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1.0  Highlights

The highlights of the Q3 2020 Consumer Expectations Survey (CES) are as follows:

- Consumers’ overall outlook was negative in the current quarter, as consumers were pessimistic in their outlook. However, consumers have a positive outlook for the next quarter and the next 12 months.
- Majority of consumers 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 the naira to appreciate, inflation rate to rise and borrowing rate to rise in the next 12 months.
- The major drivers of the expected upward movement in prices are savings, Purchase of Car/Motor Vehicle, Purchase of Appliances/Consumer durables, Education, food & other household needs and purchase of houses.

2.0  Introduction

The Q3 2020 Consumer Expectations Survey (CES) was conducted during the period September 21-30, 2020 covering a sample size of 2,070 households drawn from 207 Enumeration Areas (EAs) across the country, with a response rate of 99.8 per cent.

Respondents’ distribution by educational attainment showed that 8.8 per cent had university education, 11.8 per cent had higher non-university education, while 29.0 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 5.3 and 19.7 per cent, respectively, while those with no formal education accounted for the balance of 25.4 per cent.
3.0  Consumer Outlook

3.1  Consumer Overall Confidence Index

The consumers’ overall confidence outlook dipped in Q3 2020, as consumers were pessimistic in their outlook. The index at -21.2 point was 25.0 points lower than the index in the corresponding period of 2019. Respondents attributed this unfavourable outlook to declining economic conditions, family financial situation and declining family income.

The consumers were however optimistic in their outlook for the next quarter and next 12 months with indices of 10.1 and 30.5 points, respectively (Fig. 1). This positive outlook could be attributed to the expected increase in net household income, an anticipated improvement in Nigeria’s economic conditions and expectations to save a bit and/or have plenty over savings in the next quarter and the next 12 months (Table 1).

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 36.2 points. The major drivers are: savings, Purchase of Car/Motor Vehicle, Purchase of Appliances/ durables, Education, food & other household needs and purchase of houses (Fig. 2).

3.2.1  Buying Outlook

The overall buying conditions index for big-ticket items in the current quarter stood at 20.1 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 3).

Overall buying intention index in the next twelve months stood at 29.7 index points, indicating that most consumers do not intend to buy big-ticket items in the next 12 months. The buying intention indices for consumer durables, motor vehicles and house & lot were below 50 points, which shows that respondents have no plans to make these purchases in the next twelve months (Fig 4).
3.3 Borrowing and Exchange Rates Outlook for the next 12 Months

With indices of 20.8 and 5.3 points, consumers expect the borrowing rate to rise, and anticipate the naira 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 35.4 points in Q3 2020, indicating that consumers generally expect the unemployment rate to rise in the next one year (Fig. 5).
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.

\[ BCI = 0.5(100+DI), \text{ where } DI = \text{ diffusion index} \]
## ANNEX: TABLES

### Table 1: Consumer Expectation Survey

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<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Quarter</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
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1. **Overall Consumer Confidence Index**

   **All Sectors**
   - Current Quarter:
     - 1.5 1.0 1.3 1.5 1.0 1.5 1.0 1.5
     - 4.8 1.2 3.8 3.8 1.0 2.0 1.5 2.0
   - Next Quarter:
     - 21.2 4.0 9.7 14.2 4.0 9.7 14.2 4.0
   - Next 12 months:
     - 28.5 21.2 30.9 28.4 38.5 30.5 31.5 30.2

2. **Consumer outlook indices on the current economic and family condition: Current Quarter**

   **Economic Condition**
   - 16.9 14.3 -6.5 6.3 -7.0 -8.0 -5.8 -8.0
   - 14.9 -47.6 -41.3
   - 11.1 8.3 17.6 28.3 20.2 15.4 18.1 16.8
   - 14.6 -3.8 6.2

3. **Consumer outlook indices on economic and family condition: Next Quarter**

   **Economic Condition**
   - 25.5 19.1 27.5 34.7 26.6 21.5 21.7 16.3 41.8 4.0 9.7 3.4 15.7 16.7 16.8 33.1 3.1 1.2
   - 20.2 34.1 9.7 11.9 26.7 6.4 14.5 12.0 17.7 9.4 50.4 2070
   - 27.7 29.6 41.8 16.5 28.9 2070
   - -22.4 -12.8

4. **Consumer outlook indices on economic and family condition: Next 12 Months**

   **Economic Condition**
   - 28.8 21.1 32.9 31.7 36.4 26.6 24.3 21.1 52.6 17.2 24.1
   - 25.7 23.1 29.1 36.5 32.1 25.6 28.5 26.0 29.6 12.8 22.1

5. **Buying Conditions Index: Current Quarter**

   **Buying Conditions Index**
   - 2018 2019 2020

   **Consumer Durables**
   - 36.4 33.6 37.0 49.6 36.6 38.6 41.8 40.4 27.8 24.3 27.0
   - 25.6 25.7 25.7 25.6 25.7 25.0 24.4 16.2 17.5

6. **Buying Intention Index: Next 12 Months**

   **Buying Intention Index**
   - 45.5 42.6 46.4 40.7 39.5 37.5 36.2 36.5 32.5 27.6 29.7
   - 24.4 18.3 20.1

7. **Indices on Selected Economic Indicators: Next Quarter**

   **Unemployment Rate Index**
   - 2018 2019 2020

   **Borrowing Rate index**
   - 5.5 0.2 1.2 -6.3 -3.1 -3.6 -5.5 7.3 14.1 22.6

8. **Indices on Selected Economic Indicators: Next 12 Months**

   **Unemployment Rate Index**
   - 26.6 23.3 25.0 29.3 13.1 16.6 21.8 21.0 27.7 37.7 35.4
   - 31.0 31.0 31.0 31.0 31.0 27.8 20.5 22.8

9. **Sectors Contribution to price changes over the next 12 months**

   **Food & Other household needs**
   - 19.3 17.4 14.3 28.0 17.4 12.0 25.3 30.8 27.6 49.2 49.6
   - 33.4 33.1 28.2 4.8 26.1 28.4 37.7 27.3 35.0 33.1 50.4
   - 28.2 29.2 26.8 5.7 -7.3 1.8 3.0 -2.0 35.1 -3.1 7.4
   - 26.6 23.3 25.0 29.3 13.1 16.6 21.8 21.0 27.7 37.7 35.4

10. **Percentage of Respondents by Educational Attainment**

    **Primary School**
    - 17.2 18.5 18.9 6.7 20.3 19.0 19.3 19.7 19.9 18.4 19.7
    - 6.4 7.2 6.8 16.2 5.7 5.5 5.0 4.9 5.6 4.9 5.3
    - 23.8 24.9 26.8 29.1 27.0 26.6 27.8 26.9 28.0 28.4 29.0
    - 16.6 14.9 14.8 22.9 10.3 9.7 11.7 10.7 11.1 11.4 11.8
    - 17.7 15.2 14.8 22.0 7.1 8.7 7.3 8.6 8.3 9.4 8.8
    - 18.3 19.5 17.9 3.1 29.7 30.5 28.9 29.3 27.1 27.5 25.4

11. **Total Sample Households and Response Rate**

    **Number of Sample Households**
    - 2070 2070 1770 1770 2006 2006 2007 2007 2070 2070 2070
    - 1729 1664 1716 1755 1996 2004 2035 2067 2066 2026 2033
    - 83.5 80.4 96.9 99.2 98.5 99.1 98.3 98.9 99.8 97.9 98.1

**Table Notes:**

- **Table Data:** Numbers represent percentages or indices for different economic and family conditions.