

Central Bank of Nigeria

Statistics Department



Consumer Expectations Survey Report

April 2018

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1.0 Highlights

The highlights of the Q₁ 2018 Consumer Expectations Survey (CES) are as follows:

- Overall outlook of consumers deteriorated in the current quarter, as fewer consumers were optimistic in their outlook. 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, transportation, medical care, house rent, electricity and food & other household needs

2.0 Introduction

The Consumer Expectations Survey (CES) for Q₁ 2018 was conducted during the period March 16 to 27, 2018, covering a sample size of 2,070 households drawn from 207 Enumeration Areas' (EAs) across the country. The overall response rate for the Q₁ 2018 CES was 83.5 per cent. Respondents' distribution by educational attainment showed that 17.7 per cent had university education, 16.6 per cent had higher non-university education, while 23.8 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 6.4 and 17.2 per cent, respectively, while those with no formal education accounted for the balance of 18.3 per cent.

3.0 Consumer Outlook

3.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook worsened in Q₁ 2018, as fewer consumers were optimistic in their outlook. The index at -6.4 points was 23.0 points lower than the index in the corresponding period of 2017. Some respondents attributed this moderation in outlook to worsening economic condition and family financial situation. The consumer outlook for the next quarter and next 12 months were also positive at 20.8 and 28.5 points, respectively (Fig. 1). This positive outlook could be attributed to the expected increase in net household income, the anticipated improvement in Nigeria's economic conditions, and expectations to save a bit and/or have plenty over savings in the next 12 months (Table 1).

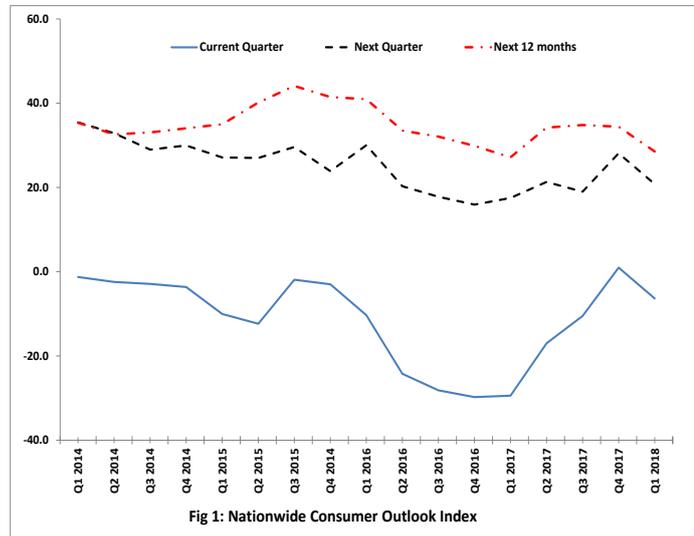


Fig 1: Nationwide Consumer Outlook Index

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 16.2 points. The major drivers are: Education, transportation, medical care, house rent, electricity, and food & other household needs (Fig. 2).

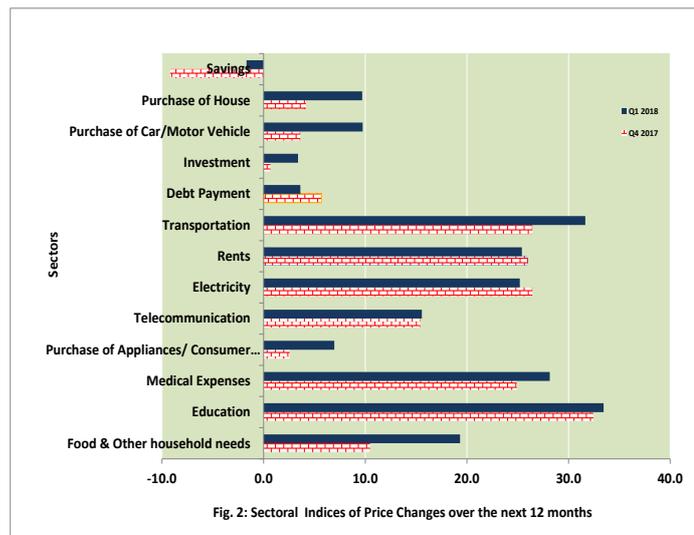


Fig. 2: Sectoral Indices of Price Changes over the next 12 months

3.2.1 Buying Outlook

The **overall buying conditions** index for consumers in the current quarter for big-ticket items stood at 34.3 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,

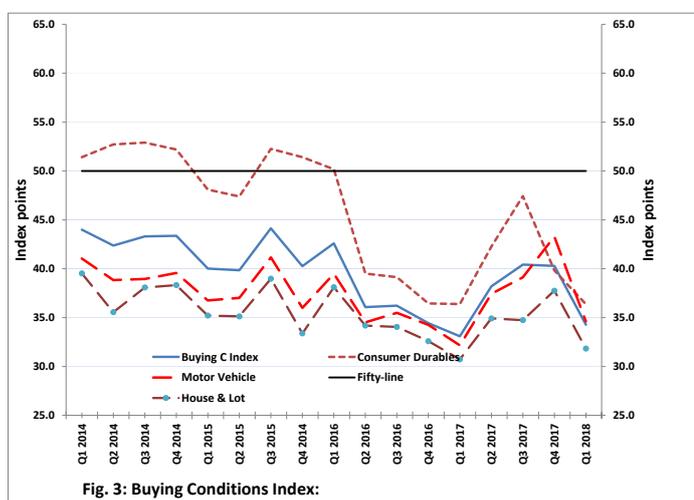


Fig. 3: Buying Conditions Index:

and house & lot (Fig 4).

Overall buying intention index in the next twelve months stood at 45.5 index points. The index at below 50 points, indicated that respondents have no plans to purchase furniture, gas cooker, refrigerator, air conditioner, television, motor vehicles and houses in the next twelve months (Fig 5).

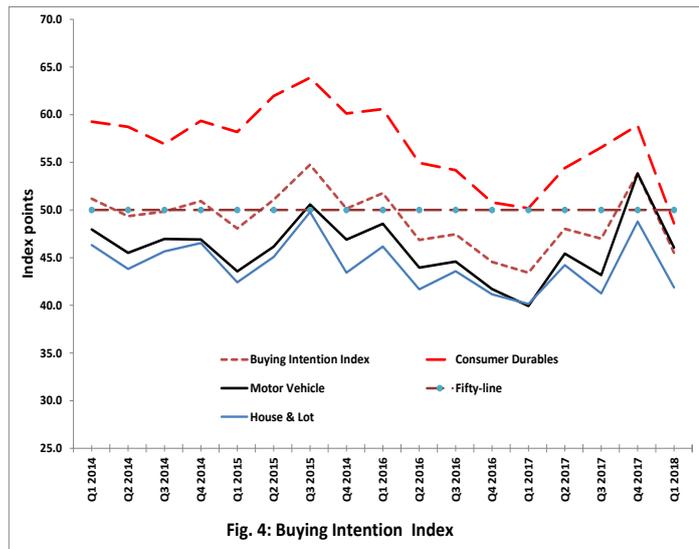


Fig. 4: Buying Intention Index

3.3 Borrowing and Exchange Rates Outlook

With indices of 1.9 and 24.1 points, consumers expect borrowing rate to rise and Naira to appreciate in the next 12 months (Fig. 6).

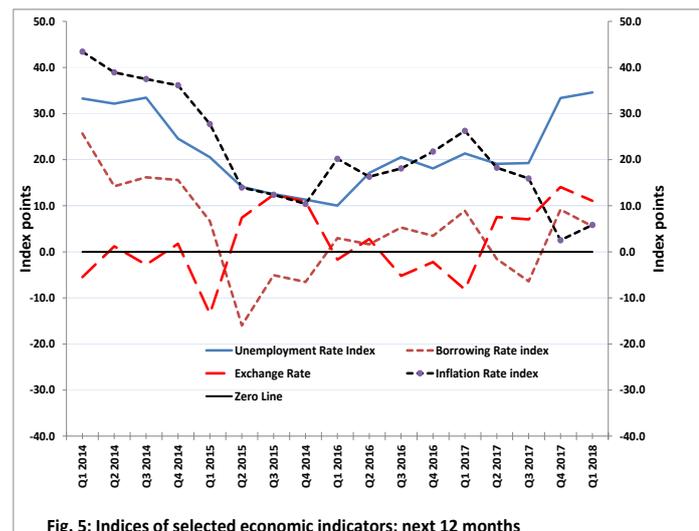


Fig. 5: Indices of selected economic indicators: next 12 months

3.4 Unemployment Outlook

The unemployment index for the next 12 months remained positive at 26.6 points in Q₁ 2018, indicating that majority of the consumers expect unemployment to rise in the next 12 months (Fig. 6).

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	2016			2017			2018
Quarter	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Overall Consumer Confidence Index							
All Sectors							
Current Quarter	-28.2	-29.8	-29.4	-17.0	-10.5	1.0	-6.4
Next Quarter	17.8	15.9	17.5	21.3	19.0	28.1	20.8
Next 12 months	32.1	29.9	27.2	34.2	34.8	34.4	28.5
2. Consumer outlook indices on the current economic and family condition: Current Quarter							
Economic Condition	-30.8	-31.8	-29.5	-9.7	1.7	-4.3	-16.9
Family Financial Situation	-31.9	-30.5	-31.6	-26.0	-28.0	-5.6	-7.1
Family Income	-21.7	-27.1	-27.2	-15.5	-5.1	12.8	4.9
3. Consumer outlook indices on economic and family condition: Next Quarter							
Economic Condition	18.6	21.3	8.7	29.4	25.7	30.5	25.5
Family Financial Situation	2.0	-3.8	-6.4	4.4	9.3	18.8	11.1
Family Income	32.7	30.3	50.3	30.0	21.9	35.0	25.7
4. Consumer outlook indices on economic and family condition: Next 12 Months							
Economic Condition	27.2	27.7	19.9	33.6	31.2	32.7	28.8
Family Financial Situation	8.4	1.6	0.4	8.8	12.8	26.0	19.7
Family Income	60.6	60.4	61.2	60.2	60.5	44.6	37.1
5. Buying Conditions Index: Current Quarter							
Buying Conditions Index							
	36.2	34.4	33.1	38.2	40.4	40.3	34.3
Consumer Durables	39.1	36.4	36.4	42.3	47.4	39.8	36.4
Motor Vehicle	35.5	34.3	32.2	37.4	39.1	43.3	34.6
House & Lot	34.0	32.6	30.7	34.9	34.7	37.8	31.8
6. Buying Intention Index: Next 12 Months							
Buying Intentions Index							
	47.5	44.6	43.4	48.0	47.0	53.8	45.5
Consumer Durables	54.2	50.8	50.2	54.4	56.6	58.9	48.6
Motor Vehicle	44.6	41.7	39.9	45.4	43.2	53.8	46.1
House & Lot	43.6	41.2	40.1	44.2	41.3	48.8	41.9
7. Indices on Selected Economic Indicators: Next Quarter							
Unemployment Rate Index	20.5	18.1	21.3	19.1	19.2	33.4	34.6
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	9.1	5.5
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	14.1	11.1
Inflation Rate index	18.1	21.7	26.3	18.3	15.9	2.5	5.8
8. Indices on Selected Economic Indicators: Next 12 Months							
Unemployment Rate Index	20.5	18.1	21.3	19.1	19.2	24.2	26.6
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	3.7	1.9
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	30.9	24.1
Inflation Rate index	8.1	8.4	9.4	8.0	8.3	19.7	16.2
9. Sectors Contribution to price changes over the next 12 months							
Food & Other household needs	24.4	22.4	39.7	15.6	9.3	10.5	19.3
Education	36.0	36.6	40.7	34.0	32.8	32.4	33.4
Medical Expenses	27.6	36.3	40.9	32.0	28.8	24.9	28.2
Purchase of Appliances/ Consumer durables	16.8	29.0	32.1	18.1	16.5	2.6	7.0
Telecommunication	18.0	21.5	32.8	21.2	18.9	15.4	15.6
Electricity	25.5	36.0	39.5	29.1	26.1	26.4	25.2
Rents	40.0	45.7	47.3	39.7	31.7	26.0	25.4
Transportation	28.9	33.4	42.1	29.5	26.9	26.4	31.7
Debt Payment	0.0	0.0	0.0	0.0	0.0	5.7	3.6
Investment	0.0	0.0	0.0	0.0	0.0	0.7	3.4
Purchase of Car/Motor Vehicle	0.0	0.0	0.0	0.0	0.0	3.6	9.7
Purchase of House	0.0	0.0	0.0	0.0	0.0	4.2	9.7
Savings	0.0	0.0	0.0	0.0	0.0	-9.2	-1.7
10. Percentage of Respondents by Educational Attainment							
Primary School	3.1	3.2	2.3	3.0	2.8	2.2	17.2
Junior School	2.7	3.0	3.5	4.1	5.8	2.4	6.4
Senior School	16.7	14.3	16.7	15.5	18.0	15.6	23.8
Higher non-university education	29.9	30.5	29.6	27.6	29.7	25.3	16.6
University	45.4	46.8	45.2	47.3	41.8	53.6	17.7
None	2.1	2.3	2.7	2.5	1.9	1.0	18.3
11. Total Sample Households and Response Rate							
Number of Sample Households	1950	1950	1950	1950	1950	1950	2070
Number of Respondents	<u>1937</u>	<u>1940</u>	<u>1947</u>	<u>1950</u>	<u>1926</u>	<u>1948</u>	<u>1729</u>
Response Rate	99.3	99.5	99.8	100.0	98.8	99.9	83.5