Central Bank of Nigeria

INFLATION EXPECTATIONS SURVEY REPORT

January 2025

Data Management & Statistics Department

Economic Policy Directorate

Table of Contents

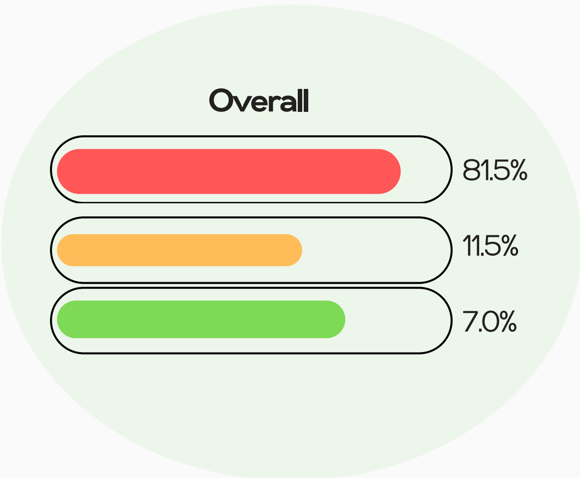
DATA MANAGEMENT & STATISTICS DEPARTMENT

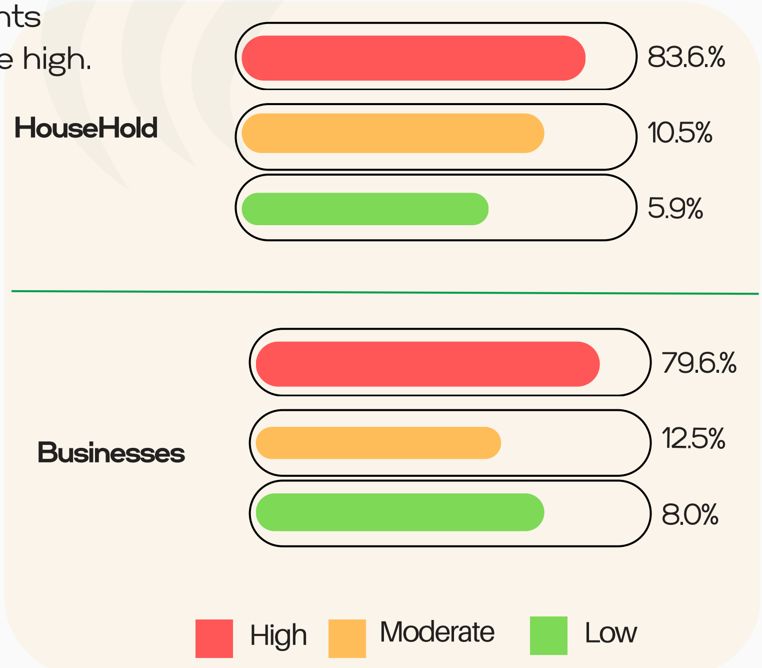
ECONOMIC POLICY DIRECTORATE

Inflation Expectations Survey Report

Inflation Perception

Households and Businesses respondents perceive the current inflation rate to be high.



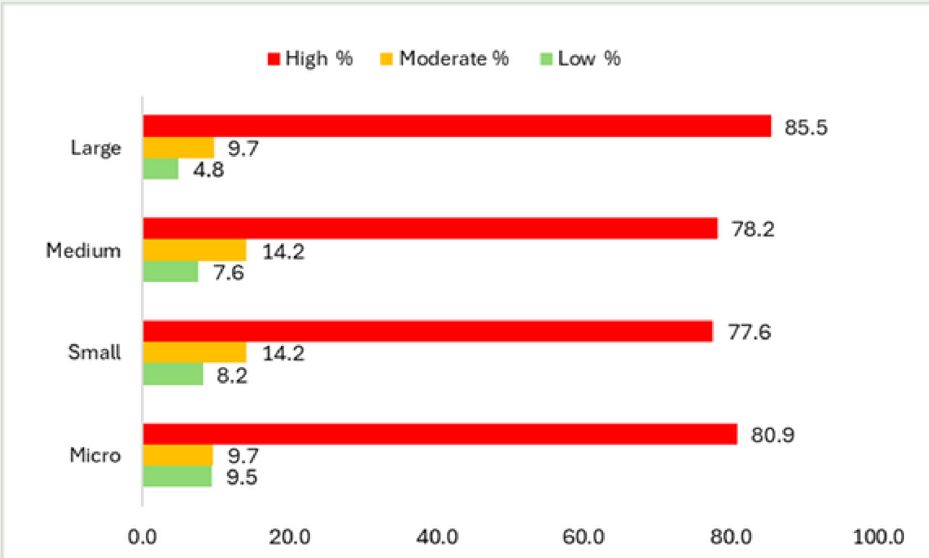


Most Respondents view the inflation rate as high with household respondents predominantly driving the sentiment in the month under review.

Inflation Perception by Business Size

Among the businesses, large businesses recorded highest inflation perception for the month of January 2025.

A breakdown of the perception indicated that large businesses have the highest inflation perception while small businesses recorded the lowest perception.

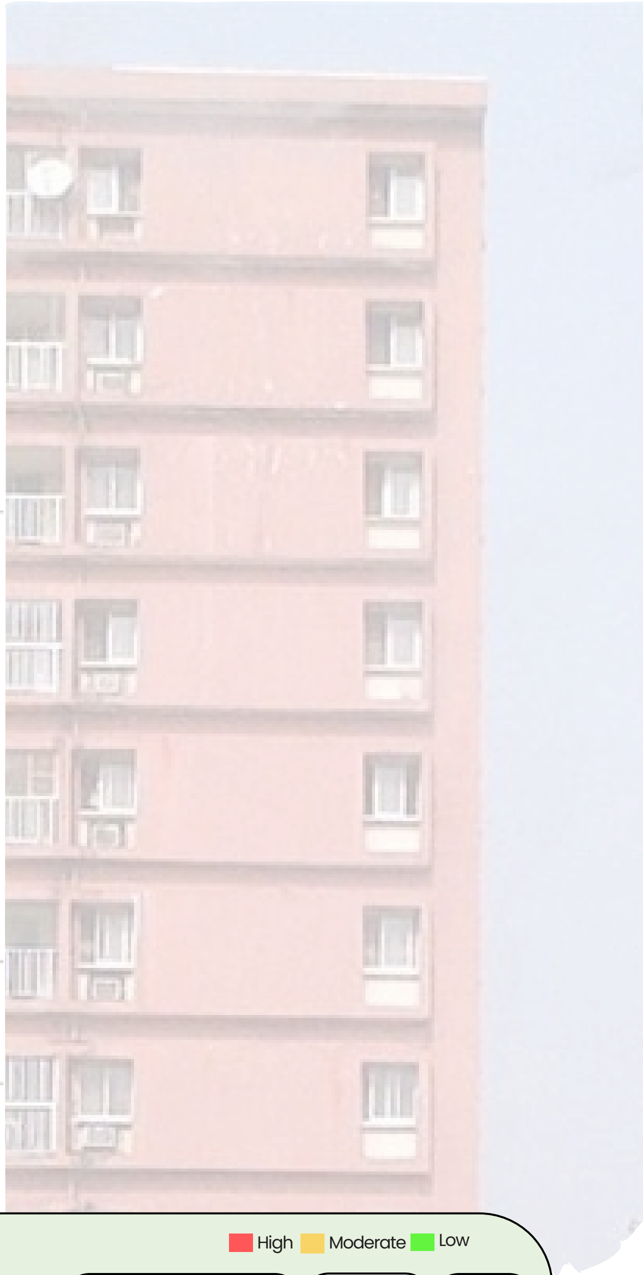


85.5% Large Businesses

78.2% Medium Businesses

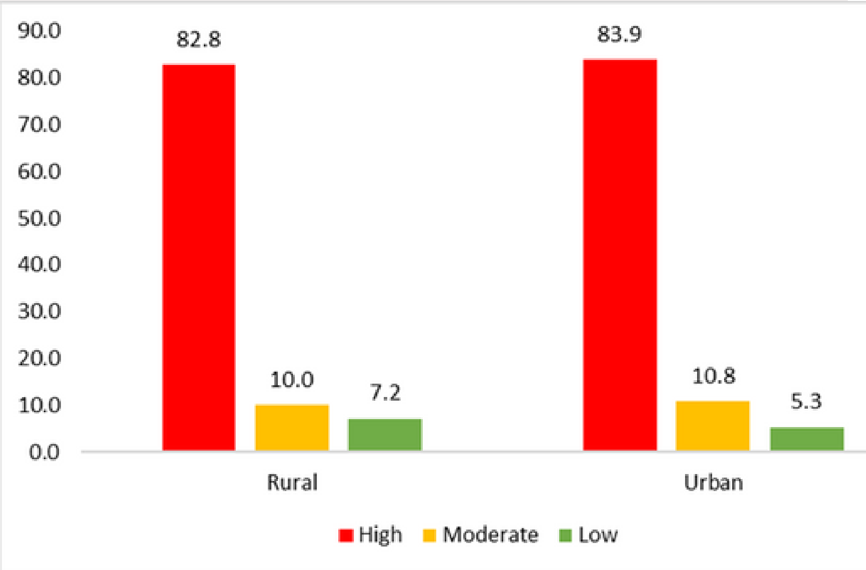
77.6% Small Businesses

80.9% Micro Businesses



Inflation Perception by Settlement Type

Analysis by settlement type reveal that a higher proportion of urban residents view the current inflation rate as high.



Inflation Perception by Income Distribution

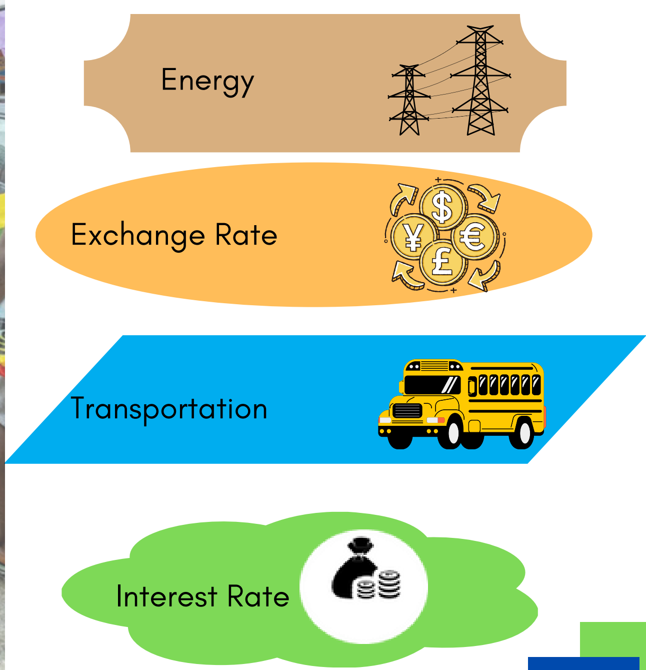
Further analysis by income distribution indicates that more households earning between 150,001-200,000 per month perceive inflation to be high.

	High	Moderate	Low
Above 200	66.1	28.6	5.4
150,001 to 200,000	85.6	10.6	3.8
100,001 to 150,000	82.1	11.2	6.7
30,0001 to 100,000	85.4	8.6	5.9
Below 30,000	82.0	11.9	6.1

Major Drivers of Inflation Perception

Drivers	Firms		Households	
	Score (%)	Rank	Score (%)	Rank
Energy (PMS, Diesel, Electricity, etc)	91.5	1	88.0	1
Exchange rate	89.4	2	82.5	3
Interest Rate	85.9	4	76.5	6
Transportation(Road, flight, water, rail, etc)	88.9	3	86.4	2
Insecurity	83.8	5	79.7	5
Activities of middelmen	72.9	8	76.0	7
Natural disaster	60.4	9	64.1	9
Infrastructural challenges	74.8	7	71.0	8
Raw materials (input)	78.4	6	80.0	4

Repsondents (Businesses & households) believe that energy cost, exchange rate, transportation cost and interest rate influenced their perception on the inflation rate in the month under review .



Inflation Expectation

Respondents expect inflation to ease over the next 6 months

Business and Household respondents expect the level of inflation to gradually reduce over the next 6 months

Businesses

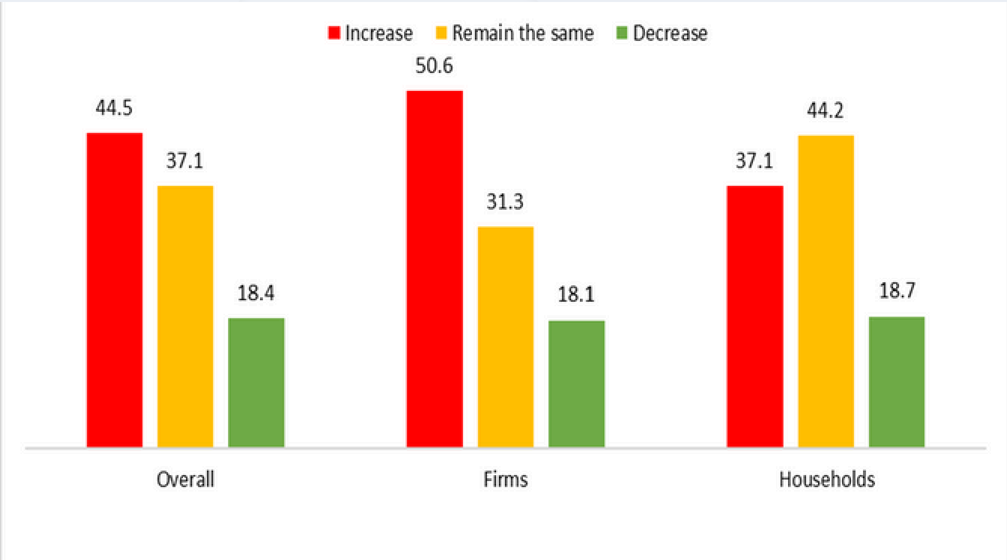
	Increase	Remain the Same	Decrease
Next Month	36.2	52.4	11.4
Next 3 Months	40.6	33.8	25.6
Next 6 Months	40.5	26.7	32.8

Households

	Increase	Remain the Same	Decrease
Next Month	57.5	32.3	10.1
Next 3 Months	58.1	26.9	15.0
Next 6 Months	55.8	23.7	20.4

Expenditure Outlook

In line with the inflation perception in the current month, more businesses expect higher expenditure compared to households in the current month.



Respondent	Increase	Remain Stable	Decrease
Overall (Firms+HHs)			
Next month	39.7	41.1	19.2
Next 3 months	40.5	39.6	19.9
Next 6 months	41.8	35.4	22.8
Firm			
Next month	44.1	37.4	18.5
Next 3 months	44.1	38.6	17.3
Next 6 months	44.2	35.0	20.7
Household			
Next month	34.3	45.8	20.0
Next 3 months	36.0	40.9	23.1
Next 6 months	38.8	35.9	25.3

Households and businesses anticipate lower spending as. their expenditure expectation gradually decrease over the next 6 months

Central Bank Activities & Key Announcements

Respondents want CBN to reduce Interest rate

(12.5%) Raise Interest Rate

(19.9%) Interest Rate Unchanged

(67.6%) Reduce Interest Rate

Respondents follow up on CBN's Communication

(98.8%) Follow

(1.2%) Do not follow

Respondents believe that CBN is transparent in its Communication

(90.6%) Transparent

(9.4%) Not Transparent

Respondents believe that CBN announcements impact Inflation

(43.8%) Somewhat

(39.3%) Significantly

(16.8%) Not at all

DATA

Respondents were drawn from the establishment frame of the National Bureau of Statistics (NBS) and National Population Commission (NPopC) National list of Enumeration Areas (EAs). A total of 3,565 were interviewed, comprising 1900 firms and 1665 households.

INTERPRETATION

The Inflation Expectations Survey (IES) report on businesses and households is based on survey responses, indicating changes in the perception and/or expectations of respondents on inflation.

METHOD

Percentages are mainly used to ascertain the views of majority of the respondents except for drivers of inflation where indices are used to obtain the rank of the driver.

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NOTE: The IES report Indicates the views of the respondents and does not in any way represent the view of the Central Bank of Nigeria. As such CBN cannot be held liable for any action taken based on the responses provided in this survey.