

# Central Bank of Nigeria

Statistics Department



## Consumer Expectations Survey Report

Q4 2020

DECEMBER 2020

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## 1.0 Highlights

The highlights of the Q4 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 increased savings, food & other household needs, Education, Purchase of Appliances/ durables, Purchase of Car/Motor Vehicle, and purchase of houses.

## 2.0 Introduction

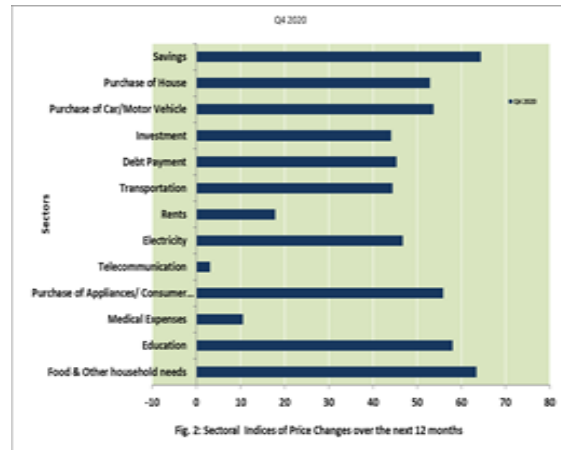
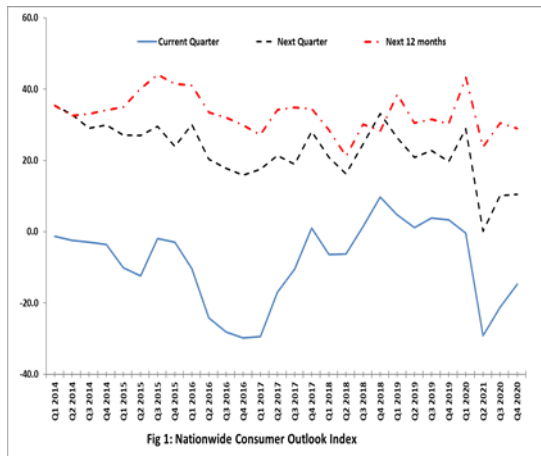
The Q4 2020 Consumer Expectations Survey (CES) was conducted during the period of November 16 -25, 2020 covering a sample size of 2,070 households drawn from 207 Enumeration Areas (EAs) across the country, with a response rate of 99.8 per cent.

Respondents' distribution by educational attainment showed that 8.8 per cent had university education, 11.5 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 4.5 and 19.7 per cent, respectively, while those with no formal education accounted for the balance of 26.3 per cent.

### 3.0 Consumer Outlook

#### 3.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook was pessimistic in Q4 2020 standing at -14.8 index points. 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 10.5 and 28.9 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).

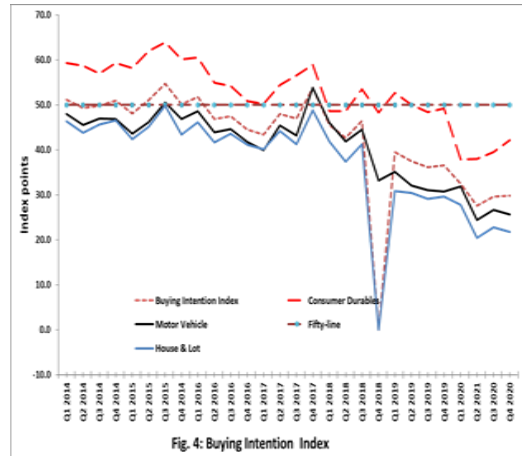
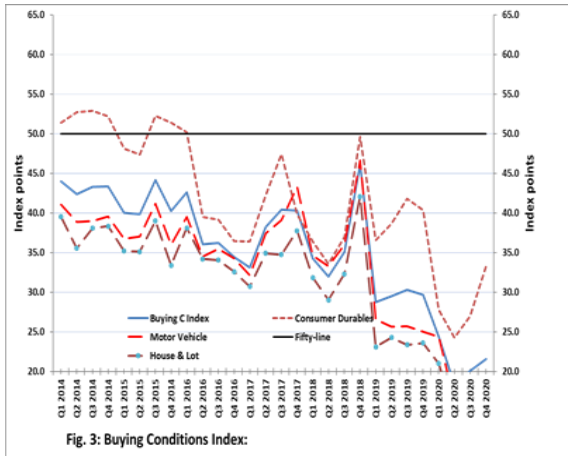
#### 3.2 Outlook on Price Changes in the Next 12 Months

Most respondents expect prices of goods and services to rise in the next 12 months, with an index of 43.1 points. The major drivers are: savings, food & other household needs, Education, Purchase of Appliances/ durables, Purchase of Car/Motor Vehicle, 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 21.6 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 29.9 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).

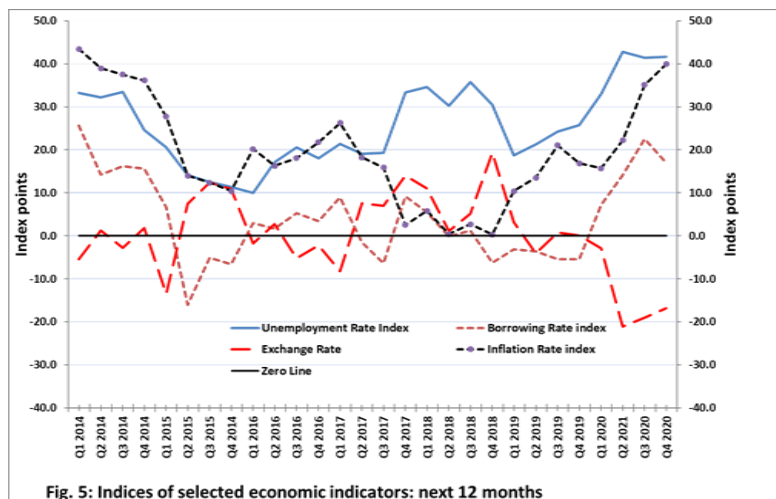


### 3.3 Borrowing and Exchange Rates Outlook for the next 12 Months

With indices of 12.2 and 3.9 points, respectively, 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 36.9 points in Q4 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.

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

## ANNEX: TABLES

*Table 1: Consumer Expectation Survey*

Year	2018				2019				2020			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Overall Consumer Confidence Index</b>												
<b>All Sectors</b>												
Current Quarter	-6.4	-6.3	1.5	9.7	4.8	1.2	3.8	3.3	-0.3	-29.2	-21.2	-14.8
Next Quarter	20.8	16.2	24.7	33.2	26.3	20.9	22.8	19.7	28.9	0.2	10.1	10.5
Next 12 months	28.5	21.2	30.1	28.4	38.5	30.5	31.5	30.2	43.3	23.7	30.5	28.9
<b>2. Consumer outlook indices on the current economic and family condition: Current Quarter</b>												
Economic Condition	-16.9	-14.3	-6.5	6.3	-7.0	-8.0	-5.8	-8.0	-14.9	-47.6	-41.3	-33.3
Family Financial Situation	-7.1	-7.0	-0.5	9.0	7.2	4.5	6.3	7.0	6.5	-17.7	-9.6	-4.6
Family Income	4.9	2.4	11.5	13.9	14.1	6.9	10.9	11.1	7.4	-22.4	-12.8	-6.4
<b>3. Consumer outlook indices on economic and family condition: Next Quarter</b>												
Economic Condition	25.5	19.1	27.5	34.7	26.6	21.5	21.7	16.3	42.5	-8.4	1.9	0.5
Family Financial Situation	11.1	8.3	17.6	28.3	20.2	15.4	18.1	16.8	14.6	-3.8	6.2	9.0
Family Income	25.7	21.3	29.1	36.5	32.1	25.6	28.5	26.0	29.6	12.8	22.1	22.0
<b>4. Consumer outlook indices on economic and family condition: Next 12 Months</b>												
Economic Condition	28.8	22.1	32.9	31.7	36.4	26.6	24.3	21.1	52.6	17.2	24.1	21.7
Family Financial Situation	19.7	12.4	21.8	25.7	34.7	27.0	29.6	29.7	32.5	19.9	26.7	24.9
Family Income	37.1	29.0	35.5	27.7	44.5	37.8	40.7	39.8	44.7	34.1	40.7	40.3
<b>5. Buying Conditions Index: Current Quarter</b>												
<b>Buying Conditions Index</b>												
	<b>34.3</b>	<b>32.0</b>	<b>35.1</b>	<b>46.1</b>	<b>28.7</b>	<b>29.5</b>	<b>30.3</b>	<b>29.7</b>	<b>24.4</b>	<b>18.3</b>	<b>20.1</b>	<b>21.6</b>
Consumer Durables	36.4	33.6	37.0	49.6	36.6	38.6	41.8	40.4	27.8	24.3	27.0	33.3
Motor Vehicle	34.6	33.3	36.0	46.6	26.5	25.6	25.7	25.0	24.4	16.2	17.5	16.8
House & Lot	31.8	29.0	32.3	42.1	23.1	24.3	23.4	23.6	21.0	14.5	15.8	14.6
<b>6. Buying Intention Index: Next 12 Months</b>												
<b>Buying Intentions Index</b>												
	<b>45.5</b>	<b>42.6</b>	<b>46.4</b>	<b>40.7*</b>	<b>39.5</b>	<b>37.5</b>	<b>36.2</b>	<b>36.5</b>	<b>32.5</b>	<b>27.6</b>	<b>29.7</b>	<b>29.9</b>
Consumer Durables	48.6	48.6	53.5	48.3	52.7	50.0	48.4	49.3	37.9	38.0	39.5	42.2
Motor Vehicle	46.1	41.9	44.5	33.2	35.1	32.1	31.0	30.7	31.8	24.4	26.6	25.6
House & Lot	41.9	37.4	41.3	40.5*	30.9	30.4	29.2	29.7	27.8	20.5	22.8	21.8
<b>7. Indices on Selected Economic Indicators: Next Quarter</b>												
Unemployment Rate Index	34.6	30.2	35.7	30.4	18.7	21.3	24.2	25.7	33.0	42.7	41.4	41.6
Borrowing Rate Index	5.5	-0.2	1.2	-6.3	-3.1	-3.6	-5.5	-5.5	7.3	14.1	22.6	17.0
Exchange Rate	11.1	1.2	5.1	19.3	3.2	-4.1	0.7	0.0	-3.0	-21.1	-19.1	-16.8
Inflation Rate Index	5.8	0.4	2.7	0.3	10.4	13.5	21.1	16.9	15.7	22.2	35.1	39.9
<b>8. Indices on Selected Economic Indicators: Next 12 Months</b>												
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	36.9
Borrowing Rate Index	1.9	-1.2	-2.6	5.0	-6.2	-6.0	-6.2	-6.3	2.2	9.2	20.8	12.2
Exchange Rate	24.1	15.0	16.4	6.6	20.7	11.9	13.9	16.5	11.7	0.2	5.3	3.9
Inflation Rate Index	16.2	13.2	16.7	13.3	15.9**	19.3	25.0	17.0	22.9	25.5	36.2	43.1
<b>9. Sectors Contribution to price changes over the next 12 months</b>												
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	63.5
Education	33.4	33.1	28.2	4.8	26.1	28.4	37.7	27.3	35.0	33.1	50.4	58.1
Medical Expenses	28.2	29.2	26.8	5.7	-7.3	1.8	3.0	-2.0	35.1	-3.1	7.4	10.5
Purchase of Appliances/ Consumer durables	7.0	8.6	14.4	8.0	25.7	29.9	41.7	28.7	5.0	45.7	52.2	55.9
Telecommunication	15.6	16.1	19.0	23.6	6.7	11.6	4.1	-2.2	32.3	-9.2	1.3	3.1
Electricity	25.2	25.7	26.6	18.9	14.4	19.9	22.2	16.9	-0.9	26.5	37.7	46.8
Rents	25.4	22.8	22.0	31.1	11.1	15.7	11.9	4.3	27.2	4.4	9.5	17.9
Transportation	31.7	27.7	32.7	-3.9	16.4	20.5	29.3	16.3	3.9	28.8	35.6	44.4
Debt Payment	3.6	-4.1	3.9	16.1	19.0	21.2	25.4	15.1	24.2	28.7	37.1	45.3
Investment	3.4	-3.2	2.9	6.9	14.3	17.7	24.2	15.7	27.2	25.7	35.0	44.1
Purchase of Car/Motor Vehicle	9.7	3.0	12.6	9.9	15.7	22.3	31.4	18.9	22.5	26.1	52.4	53.8
Purchase of House	9.7	7.0	15.4	14.7	20.9	22.6	30.5	21.3	28.9	31.1	42.8	52.9
Savings	-1.7	-11.5	-1.9	8.4	26.3	27.4	38.9	29.7	30.2	44.6	59.6	64.4
<b>10. Percentage of Respondents by Educational Attainment</b>												
Primary School	17.2	18.5	18.9	6.7	20.3	19.0	19.3	19.7	19.9	18.4	19.7	19.7
Junior School	6.4	7.2	6.8	16.2	5.7	5.5	5.0	4.9	5.6	4.9	5.3	4.5
Senior School	23.8	24.9	26.8	29.1	27.0	26.6	27.8	26.9	28.0	28.4	29.0	29.1
Higher non-university education	16.6	14.9	14.8	22.9	10.3	9.7	11.7	10.7	11.1	11.4	11.8	11.5
University	17.7	15.2	14.8	22.0	7.1	8.7	7.3	8.6	8.3	9.4	8.8	8.8
None	18.3	19.5	17.9	3.1	29.7	30.5	28.9	29.3	27.1	27.5	25.4	26.3
<b>11. Total Sample Households and Response Rate</b>												
Number of Sample Households	2070	2070	1770	1770	2006	2006	2070	2070	2070	2070	2070	2070
Number of Respondents	<u>1729</u>	<u>1664</u>	<u>1716</u>	<u>1755</u>	<u>1996</u>	<u>2004</u>	<u>2035</u>	<u>2067</u>	<u>2066</u>	<u>2026</u>	<u>2031</u>	<u>2039</u>
Response Rate	83.5	80.4	96.9	99.2	99.5	99.9	98.3	99.9	99.8	97.9	98.1	98.5