

# Central Bank of Nigeria

Statistics Department



## Consumer Expectations Survey Report

Q2 2020

June 2020

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## 1.0 Introduction

The Q2 2020 Consumer Expectations Survey (CES) was conducted during the period May 18-27, 2020, covering a sample size of 2,070 households drawn from 207 Enumeration Areas (EAs) across the country, with a response rate of 97.9 percent.

Respondents' distribution by educational attainment showed that 9.4 per cent had university education, 11.4 per cent had higher non-university education, while 28.4 per cent had senior secondary school education. Respondents with junior secondary and primary school education accounted for 4.9 and 18.4 per cent, respectively, while those with no formal education accounted for the balance of 27.5 per cent.

The highlights of the Q2 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 had a positive outlook for the next quarter and the next 12 months.
- Most of the consumers believe that the next 12 months would not be an ideal time to purchase big-ticket items like motor vehicles and house & lot.
- Majority of the respondents expected the naira to appreciate, inflation rate and borrowing rate to rise in the next 12 months.
- The major drivers of the expected upward movement in prices are food & other household needs, appliances/consumer durables, savings, education, houses, transportation, debt payment, electricity, car/motor vehicle and rents.

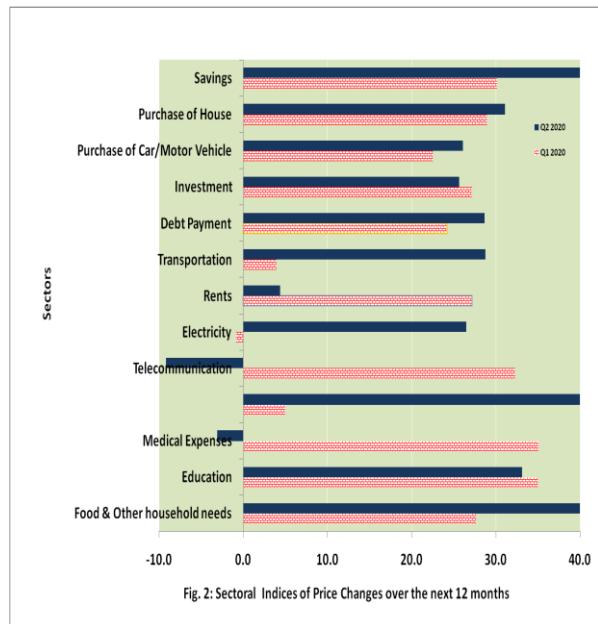
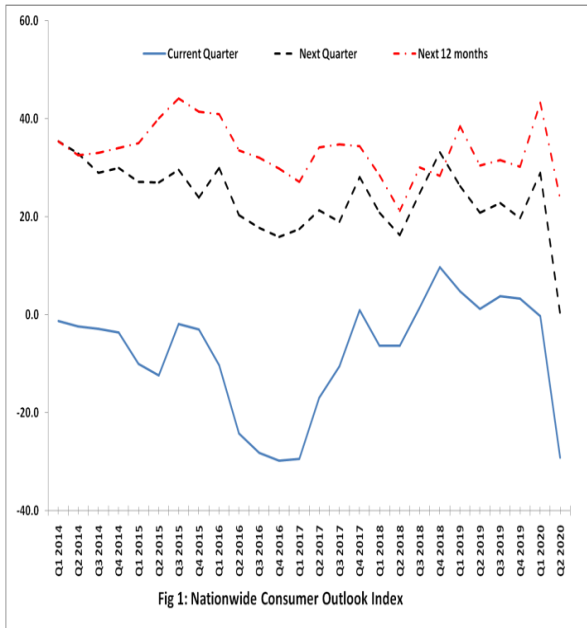
## 2.0 Consumer Outlook

### 2.1 Consumer Overall Confidence Index

The consumers' overall confidence outlook declined in Q2 2020, as consumers were pessimistic in their outlook. The index at -29.2 points was -28.0 points lower than the index in the corresponding period of 2019. Respondents attributed this negative outlook to worsening economic condition, deteriorating family financial situation and decline in family income. The consumer outlooks for the Q3, 2020 and next 12 months were positive at 0.2 and 23.7 points, respectively (Fig. 1). This outlook could be attributed to the expected increase in family income in the next quarter; and family financial situation, expectations to save a bit and/or have plenty over savings and an anticipated improvements in economic conditions in the next 12 months respectively (Table 1).

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

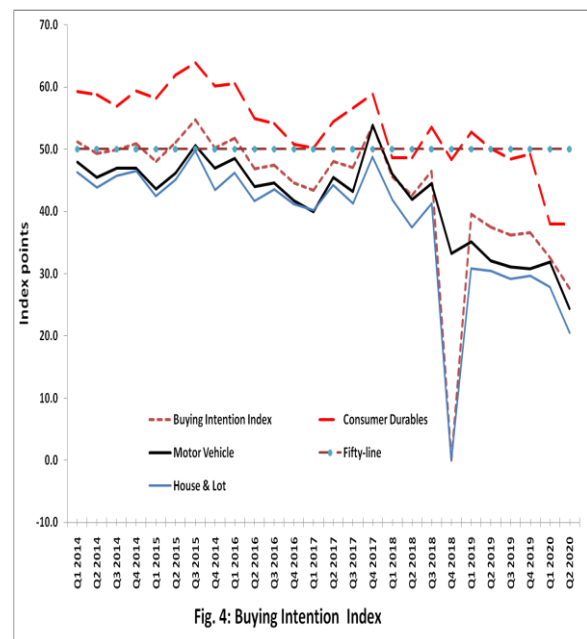
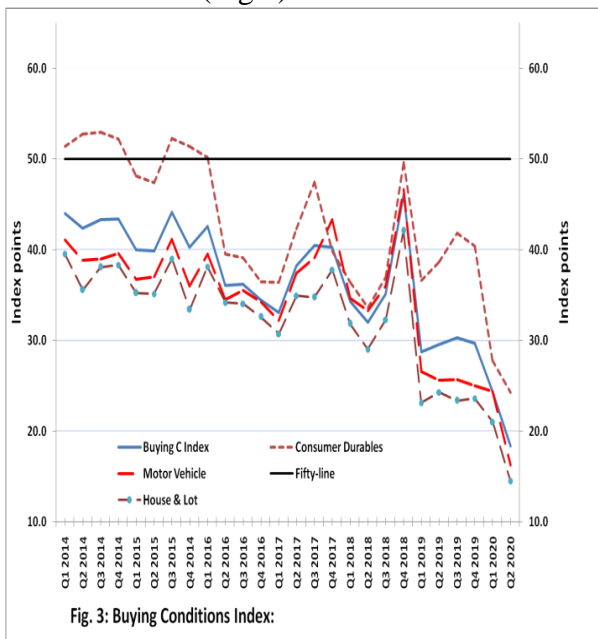
Most respondents expect prices of goods and services to rise in the next 12 months, with an index of 25.5 points. The major drivers are food & other household needs, purchase of appliances/consumer durables, savings, education, purchase of houses, transportation, debt payment, electricity, purchase of car/motor vehicle, investment and rents and others (Fig. 2).



### 2.2.1 Buying Outlook

The **overall buying conditions** index for big-ticket items in the current quarter stood at 18.3 points. This indicates that most 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 27.6 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, indicating that respondents have no plans to make these purchases in the next twelve months (Fig 4).



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

With indices of 9.2 and 0.2 points, respectively, consumers expect the borrowing rate to increase and the naira to appreciate in the next 12 months (Fig. 5).

### 2.4 Unemployment Outlook for the next 12 Months

The unemployment index for the next 12 months at 37.7 points, indicated that consumers generally expect the unemployment rate to rise in the next one year (Fig. 5).

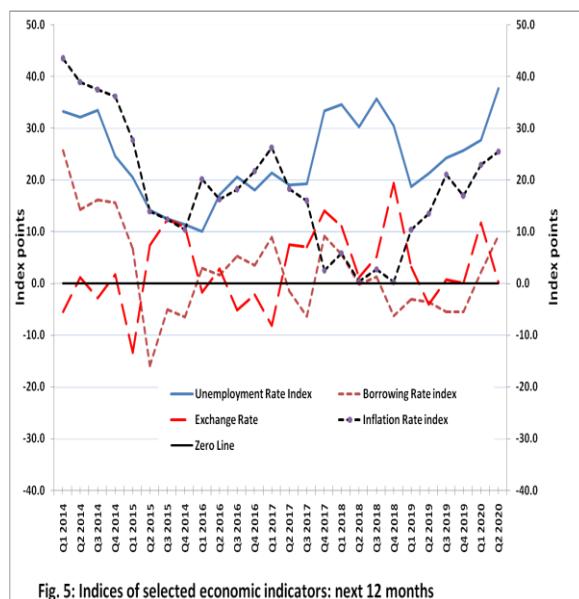


Fig. 5: Indices of selected economic indicators: next 12 months

## 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: TABLE

<b>TABLE 1</b>														
<b>CONSUMER EXPECTATIONS SURVEY</b>														
Year	2013				2018				2019				2020	
Quarter	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>1. Overall Consumer Confidence Index</b>														
<b>All Sectors</b>														
Current Quarter	-5.1	-6.4	-6.3	1.5	9.7	4.8	1.2	3.8	3.3	-0.3	-29.2			
Next Quarter	27.9	20.8	16.2	24.7	33.2	26.3	20.9	22.8	19.7	28.9	0.2			
Next 12 months	31.7	28.5	21.2	30.1	28.4	38.5	30.5	31.5	30.2	43.3	23.7			
<b>2. Consumer outlook indices on the current economic and family condition: Current Quarter</b>														
Economic Condition	-3.3	-16.9	-14.3	-6.5	6.3	-7.0	-8.0	-5.8	-8.0	-14.9	-47.6			
Family Financial Situation	-13.4	-7.1	-7.0	-0.5	9.0	7.2	4.5	6.3	7.0	6.5	-17.7			
Family Income	1.3	4.9	2.4	11.5	13.9	14.1	6.9	10.9	11.1	7.4	-22.4			
<b>3. Consumer outlook indices on economic and family condition: Next Quarter</b>														
Economic Condition	24.5	25.5	19.1	27.5	34.7	26.6	21.5	21.7	16.3	42.5	-8.4			
Family Financial Situation	7.3	11.1	8.3	17.6	28.3	20.2	15.4	18.1	16.8	14.6	-3.8			
Family Income	51.9	25.7	21.3	29.1	36.5	32.1	25.6	28.5	26.0	29.6	12.8			
<b>4. Consumer outlook indices on economic and family condition: Next 12 Months</b>														
Economic Condition	22.6	28.8	22.1	32.9	31.7	36.4	26.6	24.3	21.1	52.6	17.2			
Family Financial Situation	10.2	19.7	12.4	21.8	25.7	34.7	27.0	29.6	29.7	32.5	19.9			
Family Income	62.2	37.1	29.0	35.5	27.7	44.5	37.8	40.7	39.8	44.7	34.1			
<b>5. Buying Conditions Index: Current Quarter</b>														
Buying Conditions Index	<b>41.0</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>			
Consumer Durables	50.7	36.4	33.6	37.0	49.6	36.6	38.6	41.8	40.4	27.8	24.3			
Motor Vehicle	36.9	34.6	33.3	36.0	46.6	26.5	25.6	25.7	25.0	24.4	16.2			
House & Lot	35.6	31.8	29.0	32.3	42.1	23.1	24.3	23.4	23.6	21.0	14.5			
<b>6. Buying Intention Index: Next 12 Months</b>														
Buying Intentions Index	<b>47.4</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>			
Consumer Durables	55.1	48.6	48.6	53.5	48.3	52.7	50.0	48.4	49.3	37.9	38.0			
Motor Vehicle	44.2	46.1	41.9	44.5	33.2	35.1	32.1	31.0	30.7	31.8	24.4			
House & Lot	43.0	41.9	37.4	41.3	40.5*	30.9	30.4	29.2	29.7	27.8	20.5			
<b>7. Indices on Selected Economic Indicators: Next Quarter</b>														
Unemployment Rate Index	34.3	34.6	30.2	35.7	30.4	18.7	21.3	24.2	25.7	33.0	42.7			
Borrowing Rate index	13.6	5.5	-0.2	1.2	-6.3	-3.1	-3.6	-5.5	-5.5	7.3	14.1			
Exchange Rate	-10.8	11.1	1.2	5.1	19.3	3.2	-4.1	0.7	0.0	-3.0	-21.1			
Inflation Rate index	39.8	5.8	0.4	2.7	0.3	10.4	13.5	21.1	16.9	15.7	22.2			
<b>8. Indices on Selected Economic Indicators: Next 12 Months</b>														
Unemployment Rate Index	34.3	26.6	23.3	25.0	29.3	13.1	16.6	21.8	21.0	27.7	37.7			
Borrowing Rate index	13.6	1.9	-1.2	-2.6	5.0	-6.2	-6.0	-6.2	-6.3	2.2	9.2			
Exchange Rate	-10.8	24.1	15.0	16.4	6.6	20.7	11.9	13.9	16.5	11.7	0.2			
Inflation Rate index	25.5	16.2	13.2	16.7	13.3	15.9**	19.3	25.0	17.0	22.9	25.5			
<b>9. Sectors Contribution to price changes over the next 12 months</b>														
Food & Other household needs	54.3	19.3	17.4	14.3	28.0	17.4	12.0	25.3	30.8	27.6	49.2			
Education	47.2	33.4	33.1	28.2	4.8	26.1	28.4	37.7	27.3	35.0	33.1			
Medical Expenses	43.9	28.2	29.2	26.8	5.7	-7.3	1.8	3.0	-2.0	35.1	-3.1			
Purchase of Appliances/ Consumer durables	30.6	7.0	8.6	14.4	8.0	25.7	29.9	41.7	28.7	5.0	45.7			
Telecommunication	20.7	15.6	16.1	19.0	23.6	6.7	11.6	4.1	-2.2	32.3	-9.2			
Electricity	42.8	25.2	25.7	26.6	18.9	14.4	19.9	22.2	16.9	-0.9	26.5			
Rents	62.8	25.4	22.8	22.0	31.1	11.1	15.7	11.9	4.3	27.2	4.4			
Transportation	47.7	31.7	27.7	32.7	-3.9	16.4	20.5	29.3	16.3	3.9	28.8			
Debt Payment	38.3	3.6	-4.1	3.9	16.1	19.0	21.2	25.4	15.1	24.2	28.7			
Investment	47.5	3.4	-3.2	2.9	6.9	14.3	17.7	24.2	15.7	27.2	25.7			
Purchase of Car/Motor Vehicle	20.9	9.7	3.0	12.6	9.9	15.7	22.3	31.4	18.9	22.5	26.1			
Purchase of House	20.3	9.7	7.0	15.4	14.7	20.9	22.6	30.5	21.3	28.9	31.1			
Savings		-1.7	-11.5	-1.9	8.4	26.3	27.4	38.9	29.7	30.2	44.6			
<b>10. Percentage of Respondents by Educational Attainment</b>														
Primary School	4.8	17.2	18.5	18.9	6.7	20.3	19.0	19.3	19.7	19.9	18.4			
Junior School	4.4	6.4	7.2	6.8	16.2	5.7	5.5	5.0	4.9	5.6	4.9			
Senior School	17.4	23.8	24.9	26.8	29.1	27.0	26.6	27.8	26.9	28.0	28.4			
Higher non-university education	28.3	16.6	14.9	14.8	22.9	10.3	9.7	11.7	10.7	11.1	11.4			
University	41.1	17.7	15.2	14.8	22.0	7.1	8.7	7.3	8.6	8.3	9.4			
None	4.0	18.3	19.5	17.9	3.1	29.7	30.5	28.9	29.3	27.1	27.5			
<b>11. Total Sample Households and Response Rate</b>														
Number of Sample Households	1950	2070	2070	1770	1770	2006	2006	2070	2070	2070	2070			
Number of Respondents	<u>1938</u>	<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>			
Response Rate	99.4	83.5	80.4	96.9	99.2	99.5	99.9	98.3	99.9	99.8	97.9			