

Central Bank of Nigeria



**Consumer
Expectations Survey
Report**

Q₄ 2017

Statistics Department

December 2017

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1.0 Highlights

The highlights of the Q₄ 2017 Consumer Expectations Survey (CES) are as follows:

- Overall outlook of consumers improved in the current quarter, as more consumers were optimistic in their outlook. This was attributable to an anticipated consumer confidence in the family income. Consumers however, had a positive outlook for the next quarter and the next 12 months.
- Majority of consumers nationwide believe that the next 12 months would not be an ideal time to purchase big-ticket items like motor vehicle and house & lot.
- Most respondents expected that naira will appreciate, while borrowing, inflation and unemployment rates will rise in the next 12 months
- The major drivers of the expected upward movement in prices are: education, electricity, transportation, house rent, medical care, telecommunication, and food & other household needs.

2.0 Introduction

The Consumer Expectations Survey (CES) for Q₄ 2017 was conducted during the period November 20 to December 1, 2017, covering a sample size of 1,950 households drawn from the National Bureau of Statistics (NBS) Master List of Households.

The overall response rate for the Q₄ 2017 CES was 99.9 per cent. Respondents' distribution by educational attainment showed that 53.6 per cent had university education, 25.3 per cent had higher non-university education, while 15.6 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 2.4 and 2.2 per cent, respectively, while those with no formal education accounted for the balance of 1.0 per cent.

3.0 Consumer Outlook

3.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook improved in Q₄ 2017, as more consumers were optimistic in their outlook. The index at 1.0 points was 30.8 points higher than the index in the corresponding period of 2016. Some respondents attributed this moderation in outlook improvement in the family income. The consumer outlook for the next quarter and next 12 months were also positive at 28.1 and 34.4 points, respectively (Fig. 1). This outlook could be attributed to the anticipated improvement in Nigeria's economic conditions, expected increase in net household income, and expectations to save a bit and/or have plenty over savings in the next 12 months (Table 1).

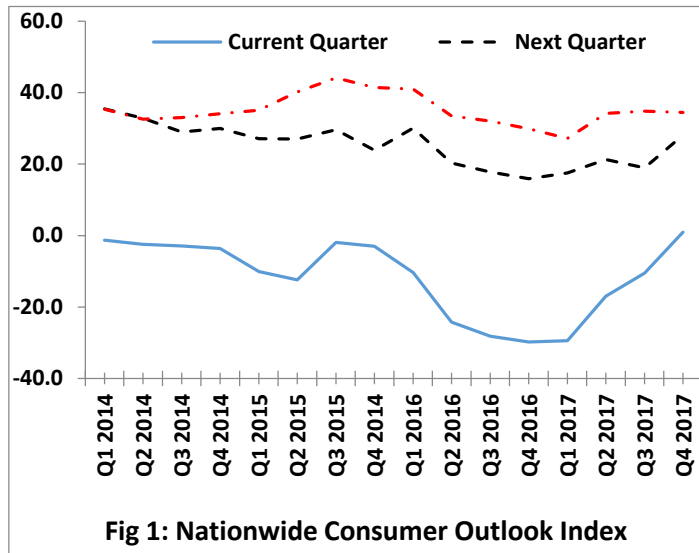


Fig 1: Nationwide Consumer Outlook Index

3.2 Outlook on Price Changes in the Next 12 Months

Most respondents expect the prices of goods and services to rise in the next 12 months with an index point of 13.0 points. The major drivers are: Education, electricity, transportation, house rent, medical care, telecommunication and food & other household needs (Fig. 2).

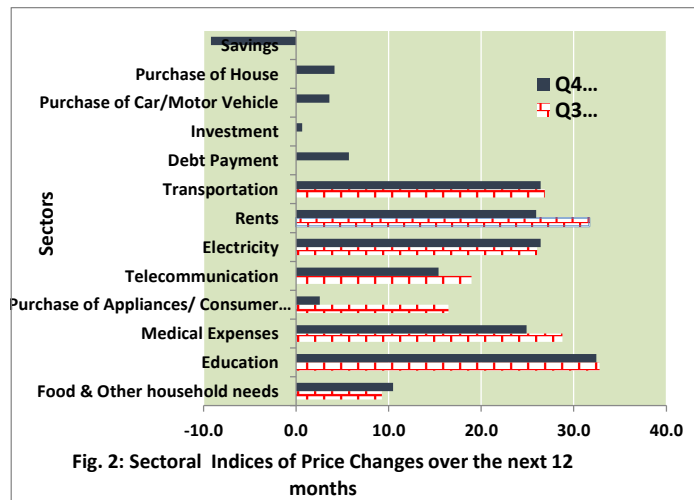


Fig. 2: Sectoral Indices of Price Changes over the next 12 months

3.2.1 Buying Outlook

The overall buying conditions index for consumers in the current quarter for big-ticket items stood at 40.3 points. This indicates that majority of consumers believed that the current quarter was not the ideal time to purchase big-ticket items like consumer durables, motor vehicles, and house & lot (Fig 4).

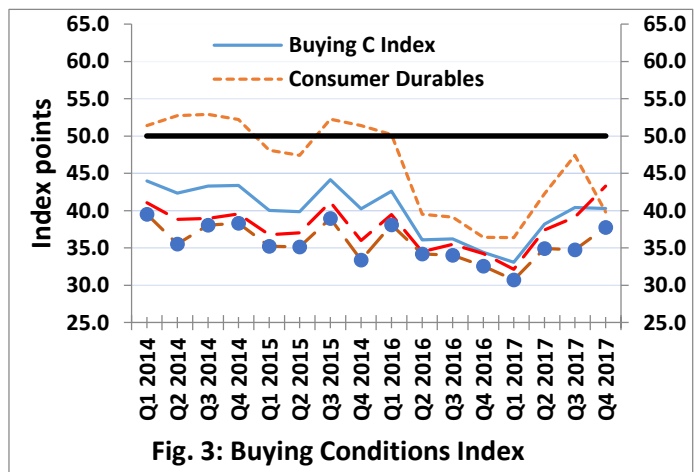


Fig. 3: Buying Conditions Index

Overall buying intention index in the next twelve months stood at 53.8 index points, indicating that majority of consumers intend to buy these items in the next 12 months. The buying intention index for consumer durables and Motor vehicle was above 50 points, indicating that respondents have plans to purchase furniture, gas cooker, refrigerator, air conditioner, television and motor vehicles in the next twelve months (Fig 5).

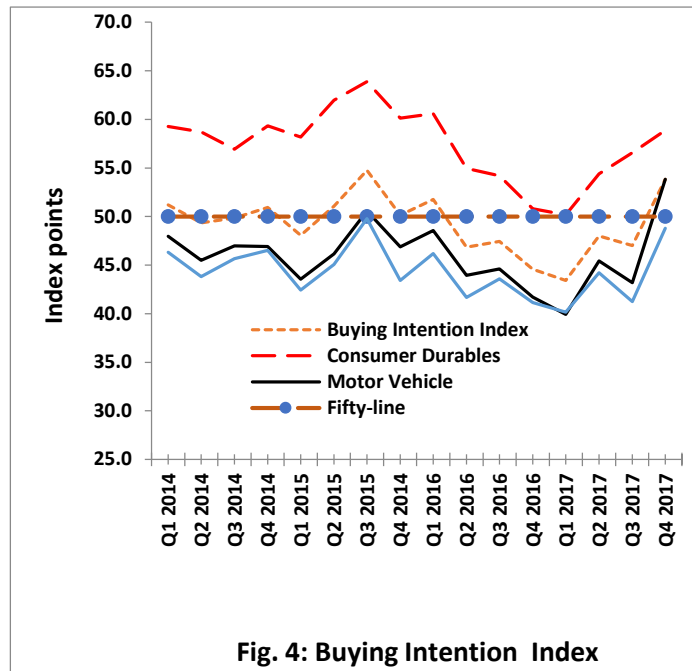


Fig. 4: Buying Intention Index

3.3 Borrowing and Exchange Rates Outlook

With indices of 9.1 and 14.1 points, consumers expect borrowing rate to rise and Naira to appreciate in the next 12 months (Fig. 6).

3.4 Unemployment Outlook

The unemployment index for the next 12 months remained positive at 33.4 points in Q4 2017, indicating that majority of the consumers expect unemployment to rise in the next 12 months (Fig. 6).

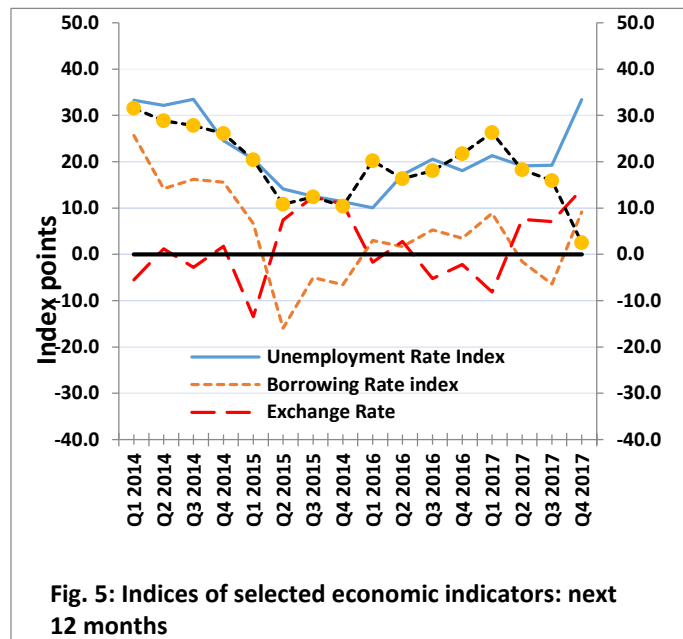


Fig. 5: Indices of selected economic indicators: next 12 months

TECHNICAL NOTES

1. The Overall consumer confidence index is computed as the average of the three indices, namely: Economic Condition, Family Financial Situation and Family Income.

- a. Economic Condition refers to the perception of the respondent regarding the general economic condition of the country.
- b. Family Financial Situation refers to the level of savings, investments, other assets including cash at hand and outstanding debts.
- c. Family Income includes primary income and receipts from other sources received by all family members as participants in any economic activity or as recipients of transfers, pensions, grants, and the like.

2. The confidence index or diffusion index is computed as the percentage share of respondents that answered in the affirmative less the percentage share of respondents that answered negative in a given indicator.

3. A positive CI indicates that respondents with a favorable view outnumber those with an unfavorable view, except for unemployment, change in prices and interest rate for borrowing money, where a positive CI indicates the opposite.

4. Buying condition and buying intention indices refer to the assessment of consumers as to whether it is good time, neither good nor bad or bad time to buy assets (i.e. consumer durables, house and lot, and motor vehicles) during the quarter. An index above 50 means more respondents indicated that it is a good time to buy assets; below 50 means more respondents believe that it would not be an appropriate time to make those purchases; and 50 means the number of respondents on both sides is equal.

$BCI = 0.5(100+DI)$, where DI = diffusion index

ANNEX: TABLES

TABLE 1
National
CONSUMER EXPECTATIONS SURVEY

Year	2015				2016				2017			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Overall Consumer Confidence Index												
All Sectors												
Current Quarter	-10.0	-12.4	-1.9	-3.0	-10.3	-24.2	-28.2	-29.8	-29.4	-17.0	-10.5	1.0
Next Quarter	27.1	27.0	29.6	23.9	30.0	20.3	17.8	15.9	17.5	21.3	19.0	28.1
Next 12 months	35.0	40.1	44.1	41.5	40.9	33.5	32.1	29.9	27.2	34.2	34.8	34.4
2. Consumer outlook indices on the current economic and family condition: Current Quarter												
Economic Condition	-10.0	-13.7	5.3	5.3	-8.5	-23.2	-30.8	-31.8	-29.5	-9.7	1.7	-4.3
Family Financial Situation	-16.3	-18.1	-15.4	-17.2	-22.8	-28.5	-31.9	-30.5	-31.6	-26.0	-28.0	-5.6
Family Income	-3.8	-5.2	4.5	2.8	0.4	-21.0	-21.7	-27.1	-27.2	-15.5	-5.1	12.8
3. Consumer outlook indices on economic and family condition: Next Quarter												
Economic Condition	21.8	35.5	41.3	38.3	32.2	23.4	18.6	21.3	8.7	29.4	25.7	30.5
Family Financial Situation	10.0	15.8	21.0	13.3	13.0	3.7	2.0	-3.8	-6.4	4.4	9.3	18.8
Family Income	49.5	29.7	26.4	20.1	44.8	33.7	32.7	30.3	50.3	30.0	21.9	35.0
4. Consumer outlook indices on economic and family condition: Next 12 Months												
Economic Condition	29.8	40.3	47.1	46.0	43.8	31.1	27.2	27.7	19.9	33.6	31.2	32.7
Family Financial Situation	16.4	23.9	27.8	20.3	21.2	9.9	8.4	1.6	0.4	8.8	12.8	26.0
Family Income	58.8	56.2	57.6	58.1	57.9	59.5	60.6	60.4	61.2	60.2	60.5	44.6
5. Buying Conditions Index: Current Quarter												
Buying Conditions Index	40.0	39.8	44.1	40.3	42.6	36.1	36.2	34.4	33.1	38.2	40.4	40.3
Consumer Durables	48.1	47.4	52.3	51.4	50.2	39.5	39.1	36.4	36.4	42.3	47.4	39.8
Motor Vehicle	36.8	37.0	41.2	36.0	39.5	34.5	35.5	34.3	32.2	37.4	39.1	43.3
House & Lot	35.2	35.1	39.0	33.4	38.1	34.2	34.0	32.6	30.7	34.9	34.7	37.8
6. Buying Intention Index: Next 12 Months												
Buying Intentions Index	48.1	51.1	54.7	50.1	51.8	46.9	47.5	44.6	43.4	48.0	47.0	53.8
Consumer Durables	58.2	62.0	63.9	60.1	60.6	54.9	54.2	50.8	50.2	54.4	56.6	58.9
Motor Vehicle	43.6	46.2	50.6	46.9	48.6	44.0	44.6	41.7	39.9	45.4	43.2	53.8
House & Lot	42.4	45.1	49.8	43.4	46.2	41.7	43.6	41.2	40.1	44.2	41.3	48.8
7. Indices on Selected Economic Indicators: Next Quarter												
Unemployment Rate Index	20.5	14.1	12.5	11.3	10.0	17.1	20.5	18.1	21.3	19.1	19.2	33.4
Borrowing Rate index	6.7	-16.0	-5.1	-6.5	3.0	1.6	5.3	3.5	8.9	-1.5	-6.4	9.1
Exchange Rate	-13.4	7.4	12.4	10.9	-1.7	2.8	-5.2	-2.2	-8.2	7.5	7.0	14.1
Inflation Rate index	20.4	10.8	12.4	10.4	20.2	16.3	18.1	21.7	26.3	18.3	15.9	2.5
8. Indices on Selected Economic Indicators: Next 12 Months												
Unemployment Rate Index	20.5	14.1	12.5	11.3	10.0	17.1	20.5	18.1	21.3	19.1	19.2	24.2
Borrowing Rate index	6.7	-16.0	-5.1	-6.5	3.0	1.6	5.3	3.5	8.9	-1.5	-6.4	3.7
Exchange Rate	-13.4	7.4	12.4	10.9	-1.7	2.8	-5.2	-2.2	-8.2	7.5	7.0	30.9
Inflation Rate index	8.1	6.2	6.6	5.6	7.7	7.2	8.1	8.4	9.4	8.0	8.3	13.0
9. Sectors Contribution to price changes over the next 12 months												
Food & Other household needs	41.6	22.9	20.0	17.6	33.1	27.1	24.4	22.4	39.7	15.6	9.3	10.5
Education	34.1	20.1	26.7	24.5	34.0	28.4	36.0	36.6	40.7	34.0	32.8	32.4
Medical Expenses	30.8	15.1	19.6	19.2	29.6	24.8	27.6	36.3	40.9	32.0	28.8	24.9
Purchase of Appliances/ Consumer durables	19.1	14.8	13.4	12.1	22.3	17.1	16.8	29.0	32.1	18.1	16.5	2.6
Telecommunication	12.4	3.7	7.2	-0.8	15.6	10.2	18.0	21.5	32.8	21.2	18.9	15.4
Electricity	34.7	12.6	14.4	19.4	42.4	31.9	25.5	36.0	39.5	29.1	26.1	26.4
Rents	47.5	29.9	32.7	28.8	39.6	38.1	40.0	45.7	47.3	39.7	31.7	26.0
Transportation	24.7	10.2	14.7	4.0	25.6	18.1	28.9	33.4	42.1	29.5	26.9	26.4
Debt Payment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.7
Investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Purchase of Car/Motor Vehicle	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6
Purchase of House	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
Savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-9.2
10. Percentage of Respondents by Educational Attainment												
Primary School	2.6	2.4	2.6	3.7	2.1	5.0	3.1	3.2	2.3	3.0	2.8	2.2
Junior School	3.6	2.5	2.9	3.2	2.6	3.9	2.7	3.0	3.5	4.1	5.8	2.4
Senior School	19.4	16.6	15.8	16.4	14.9	17.2	16.7	14.3	16.7	15.5	18.0	15.6
Higher non-university education	30.7	30.3	29.9	28.4	31.3	28.2	29.9	30.5	29.6	27.6	29.7	25.3
University	41.0	45.9	46.1	45.9	47.6	43.1	45.4	46.8	45.2	47.3	41.8	53.6
None	2.6	2.2	2.7	2.4	1.4	2.7	2.1	2.3	2.7	2.5	1.9	1.0
11. Total Sample Households and Response Rate												
Number of Sample Households	1900	1900	1900	1900	1900	1950	1950	1950	1950	1950	1950	1950
Number of Respondents	<u>1893</u>	<u>1886</u>	<u>1880</u>	<u>1884</u>	<u>1882</u>	<u>1944</u>	<u>1937</u>	<u>1940</u>	<u>1947</u>	<u>1950</u>	<u>1926</u>	1948
Response Rate	99.6	99.3	98.9	99.2	99.1	99.7	99.3	99.5	99.8	100.0	98.8	99.9