

# Central Bank of Nigeria

Statistics Department



## Consumer Expectations Survey Report

Q4 2018

December 2018

## TABLE OF CONTENTS

	Page
1.0 Highlights	3
2.0 Introduction	3
3.0 Consumer Outlook	4
3.1 Consumer Overall Confidence Index	4
3.2 Outlook on Price Changes in the Next 12 Months	4
3.2.1 Buying Outlook	4
3.3 Borrowing and Exchange Rates Outlook	5
3.4 Unemployment Outlook	5
Technical Notes	6
List of Figures	
Fig. 1: Nationwide Consumer Outlook Index	4
Fig. 2: Sectoral Indices of Price Changes Over the next 12 months	4
Fig. 3: Buying Conditions Index	4
Fig. 4: Buying Intention Index	5
Fig. 5: Indices of selected economic indicators: next 12 months	5
Annex: Table	
Table 1: Consumer Expectations Survey data	7

## 1.0 Highlights

The highlights of the Q4 2018 Consumer Expectations Survey (CES) are as follows:

- Overall outlook of consumers was positive in the current quarter, as more consumers were optimistic in their outlook. Consumers also 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 vehicles and house & lot.
- Most respondents expected that the naira will appreciate, inflation rate will rise, and borrowing rate will rise in the next 12 months
- The major drivers of the expected upward movement in prices are: rent, food & other household needs, telecommunication, electricity, debt payment and purchase of house.

## 2.0 Introduction

The Consumer Expectations Survey (CES) for Q4 2018 was conducted during the period November 24 - December 7, 2018, covering a sample size of 1,770 households drawn from 207 Enumeration Areas (EAs) across the country, with a response rate of 99.2 percent.

Respondents' distribution by educational attainment showed that 22.0 per cent had university education, 22.9 per cent had higher non-university education, while 29.1 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 16.2 and 6.7 per cent, respectively, while those with no formal education accounted for the balance of 3.1 per cent.

### 3.0 Consumer Outlook

#### 3.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook improved in Q4 2018, as more consumers were optimistic in their outlook. The index at 9.7 points was 8.7 points higher than the index in the corresponding period of 2017. Respondents attributed this favourable outlook to improved family income, family financial situation and economic condition. The consumer outlooks for the next quarter and next 12 months were positive at 33.2 and 28.4 points, respectively (Fig. 1). This 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).

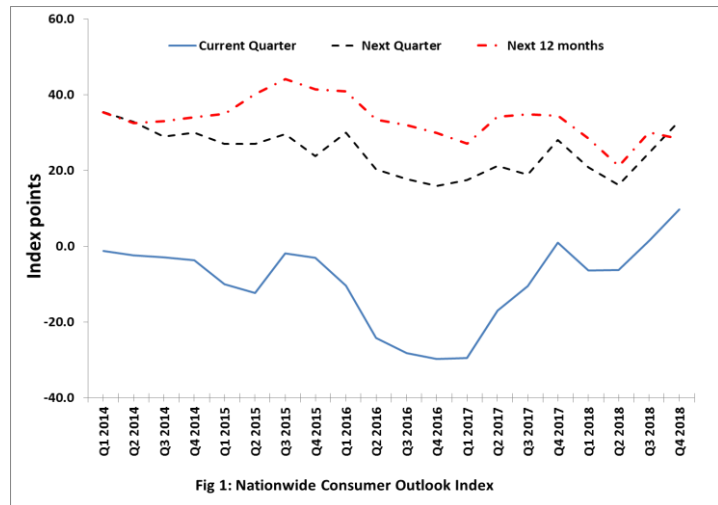


Fig 1: Nationwide Consumer Outlook Index

#### 3.2 Outlook on Price Changes in the Next 12 Months

Most respondents expect prices of goods and services to rise in the next 12 months, with an index of 13.3 points. The major drivers are: rent, food & other household needs, telecommunication, electricity, debt payment and purchase of house (Fig. 2).

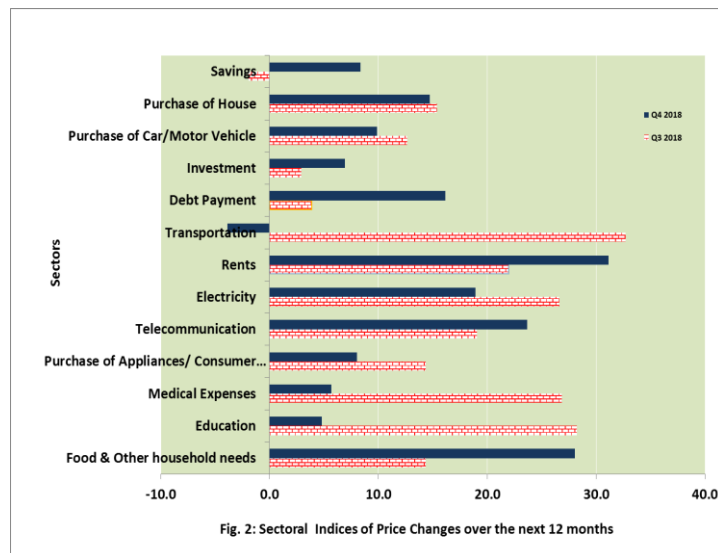


Fig. 2: Sectoral Indices of Price Changes over the next 12 months

#### 3.2.1 Buying Outlook

The overall buying conditions index for consumers in the current quarter for big-ticket items stood at 46.1 points. This indicates that majority of consumers believed that the current quarter was not the ideal time to purchase big-ticket items

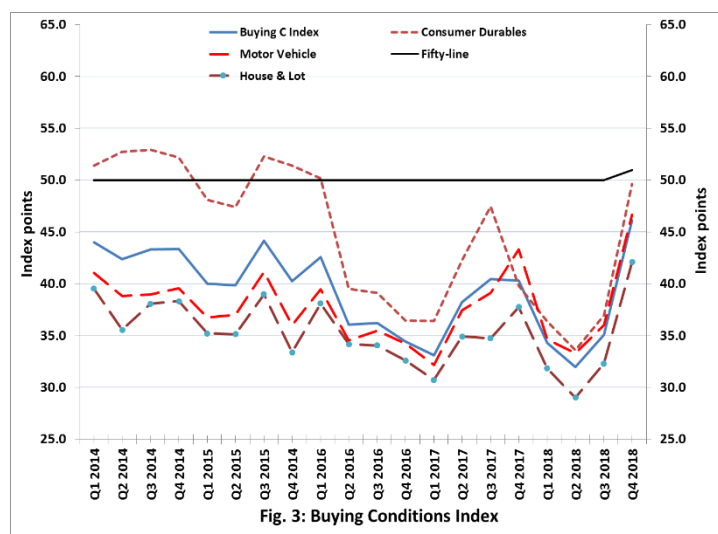


Fig. 3: Buying Conditions Index

like consumer durables, motor vehicles and house & lot (Fig 3).

**Overall buying intention** index in the next twelve months stood at 50.3 index points, indicating that a good number of consumers intend to buy these items in the next 12 months. The buying intention indices for consumer durables, motor vehicles and house & lot were below 50 points, indicating that respondents have no plans to make these purchases in the next twelve months. However, the index for consumer durables stood close to 50, indicating that a few respondents are contemplating purchasing furniture, gas cookers and electronics in the next twelve months (Fig 4).

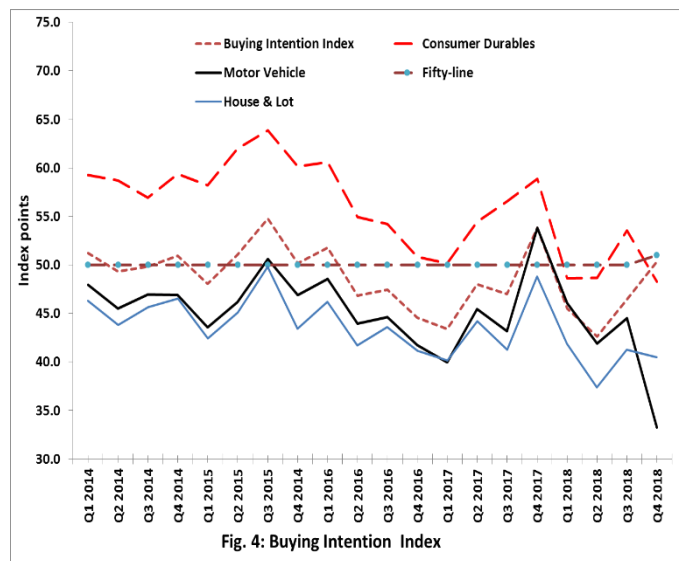


Fig. 4: Buying Intention Index

indicating that a few respondents are contemplating purchasing furniture, gas cookers and electronics in the next twelve months (Fig 4).

### 3.3 Borrowing and Exchange Rates Outlook for the next 12 Months

With indices of 5.0 and 6.6 points, consumers expect borrowing rate to rise while the naira is expected to appreciate in the next 12 months (Fig. 5).

### 3.4 Unemployment Outlook for the next 12 Months

The unemployment index for the next 12 months remained positive at 29.3 points in Q4 2018, indicating that majority of the consumers expect the unemployment rate to rise in the next one year (Fig. 5).

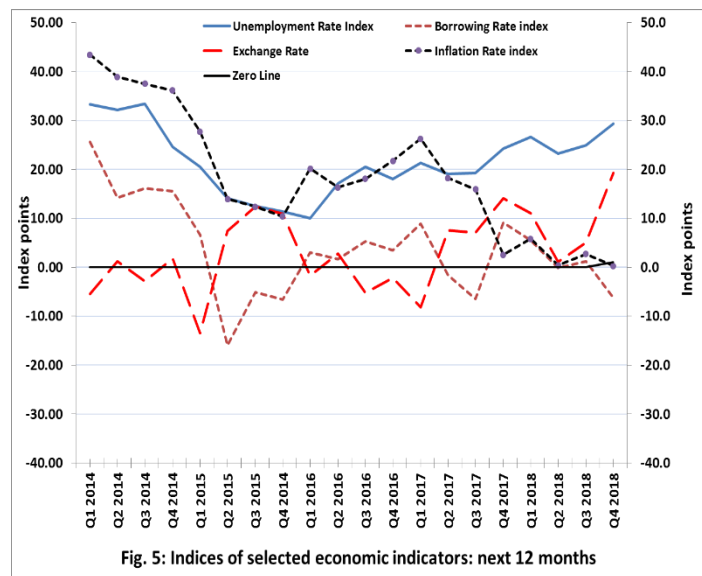


Fig. 5: Indices of selected economic indicators: next 12 months

## 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

<b>TABLE 1</b>										
National										
CONSUMER EXPECTATIONS SURVEY										
Year	2016		2017				2018			
Quarter	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Consumer Confidence Index</b>										
<b>All Sectors</b>										
Current Quarter	-28.2	-29.8	-29.4	-17.0	-10.5	1.0	-6.4	-6.3	1.5	9.7
Next Quarter	17.8	15.9	17.5	21.3	19.0	28.1	20.8	16.2	24.7	33.2
Next 12 months	32.1	29.9	27.2	34.2	34.8	34.4	28.5	21.2	30.1	28.4
<b>2. Consumer outlook indices on the current economic and family condition: Current Quarter</b>										
Economic Condition	-30.8	-31.8	-29.5	-9.7	1.7	-4.3	-16.9	-14.3	-6.5	6.3
Family Financial Situation	-31.9	-30.5	-31.6	-26.0	-28.0	-5.6	-7.1	-7.0	-0.5	9.0
Family Income	-21.7	-27.1	-27.2	-15.5	-5.1	12.8	4.9	2.4	11.5	13.9
<b>3. Consumer outlook indices on economic and family condition: Next Quarter</b>										
Economic Condition	18.6	21.3	8.7	29.4	25.7	30.5	25.5	19.1	27.5	34.7
Family Financial Situation	2.0	-3.8	-6.4	4.4	9.3	18.8	11.1	8.3	17.6	28.3
Family Income	32.7	30.3	50.3	30.0	21.9	35.0	25.7	21.3	29.1	36.5
<b>4. Consumer outlook indices on economic and family condition: Next 12 Months</b>										
Economic Condition	27.2	27.7	19.9	33.6	31.2	32.7	28.8	22.1	32.9	31.7
Family Financial Situation	8.4	1.6	0.4	8.8	12.8	26.0	19.7	12.4	21.8	25.7
Family Income	60.6	60.4	61.2	60.2	60.5	44.6	37.1	29.0	35.5	27.7
<b>5. Buying Conditions Index: Current Quarter</b>										
<b>Buying Conditions Index</b>										
Consumer Durables	36.2	34.4	33.1	38.2	40.4	40.3	34.3	32.0	35.1	46.1
Motor Vehicle	39.1	36.4	36.4	42.3	47.4	39.8	36.4	33.6	37.0	49.6
House & Lot	35.5	34.3	32.2	37.4	39.1	43.3	34.6	33.3	36.0	46.6
House & Lot	34.0	32.6	30.7	34.9	34.7	37.8	31.8	29.0	32.3	42.1
<b>6. Buying Intention Index: Next 12 Months</b>										
<b>Buying Intentions Index</b>										
Consumer Durables	47.5	44.6	43.4	48.0	47.0	53.8	45.5	42.6	46.4	50.3
Motor Vehicle	54.2	50.8	50.2	54.4	56.6	58.9	48.6	48.6	53.5	48.3
House & Lot	44.6	41.7	39.9	45.4	43.2	53.8	46.1	41.9	44.5	33.2
House & Lot	43.6	41.2	40.1	44.2	41.3	48.8	41.9	37.4	41.3	40.5
<b>7. Indices on Selected Economic Indicators: Next Quarter</b>										
Unemployment Rate Index	20.5	18.1	21.3	19.1	19.2	33.4	34.6	30.2	35.7	30.4
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	9.1	5.5	-0.2	1.2	-6.3
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	14.1	11.1	1.2	5.1	19.3
Inflation Rate index	18.1	21.7	26.3	18.3	15.9	2.5	5.8	0.4	2.7	0.3
<b>8. Indices on Selected Economic Indicators: Next 12 Months</b>										
Unemployment Rate Index	20.5	18.1	21.3	19.1	19.2	24.2	26.6	23.3	25.0	29.3
Borrowing Rate index	5.3	3.5	8.9	-1.5	-6.4	3.7	1.9	-1.2	-2.6	5.0
Exchange Rate	-5.2	-2.2	-8.2	7.5	7.0	30.9	24.1	15.0	16.4	6.6
Inflation Rate index	8.1	8.4	9.4	8.0	8.3	19.7	16.2	13.2	16.7	13.3
<b>9. Sectors Contribution to price changes over the next 12 months</b>										
Food & Other household needs	24.4	22.4	39.7	15.6	9.3	10.5	19.3	17.4	14.3	28.0
Education	36.0	36.6	40.7	34.0	32.8	32.4	33.4	33.1	28.2	4.8
Medical Expenses	27.6	36.3	40.9	32.0	28.8	24.9	28.2	29.2	26.8	5.7
Purchase of Appliances/ Consumer durables	16.8	29.0	32.1	18.1	16.5	2.6	7.0	8.6	14.4	8.0
Telecommunication	18.0	21.5	32.8	21.2	18.9	15.4	15.6	16.1	19.0	23.6
Electricity	25.5	36.0	39.5	29.1	26.1	26.4	25.2	25.7	26.6	18.9
Rents	40.0	45.7	47.3	39.7	31.7	26.0	25.4	22.8	22.0	31.1
Transportation	28.9	33.4	42.1	29.5	26.9	26.4	31.7	27.7	32.7	-3.9
Debt Payment	0.0	0.0	0.0	0.0	0.0	5.7	3.6	-4.1	3.9	16.1
Investment	0.0	0.0	0.0	0.0	0.0	0.7	3.4	-3.2	2.9	6.9
Purchase of Car/Motor Vehicle	0.0	0.0	0.0	0.0	0.0	3.6	9.7	3.0	12.6	9.9
Purchase of House	0.0	0.0	0.0	0.0	0.0	4.2	9.7	7.0	15.4	14.7
Savings	0.0	0.0	0.0	0.0	0.0	-9.2	-1.7	-11.5	-1.9	8.4
<b>10. Percentage of Respondents by Educational Attainment</b>										
Primary School	3.1	3.2	2.3	3.0	2.8	2.2	17.2	18.5	18.9	6.7
Junior School	2.7	3.0	3.5	4.1	5.8	2.4	6.4	7.2	6.8	16.2
Senior School	16.7	14.3	16.7	15.5	18.0	15.6	23.8	24.9	26.8	29.1
Higher non-university education	29.9	30.5	29.6	27.6	29.7	25.3	16.6	14.9	14.8	22.9
University	45.4	46.8	45.2	47.3	41.8	53.6	17.7	15.2	14.8	22.0
None	2.1	2.3	2.7	2.5	1.9	1.0	18.3	19.5	17.9	3.1
<b>11. Total Sample Households and Response Rate</b>										
Number of Sample Households	1950	1950	1950	1950	1950	1950	2070	2070	1770	1770
Number of Respondents	1937	1940	1947	1950	1926	1948	1729	1664	1716	1755
Response Rate	99.3	99.5	99.8	100.0	98.8	99.9	83.5	80.4	96.9	99.2