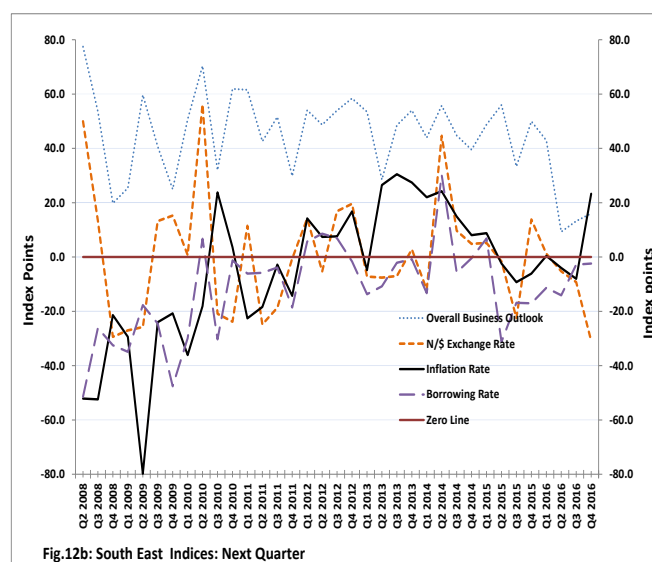


Respondents in the South East zone were pessimistic on business activities in Q4 2016. At  $-57.0$  points, the overall confidence index declined by 65.5 index points, compared with the level achieved in the corresponding quarter of 2015. However, respondents were optimistic about business activities in the next quarter as the index stood at 16.1 points (Fig. 12).

The pessimism in the overall business outlook in the zone could be added to the contributions of services (-18.1 points), industrial (-14.9 points), wholesale and retail trade (-14.5 points) and construction (-9.6 points) sectors (Table 6 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) index of the firms, which stood at  $-32.1$  points in the current quarter was driven by services (-12.0 points) wholesale and retail trade (-7.6 points), industrial (-7.2 points) and construction (-5.2 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, unclear economic laws, unfavourable political climate and competition 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 both the current and the next quarters. Borrowing rates were expected to decline in both the 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 79.5 per cent, followed by "importer" 16.9 per cent, "both importer and exporter" 3.6 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</b>												
<b>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	-52.2	-57.0
South East												
Next Quarter	44.0	55.7	44.8	39.5	48.8	56.0	33.3	50.0	42.9	9.3	13.3	16.1
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	-72.8	-61.7
Construction Sector	30.8	37.8	5.3	-25.6	-12.8	-11.9	-29.7	-7.3	-14.6	-63.2	-66.0	-64.9
Wholesale and Retail Trade	-1.6	21.7	-4.8	5.9	7.3	-4.4	-35.9	13.6	-18.5	-45.7	-25.8	-59.0
Services Sector of which:	19.7	53.6	24.1	13.4	17.6	9.5	-8.8	1.5	-21.5	-35.5	-40.7	-49.5
Financial Intermediation	7.7	44.4	40.0	18.2	63.6	0.0	-5.0	-7.7	-17.6	-43.8	-46.2	-53.3
Hotels and Restaurants	28.6	25.0	4.0	-7.7	-4.5	4.2	5.0	0.0	-44.0	-52.4	-64.7	-45.5
Renting and Business Activities	17.6	64.7	27.8	36.4	16.0	13.3	-5.0	-11.8	-20.0	-13.0	-23.1	-62.5
Community and Social Services	20.0	61.3	34.6	13.0	18.2	20.0	-30.0	22.2	5.9	-37.5	-25.0	-44.7
<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	11.7
Construction Sector	64.1	51.4	57.9	20.5	20.5	47.6	27.0	26.8	43.9	2.6	14.9	-5.4
Wholesale and Retail Trade	36.1	50.7	37.1	35.3	60.0	54.4	25.0	43.9	58.5	18.6	45.2	14.8
Services Sector of which:	51.5	62.3	48.1	60.5	57.1	70.3	45.0	67.6	43.0	28.9	22.0	58.6
Financial Intermediation	61.5	100.0	90.0	63.6	90.9	86.7	55.0	69.2	76.5	31.3	46.2	53.3
Hotels and Restaurants	66.7	50.0	48.0	70.0	59.1	66.7	40.0	70.0	44.0	23.8	-5.9	22.7
Renting and Business Activities	35.3	64.7	38.9	54.5	40.0	60.0	40.0	64.7	10.0	34.8	23.1	6.3
Community and Social Services	40.0	54.8	38.5	56.5	57.6	70.0	45.0	66.7	47.1	25.0	31.3	31.6
<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	-30.0
Construction Sector	12.8	0.0	7.9	-23.1	-15.4	-11.9	-21.6	-7.3	-4.9	-31.6	-38.3	-35.1
Wholesale and Retail Trade	4.9	1.5	0.0	-10.3	12.7	1.5	-12.5	10.6	6.2	-41.4	-6.5	-31.1
Services Sector	22.7	21.7	20.3	-9.8	39.6	-2.7	6.3	14.7	-2.5	-10.5	-15.3	-33.0
<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	-42.2
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	-38.6
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	-44.6
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	-32.1
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	-26.1
<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	30.1
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	6.8
<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	53.3
Construction Sector	66.7	24.3	50.0	39.5	28.2	40.5	29.7	36.6	41.5	28.9	48.9	51.4
Wholesale and Retail Trade	72.1	28.4	54.8	45.6	41.8	67.6	34.4	51.5	56.9	58.6	46.8	47.5
Services Sector of which:	50.0	17.4	60.8	54.9	47.3	62.2	43.8	50.0	55.1	60.5	40.7	58.2
Financial Intermediation	61.5	22.2	40.0	18.2	45.5	53.3	50.0	38.5	76.5	62.5	46.2	60.0
Hotels and Restaurants	33.3	25.0	60.0	57.7	36.4	66.7	40.0	50.0	44.0	47.6	35.3	50.0
Renting and Business Activities	58.8	5.9	77.8	54.5	56.0	53.3	45.0	47.1	40.0	69.6	53.8	50.0
Community and Social Services	53.3	19.4	57.7	69.6	48.5	70.0	40.0	61.1	68.8	62.5	31.3	65.8



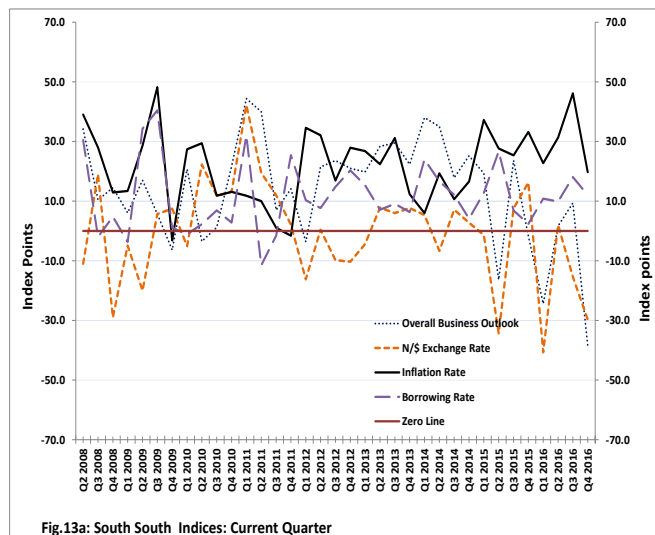
**TABLE 6 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**South East Zone**

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	43.8
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	22.1
Insufficient Demand	0.4	-16.9	13.1	1.8	13.6	10.4	17.9	6.7	41.3	34.3	44.2	22.9
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	51.6
Financial Problems	57.3	37.7	63.3	57.7	55.4	60.8	40.8	48.2	52.4	52.2	61.8	60.6
Competition	25.9	22.0	31.0	32.1	39.6	39.8	36.7	46.5	33.2	22.6	47.4	32.3
Labor Problems	-12.4	-31.8	-10.3	-17.7	-7.0	-8.4	-11.0	-12.4	7.1	-7.1	-0.6	1.0
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	23.3
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	39.4
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	60.4
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	75.3
<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	-39.4
Inflation Rate	35.7	33.2	17.3	6.0	16.0	16.4	21.3	2.8	4.0	12.9	11.2	30.9
Borrowing Rate	-13.3	30.6	-4.0	8.5	8.8	-14.8	16.1	10.2	-0.8	-11.7	17.7	-6.0
<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	-30.9
Inflation Rate	22.0	24.3	14.9	8.1	8.8	-2.4	-9.2	-6.1	0.4	-4.0	-8.0	23.3
Borrowing Rate	-13.3	30.2	-5.6	-0.4	6.8	-31.2	-16.9	-17.1	-11.3	-14.1	-2.8	-2.4
<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	16.9
Exporter	4.1	1.7	0.8	0.4	0.8	0.4	0.4	0.8	0.4	0.8	2.4	0.0
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	3.6
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	79.5
<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	80.3
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	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	4.0	2.8
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>												
<b>All Sectors</b>	<b>241</b>	<b>237</b>	<b>248</b>	<b>248</b>	<b>250</b>	<b>250</b>	<b>249</b>	<b>246</b>	<b>247</b>	<b>248</b>	<b>249</b>	<b>249</b>
Industrial Sector	75	59	69	59	65	66	68	71	62	64	81	60
Construction Sector	39	37	38	39	39	42	37	41	41	38	47	37
Wholesale and Retail Trade	61	69	62	68	55	68	64	66	65	70	62	61
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>	<u>59</u>	<u>91</u>
Financial Intermediation	13	9	10	11	11	15	20	13	17	16	13	15
Hotels and Restaurants	21	12	25	26	22	24	20	20	25	21	17	22
Renting and Business Activities	17	17	18	22	25	15	20	17	20	23	13	16
Community and Social Services	15	34	26	23	33	20	20	18	17	16	16	38
<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	-14.9
Construction Sector	5.0	5.9	0.8	-4.0	-2.0	-2.0	-4.4	-1.2	-2.4	-9.7	-12.4	-9.6
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	-14.5
Services Sector	5.4	16.3	7.7	4.4	6.4	2.8	-2.8	0.4	-6.9	-10.9	-9.6	-18.1
<b>15. Business Confidence Index on Own Operations by Sector: 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	-15.3	-7.2
Construction Sector	2.1	0.0	1.2	-3.6	-2.4	-2.0	-3.2	-1.2	-0.8	-4.8	-7.2	-5.2
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	-7.6
Services Sector	6.2	6.6	6.5	-3.2	14.4	-0.8	2.0	4.1	-0.8	-3.2	-3.6	-12.0

# Business Expectations Survey

## Q4 2016 South South Zone

### Business Outlook

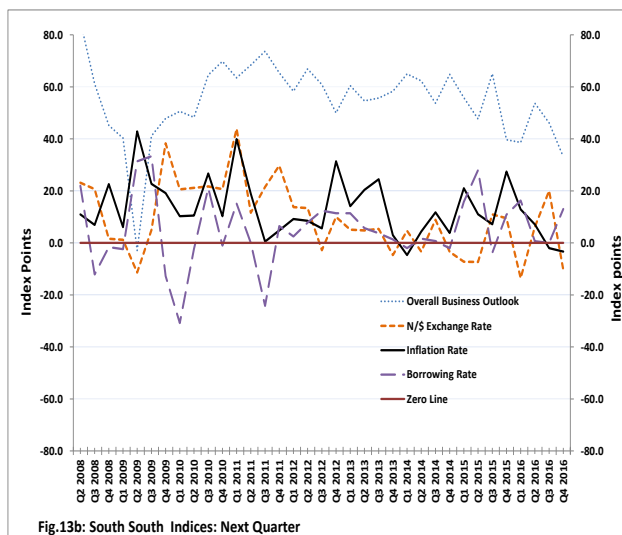


Respondents in the South South zone were pessimistic on business activities in the current quarter. At  $-38.5$  points, the overall confidence index declined by  $36.8$  index points, below the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the overall business outlook index for the next quarter stood at  $33.1$  points (Fig. 13b).

The pessimism in the overall business outlook could be attributed to the contribution of services ( $-15.1$  points), industrial ( $-10.0$  points), wholesale/retail trade ( $-9.4$  points) and construction ( $-4.0$  points) sector (Table 7 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) index of the firms, which stood at  $-17.1$  points in the current quarter, was driven by wholesale/retail trade ( $-9.4$  points), industrial ( $-4.7$  points), services ( $-2.0$  points) and construction ( $-1.0$  points) (Table 7 Sections 5 & 15).



Respondents cited insufficient power supply, financial problems, unfavourable economic climate, competition, high interest rate, unclear economic laws, insufficient demand and unfavourable economic 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 both the current and the next quarters. Inflation was expected to rise in the current quarter and fall in the next quarter, while borrowing rates were expected to rise in both the current and the next quarters (Table 7 Sections 9 & 10).

The respondent firms by type of business showed that "neither importer nor exporter" category constituted the majority with  $76.3$  per cent, followed by "importer"  $11.7$  per cent, "both importer and exporter"  $9.7$  per cent and "exporter" firms  $2.3$  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												
<i>South South</i>												
Next Quarter												
<i>South South</i>												
<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	-47.6
Construction Sector	40.8	24.5	13.6	18.6	-4.8	-33.3	11.1	-7.5	-19.7	-8.3	0.0	-20.0
Wholesale and Retail Trade	28.8	22.4	17.1	17.3	17.3	5.2	10.5	-8.5	-25.9	8.9	-5.0	-36.4
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	-45.5
Financial Intermediation	34.8	23.8	20.8	50.0	40.0	-19.0	50.0	12.0	-36.8	-12.5	15.8	-40.0
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	-45.0
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	-68.4
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	-30.0
<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	34.9
Construction Sector	61.2	71.4	47.7	83.7	50.0	45.6	57.8	57.5	44.3	39.6	58.1	31.7
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	36.4
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	30.3
Financial Intermediation	69.6	81.0	62.5	54.5	70.0	47.6	82.1	36.0	47.4	62.5	42.1	30.0
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	27.5
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	26.3
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	40.0
<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	-22.2
Construction Sector	18.4	0.0	2.3	0.0	-7.1	-3.5	-20.0	-2.5	4.9	-25.0	-11.6	-5.0
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	-36.4
Services Sector	23.1	27.5	16.2	29.7	14.7	21.4	4.5	4.6	-4.2	-7.5	13.7	-6.1
<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	-17.7
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	-21.4
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	-19.1
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	-17.1
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	-3.0
<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	64.5
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	26.8
<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	68.3
Construction Sector	65.3	53.1	50.0	48.8	69.0	59.6	64.4	57.5	65.6	72.9	55.8	78.3
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	70.1
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	63.6
Financial Intermediation	69.6	57.1	58.3	68.2	60.0	66.7	64.3	52.0	73.7	66.7	57.9	65.0
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	57.5
Renting and Business Activities	65.4	76.9	48.0	69.2	85.0	57.9	62.1	69.2	50.0	59.3	78.8	68.4
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	70.0

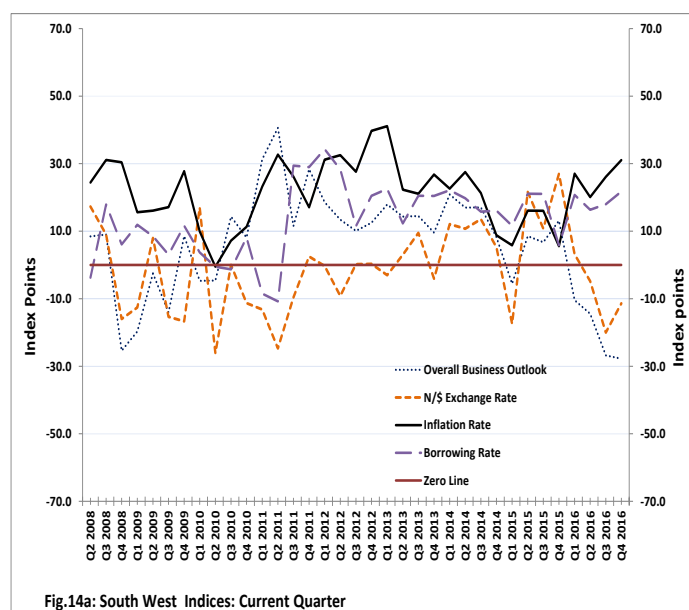
**TABLE 7 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**South South Zone**

Year	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	39.1
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	30.9
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	9.9
Insufficient Demand	20.3	20.5	32.0	20.5	22.9	17.5	22.9	34.6	22.4	32.3	44.3	26.4
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	13.5
Financial Problems	49.0	51.3	46.8	38.4	40.5	44.2	49.3	49.0	45.3	52.4	59.7	51.0
Competition	42.2	51.8	57.1	38.4	37.8	47.7	38.0	32.7	47.1	34.9	35.1	48.2
Labor Problems	15.3	25.8	24.4	12.6	2.1	-8.2	-2.1	8.6	-4.1	-3.1	19.7	0.0
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	19.1
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	23.9
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	48.3
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	62.4
<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	-29.8
Inflation Rate	6.0	19.3	10.7	16.6	37.2	27.7	25.3	33.2	22.7	31.3	46.2	19.7
Borrowing Rate	24.0	16.7	12.1	4.1	12.8	26.7	6.8	2.4	10.8	9.9	18.1	12.0
<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	-10.4
Inflation Rate	-4.7	4.3	11.7	3.8	21.0	11.0	7.2	27.5	12.9	7.1	-2.0	-3.3
Borrowing Rate	-2.0	1.7	0.7	-2.1	15.9	28.0	-3.8	10.8	16.3	0.7	0.0	13.0
<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	11.7
Exporter	2.3	3.0	1.4	2.8	4.1	2.7	5.1	6.4	4.4	3.1	4.3	2.3
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	9.7
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	76.3
<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	82.6
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	14.7
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	2.7
No Response	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>13. Distribution of Respondent Firms by Sector</b>												
<b>All Sectors</b>	<b>300</b>	<b>300</b>	<b>281</b>	<b>290</b>	<b>290</b>	<b>300</b>	<b>292</b>	<b>295</b>	<b>295</b>	<b>294</b>	<b>299</b>	<b>299</b>
Industrial Sector	74	73	62	71	72	68	59	65	57	60	59	63
Construction Sector	49	49	44	43	42	57	45	40	61	48	43	60
Wholesale and Retail Trade	73	76	70	75	81	77	76	82	81	79	80	77
Services Sector of which:	<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>	<u>117</u>	<u>99</u>
Financial Intermediation	23	21	24	22	20	21	28	25	19	24	19	20
Hotels and Restaurants	30	31	31	30	31	39	29	32	43	31	41	40
Renting and Business Activities	26	26	25	26	20	19	29	26	20	27	33	19
Community and Social Services	25	24	25	23	24	19	26	25	14	25	24	20
<b>14. Business Outlook Index on the Macroeconomy by Sector Contribution: 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	-10.0
Construction Sector	6.7	4.0	2.1	2.8	-0.7	-6.3	1.7	-1.0	-4.1	-1.4	0.0	-4.0
Wholesale and Retail Trade	7.0	5.7	4.3	4.5	4.8	1.3	2.7	-2.4	-7.1	2.4	-1.3	-9.4
Services Sector	14.3	13.0	7.1	8.3	13.4	-6.7	13.4	2.0	-8.1	4.1	13.0	-15.1
<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	-4.7	-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	-1.0
Wholesale and Retail Trade	5.7	3.7	7.5	0.3	4.8	1.7	4.1	-1.7	-3.1	-1.0	-2.3	-9.4
Services Sector	8.0	9.3	6.0	10.3	4.8	7.0	1.7	1.7	-1.4	-2.7	5.4	-2.0

# Business Expectations Survey

## Q4 2016 South West Zone

### Business Outlook

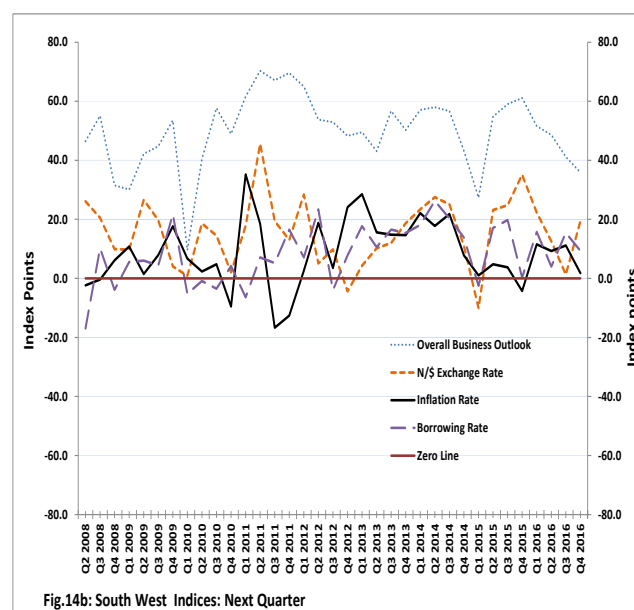


Respondents in the South West zone were pessimistic on business activities in Q4 2016. At  $-27.8$  points, the overall confidence index fell by 40.9 index points, compared with the level achieved in the corresponding quarter of 2015. Respondents were optimistic about business activities in the next quarter as the index stood at 35.9 points (Fig. 14).

The pessimism in the overall business outlook in the zone could be attributed to services (-10.1 points), wholesale/retail trade (-8.6 points), industrial (-5.1 points) and construction (-4.0) sector (Table 8 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) index of the firms, which stood at  $-19.7$  points in the current quarter was driven by wholesale & retail trade (-8.8 points), both construction and services sectors had (-3.8 points each) and industrial sector ( $-3.3$  points) (Table 8 Sections 5 & 15).



Respondents cited insufficient power supply, high interest rate, financial problems, unfavourable economic climate, competition, unclear economic laws, unfavourable political climate and insufficient demand 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 the current and next quarters (Table 7 Sections 9 & 10).

The respondent firms by type of business showed that "neither importer nor exporter" category constituted the majority with 75.8 per cent, followed by "importer" 13.1 per cent, "both importer and exporter" 9.1 per cent and "exporter" firms 2.0 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>												
<b>Confidence Index: All Sectors</b>												
Current Quarter	20.9	17.0	17.0	8.3	-5.6	8.5	6.8	13.1	-10.4	-14.5	-26.8	-27.8
South West												
Next Quarter												
South West	57.0	58.0	56.6	43.2	27.3	54.8	59.0	61.1	51.6	48.6	41.2	35.9
<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	-17.1
Construction Sector	40.9	19.0	20.5	0.0	-20.5	30.6	-20.7	-2.9	-8.3	-33.3	-25.8	-42.1
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	-30.1
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	-31.3
Financial Intermediation	51.3	30.4	26.7	26.3	6.3	54.5	52.6	-5.6	0.0	-19.0	-34.6	-11.8
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	-28.6
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	-15.8
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	-42.2
<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	36.8
Construction Sector	54.5	57.1	69.2	58.8	-10.3	63.9	62.1	52.9	55.6	48.7	16.1	26.3
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	31.0
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	42.2
Financial Intermediation	69.2	69.6	60.0	42.1	43.8	63.6	78.9	61.1	55.0	28.6	38.5	47.1
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	64.3
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	68.4
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	23.4
<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	-11.1
Construction Sector	27.3	14.3	2.6	11.8	-25.6	5.6	0.0	0.0	-2.8	2.6	-19.4	-39.5
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	-31.0
Services Sector	19.5	26.5	18.8	25.2	4.1	29.5	22.2	23.5	15.6	6.2	-9.8	-11.7
<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	-8.8
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	-13.9
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	-24.0
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	-19.7
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	-6.3
<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	54.0
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	34.8
<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	66.7
Construction Sector	77.3	71.4	66.7	64.7	38.5	80.6	75.9	70.6	75.0	69.2	67.7	76.3
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	73.5
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	71.9
Financial Intermediation	79.5	91.3	66.7	84.2	62.5	77.3	73.7	77.8	75.0	71.4	73.1	82.4
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	82.1
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	73.7
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	64.1



**TABLE 8 (continued)**  
**BUSINESS EXPECTATIONS SURVEY**  
**South West Zone**

Year	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	56.4
Unclear Economic Laws	33.0	30.6	27.8	25.4	24.9	38.6	28.5	30.0	35.6	29.9	42.8	46.1
Lack of Equipment	25.0	15.3	19.3	22.9	14.4	22.1	16.9	14.3	21.2	19.5	18.8	30.6
Insufficient Demand	29.8	19.9	21.7	23.8	18.7	21.9	22.9	30.1	34.7	32.1	38.5	40.0
Access to Credit	34.9	23.8	23.7	24.7	15.5	25.5	20.8	26.2	31.7	34.1	28.8	34.6
Financial Problems	48.6	37.1	31.5	35.0	31.8	39.4	34.3	43.3	47.3	46.4	52.4	55.2
Competition	45.7	38.5	39.6	35.9	40.3	30.9	34.5	40.6	46.7	39.8	41.5	49.2
Labour Problems	5.8	1.5	-1.5	3.9	0.4	5.7	3.0	7.1	11.1	2.9	4.8	20.3
Lack of Materials Input	16.0	6.0	6.6	8.6	9.0	14.3	12.3	11.3	16.6	15.0	14.8	32.2
Unfavourable Political Climate	25.3	29.1	24.3	26.8	16.7	29.9	33.8	23.2	27.7	30.8	37.1	40.5
Unfavourable Economic Climate	40.5	37.5	34.1	31.2	24.0	40.5	36.6	29.9	42.8	38.0	51.1	53.9
Insufficient Power Supply	70.9	55.1	57.8	45.1	48.6	61.7	50.4	46.7	61.4	59.3	64.3	63.4
<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	-11.4
Inflation Rate	22.6	27.5	21.3	8.8	5.8	16.1	16.0	5.6	27.0	20.1	26.1	31.1
Borrowing Rate	22.1	19.8	15.8	16.1	11.6	21.1	21.1	5.8	20.7	16.3	18.0	21.7
<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	19.4
Inflation Rate	22.1	17.8	21.8	7.8	1.0	4.8	3.8	-4.3	11.5	9.3	11.1	1.8
Borrowing Rate	18.1	26.3	20.3	13.8	-2.5	17.1	19.8	0.3	15.7	4.0	15.4	9.3
<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	13.1
Exporter	4.0	4.3	3.5	0.5	1.5	5.0	1.3	4.3	2.1	3.0	1.8	2.0
Both Importer and Exporter	9.3	13.5	12.3	10.0	8.6	9.8	11.8	11.6	10.2	9.5	11.4	9.1
Neither Importer nor exporter	67.8	59.3	57.1	72.5	74.2	63.6	70.5	63.4	69.7	66.3	67.6	75.8
<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	83.3
Medium (50 and <200)	15.8	19.0	11.8	14.5	16.2	13.6	9.3	12.1	12.3	12.7	13.4	9.8
Large (200 and Up)	6.5	14.3	9.5	18.0	10.9	11.1	7.8	7.8	11.7	8.5	11.4	6.8
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>												
<b>All Sectors</b>												
Industrial Sector	398	400	399	393	396	398	400	396	383	401	396	396
Construction Sector	119	122	114	116	122	119	115	111	103	128	106	117
Wholesale and Retail Trade	44	42	39	34	39	36	29	34	36	39	31	38
Services Sector of which:	102	100	118	112	114	111	121	135	109	105	116	113
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>	<u>128</u>
Hotels and Restaurants	39	23	15	19	16	22	19	18	20	21	26	17
Renting and Business Activities	42	44	42	34	38	32	29	28	23	34	24	28
Community and Social Services	25	26	30	25	23	24	22	21	30	20	28	19
	27	43	41	53	44	54	65	49	62	54	55	64
<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	-5.1
Construction Sector	4.5	2.0	2.0	4.0	-2.0	2.8	-1.5	-0.3	-0.8	-3.2	-2.0	-4.0
Wholesale and Retail Trade	6.3	6.3	4.5	3.1	-2.5	3.3	1.8	5.6	-5.7	-3.5	-6.1	-8.6
Services Sector	3.8	5.5	6.8	1.0	-2.5	3.0	3.3	5.3	0.0	-3.7	-10.4	-10.1
<b>15. Business Confidence Index on Own Operations by Sector: Current Quarter</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	-3.3
Construction Sector	3.0	1.5	0.3	1.0	-2.5	0.5	0.0	0.0	-0.3	0.2	-1.5	-3.8
Wholesale and Retail Trade	8.1	6.8	8.0	6.4	1.8	5.5	4.3	4.5	0.5	-0.5	-1.5	-8.8
Services Sector	6.5	9.0	6.0	8.4	1.3	9.8	7.5	6.9	5.5	2.0	-3.5	-3.8